



LION POSIM BERHAD

Registration No. 198201002310 (82056-X)

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2024

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			YEAR-TO-DATE ENDED		
		30.9.2024 RM'000	30.9.2023 RM'000	Change %	30.9.2024 RM'000	30.9.2023 RM'000	Change %
Revenue		186,719	172,091	9	547,090	551,556	-1
Operating expenses		(185,104)	(172,914)		(545,404)	(551,201)	
Other operating income		2,478	1,401		8,130	4,610	
Profit from operations		4,093	578	>100	9,816	4,965	98
Finance costs		(577)	(460)		(2,125)	(1,169)	
Share of results of associated companies		(121)	176		866	(729)	
Profit before tax	23	3,395	294	>100	8,557	3,067	>100
Income tax expense	16	(679)	(522)		(2,307)	(2,217)	
Profit/(Loss) for the period		2,716	(228)	>100	6,250	850	>100
Profit/(Loss) attributable to:							
- Owners of the Company		2,716	(228)		6,250	851	
- Non-controlling interests		-	-		-	(1)	
Profit/(Loss) for the period		2,716	(228)		6,250	850	
Earnings/(Loss) per share attributable to owners of the Company (sen) :	21						
- Basic		1.19	(0.10)		2.74	0.37	
- Diluted		1.19	(0.10)		2.74	0.37	

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 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	
	30.9.2024 RM'000	30.9.2023 RM'000	30.9.2024 RM'000	30.9.2023 RM'000
Profit/(Loss) for the period	2,716	(228)	6,250	850
<u>Other comprehensive (loss)/income</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	(4,480)	7,280	(5,320)	9,520
<u>Item that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences arising from foreign operations	(19,251)	1,049	(16,402)	10,476
Other comprehensive (loss)/income for the period	(23,731)	8,329	(21,722)	19,996
Total comprehensive (loss)/income for the period	(21,015)	8,101	(15,472)	20,846
Total comprehensive (loss)/income attributable to:				
- Owners of the Company	(21,015)	8,101	(15,472)	20,843
- Non-controlling interests	-	-	-	3
	(21,015)	8,101	(15,472)	20,846

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	AS AT 30.9.2024 RM'000	AS AT 31.12.2023 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		37,605	38,486
Right-of-use assets		6,036	7,870
Investment properties		106,089	118,564
Investment in associated companies		26,226	29,228
Other investments		11,366	16,686
Amount owing by other related company		98,551	99,551
Deferred tax assets		9,175	9,212
Total Non-Current Assets		295,048	319,597
Current Assets			
Inventories		21,184	23,443
Trade receivables		278,882	285,898
Other receivables and prepayments		89,345	78,659
Amount owing by immediate holding company		72,129	70,648
Amount owing by other related companies		83,867	88,973
Tax recoverable		1,727	2,473
Investment in money market funds		2,427	2,362
Fixed deposits, cash and bank balances		78,107	69,385
Total Current Assets		627,668	621,841
Total Assets		922,716	941,438
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		920,902	920,902
Reserves		(174,245)	(158,773)
Equity attributable to owners of the Company		746,657	762,129
Non-controlling interests		-	-
Total Equity		746,657	762,129
Non-Current and Deferred Liabilities			
Lease liabilities		5,411	6,442
Deferred tax liabilities		357	357
Total Non-Current and Deferred Liabilities		5,768	6,799
Current Liabilities			
Trade payables		45,881	54,272
Other payables and accrued expenses		46,780	49,809
Contract liabilities		30,551	29,628
Amount owing to other related companies		2,265	1,441
Lease liabilities		1,590	2,076
Bank borrowings	17	43,214	35,280
Tax liabilities		10	4
Total Current Liabilities		170,291	172,510
Total Liabilities		176,059	179,309
Total Equity and Liabilities		922,716	941,438
Net assets per share attributable to owners of the Company (RM)		3.28	3.35

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 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 2024</u>							
At 1 January 2024	920,902	(2,277)	50,533	(207,029)	762,129	-	762,129
Total comprehensive (loss)/ income for the period	-	-	(21,722)	6,250	(15,472)	-	(15,472)
At 30 September 2024	920,902	(2,277)	28,811	(200,779)	746,657	-	746,657
<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

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 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	
		30.9.2024 RM'000	30.9.2023 RM'000
OPERATING ACTIVITIES			
Profit before tax		8,557	3,067
Adjustments for:			
Non-cash items		7,471	8,197
Non-operating items		(1,088)	(496)
Operating profit before changes in working capital		14,940	10,768
Changes in working capital:			
Net changes in current assets		(2,652)	(48,890)
Net changes in current liabilities		(8,465)	3,841
Others		416	1,512
		4,239	(32,769)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(448)	(837)
Proceeds from disposal of property, plant and equipment		169	111
Increase in investment in money market funds		(65)	(62)
Decrease in:			
Amount owing by immediate holding company		-	4
Amount owing by other related companies		1,000	5,500
Interest received		720	636
Others		-	6
		1,376	5,358
FINANCING ACTIVITIES			
Increase in bank borrowings		7,934	9,699
Increase in amount owing to other related companies		824	201
Decrease/(Increase) in cash at banks held under fixed deposits pledged		2,105	(1,595)
Others		(3,080)	(2,135)
		7,783	6,170
Net changes in cash and cash equivalents		13,398	(21,241)
Effect of exchange differences		(2,571)	500
Cash and cash equivalents at beginning of the period		42,949	56,224
Cash and cash equivalents at end of the period	18	53,776	35,483

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 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 2023. 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 2023.

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 2023 except for the adoption of the following amendments to MFRSs effective for the financial period beginning 1 January 2024:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liability as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

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.

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 2024, 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	462,796	82,302	1,992	-	547,090
Inter-segment sales	-	-	48	(48)	-
Total revenue	<u>462,796</u>	<u>82,302</u>	<u>2,040</u>	<u>(48)</u>	<u>547,090</u>
Results					
Segment results	4,449	9,605	(4,238)	-	9,816
Finance costs	(1,067)	(346)	(712)	-	(2,125)
Share of results of associated companies					866
Profit before tax					<u>8,557</u>
Income tax expense					(2,307)
Profit for the period					<u>6,250</u>
Assets					
Segment assets	531,787	88,557	164,912	-	785,256
Investment in associated companies					26,226
Unallocated corporate assets					111,234
					<u>922,716</u>
The analysis of the Group's assets by geographical areas is as follows:					
Malaysia	531,787	88,557	143,836	-	764,180
People's Republic of China	-	-	25,994	-	25,994
Others	-	-	132,542	-	132,542
					<u>922,716</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 2023.

11. Performance review

	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
	30.9.2024	30.9.2023	Change	30.9.2024	30.9.2023	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
Building materials and steel products ("Building Materials")	157,579	145,063	9	462,796	470,704	-2
Lubricants, petroleum products and automotive products ("Lubricants")	28,323	26,401	7	82,302	79,363	4
Others	817	627	30	1,992	1,489	34
	186,719	172,091	9	547,090	551,556	-1
Segment results						
Building Materials	2,327	495	>100	4,449	1,659	>100
Lubricants	2,783	1,767	57	9,605	8,780	9
Others	(1,017)	(1,684)	40	(4,238)	(5,474)	23
Profit from operations	4,093	578	>100	9,816	4,965	98
Finance costs	(577)	(460)		(2,125)	(1,169)	
Share of results of associated companies	(121)	176		866	(729)	
Profit before tax	3,395	294	>100	8,557	3,067	>100

For the 9 months ended 30 September 2024, the Building Materials Division and the Lubricants Division, the main contributors to the Group, sustained their positive performance. Despite a marginal decrease in revenue, the Group's profit from operations almost doubled to RM9.8 million, partly contributed by the RM3.2 million (2023: RM1.4 million) insurance claim received by the Lubricants Division.

Associated companies contributed a profit of RM0.9 million, a turnaround from RM0.7 million loss recorded a year ago, largely due to a one-off gain arose from a business acquisition by an associated company. Consequently, the Group's profit before tax for the period under review rose to RM8.6 million. As at 30 September 2024, the Group's net assets per share stood at RM3.28.

Building Materials

For the 9 months ended 30 September 2024, revenue of the Division decreased by 2% to RM462.8 million compared with the same period last year, due primarily to the lower sales of building materials. However, the Division achieved a higher profit of RM4.4 million, driven by ongoing improvements in operational efficiency.

Lubricants

The Division's revenue rose by 4% to RM82.3 million, with profit from operations reaching RM9.6 million, increasing from RM79.4 million and RM8.8 million respectively, in the same period last year. Included in the profit was RM3.2 million (2023: RM1.4 million) recovered from insurance claim for losses caused by the floods in December 2021.

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. For the 9 months ended 30 September 2024, these activities collectively contributed to a higher revenue of RM2.0 million, with a reduction in operating loss.

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

	Current Year Quarter	Immediate Preceding Quarter	Change
	30.9.2024	30.6.2024	
	RM'000	RM'000	%
Revenue	186,719	175,876	6
Profit from operations	4,093	1,971	>100
Profit before tax	3,395	1,868	82

For the current quarter under review, the Group recorded a 6% higher revenue of RM186.7 million, with profit from operations increasing to RM4.1 million from RM2.0 million in the immediate preceding quarter. Revenue growth was supported by contributions across all business segments, while increase in profit was mainly due to higher contribution from the Building Materials Division.

After accounting for a share of loss in associated companies of RM0.1 million (Immediate preceding quarter: profit of RM0.9 million, largely attributable to a one-off gain from a business acquisition), the Group's profit before tax for the quarter under review rose to RM3.4 million.

13. a) Prospects

The operating environment for the Group's businesses is closely linked to the conditions of both global and local economies. For the final quarter ending 31 December 2024, the operating environment for the Group's businesses is expected to remain challenging.

Nonetheless, the Group remains focused on containing operating costs and optimising operational efficiencies while staying 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	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
- Current provision	(675)	(519)	(2,292)	(2,214)
- (Under)/Over provision in prior years	-	(3)	26	(3)
Deferred tax				
- Under provision in prior years	(4)	-	(41)	-
	(679)	(522)	(2,307)	(2,217)

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 30.9.2024	AS AT 30.9.2023
	RM'000	RM'000
Non-Current		
Hire-purchase payables - secured	-	51
Current		
Hire-purchase payables - secured	-	15
Revolving credit - secured	4,000	4,000
Bankers acceptances - secured	9,000	15,800
Bankers acceptances - unsecured	320	896
Receivables financing facility - secured	24,894	7,637
Term loan - secured	5,000	-
	43,214	28,333
	<u>43,214</u>	<u>28,399</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 30.9.2024	AS AT 30.9.2023
	RM'000	RM'000
Fixed deposits, cash and bank balances	78,107	61,834
Less : Deposits pledged with licensed banks	(24,331)	(26,351)
	<u>53,776</u>	<u>35,483</u>

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

Ringgit Malaysia	50,218	32,077
Chinese Renminbi	2,712	3,029
United States Dollar	846	377
	<u>53,776</u>	<u>35,483</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 2023.

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	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
Profit/(Loss) attributable to owners of the Company (RM'000)	2,716	(228)	6,250	851
Weighted average number of shares in issue ('000)	227,827	227,827	227,827	227,827
Basic EPS (sen)	1.19	(0.10)	2.74	0.37

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 2023 was not qualified.

23. Profit before tax

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

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	30.9.2024 RM'000	30.9.2023 RM'000	30.9.2024 RM'000	30.9.2023 RM'000
a) Interest income	1,548	730	2,650	1,665
b) Other income including investment income	930	671	5,480	2,945
c) Interest expense	(577)	(460)	(2,125)	(1,169)
d) Depreciation and amortisation	(1,070)	(1,184)	(3,379)	(3,431)
e) Provision for and write off of receivables	(1,710)	(1,498)	(4,865)	(4,403)
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)	254	61	424	304
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 17.5.2024	<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>