

FINANCIAL STATEMENTS

2023

For The Financial Year Ended 31 December 2023

DIRECTORS' REPORT

The Directors of **LION POSIM BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are trading and distribution of building materials, steel products, petroleum products and automotive products, manufacturing of petroleum products, investment holding, distribution of and retailing of consumer products, provision of training services, investment and development in agriculture and property development.

The information on the name, principal place of business and place of incorporation, principal activities, and percentage of ownership of the holding company in each subsidiary company is disclosed in Note 13 to the financial statements.

RESULTS

The results of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	16,285	3,020
Tax expense	(2,733)	(14)
Profit for the year	<u>13,552</u>	<u>3,006</u>
Profit/(Loss) attributable to:		
Owners of the Company	13,553	3,006
Non-controlling interests	(1)	-
	<u>13,552</u>	<u>3,006</u>

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than in respect of the Group, the realisation of translation adjustment reserve upon dissolution of a subsidiary company of RM8,586,000.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors also do not recommend any payment of dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

TREASURY SHARES

The Company did not repurchase its ordinary shares during the financial year. As at 31 December 2023, the Company held 3,745,000 treasury shares at a carrying amount of RM2,276,747.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made.

DIRECTORS

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Cheng Heng Jem
Cheng Hui Ya, Serena
Dato' Eow Kwan Hoong
Tan Sri Abd Karim bin Shaikh Munisar
Dr Folk Jee Yoong

LIST OF DIRECTORS OF SUBSIDIARY COMPANIES

The Directors who held office in the subsidiary companies of the Company during the financial year and up to the date of this report are:

Cheng Hui Yen, Natalie	Lee Whay Keong
Cheng Hui Ya, Serena	Ooi Kim Lai
Goh Kok Beng	Poon Sow Har
Koo Chuan Hong	Yeo Keng Leong
Lee Boon Liang	

Tan Sri Cheng Heng Jem (Resigned with effect from 1 November 2023)
Wang Wing Ying (Resigned with effect from 18 March 2024)

DIRECTORS' INTERESTS

The interests in shares in the Company of those who were Directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 are as follows:

	Number of ordinary shares			As at 31.12.2023
	As at 1.1.2023	Addition	Disposal	
Direct interest				
Tan Sri Cheng Heng Jem	400	-	-	400
Dato' Eow Kwan Hoong	8,026	-	-	8,026
Dr Folk Jee Yoong	105	-	-	105
Deemed interest				
Tan Sri Cheng Heng Jem	170,186,190	-	-	170,186,190

The interest in shares in the related corporations of those who were Directors at the end of the financial year are as follows:

	As at 1.1.2023	Number of ordinary shares		As at 31.12.2023	
		Addition	Disposal		
Tan Sri Cheng Heng Jem					
Direct interest					
Lion Industries Corporation Berhad	222,785,449	-	-	222,785,449	
Deemed interest					
Holdsworth Investment Pte Ltd	4,500,000	-	-	4,500,000	
Inspirasi Elit Sdn Bhd	212,500	-	-	212,500	
Lion Industries Corporation Berhad	12,752,369	-	-	12,752,369	
Lion Group Management Services Sdn Bhd	5,000,000	-	-	5,000,000	
LLB Enterprise Sdn Bhd	940,000	-	-	940,000	
Soga Sdn Bhd	4,525,322	17,200	-	4,542,522	
Steelcorp Sdn Bhd	99,750	-	-	99,750	
Zhongsin Biotech Pte Ltd	1,000,000	-	-	1,000,000	
Investments in the People's Republic of China					
	Currency	As at 1.1.2023	Addition	Disposal	As at 31.12.2023
Tianjin Baden Real Estate Development Co Ltd (In voluntary liquidation)	USD	5,000,000	-	-	5,000,000
Tianjin Hua Shi Auto Meter Co Ltd (In voluntary liquidation)	USD	10,878,944	-	-	10,878,944

In addition to the above, the following Director is also deemed to have an interest in shares in Lion Industries Corporation Berhad (“LICB”) by virtue of the warrants issued by LICB with a right to subscribe for ordinary shares in LICB on the basis of 1 new ordinary share for every 1 warrant held:

	As at 1.1.2023	Number of warrants		As at 31.12.2023
		Addition	Disposal	
Tan Sri Cheng Heng Jem				
Direct interest	111,392,723	-	-	111,392,723
Deemed interest	6,376,184	-	-	6,376,184

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, save and except for the benefit which deemed to have arisen by virtue of the balances and transactions between the Company and its related companies, and certain companies in which a Director of the Company has a substantial interest, in the ordinary course of business of the Group and of the Company.

Details of the remuneration paid to or receivable by the Directors of the Company during the financial year are as follows:

	The Group RM'000	The Company RM'000
Directors' fees	170	170
Other emoluments	32	32
Total	<u>202</u>	<u>202</u>

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Group and of the Company are covered under a Directors' and Officers' Liability insurance up to an aggregate limit of RM50,000,000 against any legal liability, if incurred by the Directors and Officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiary companies.

HOLDING COMPANIES

The Company is a subsidiary company of Amsteel Mills Sdn Bhd, a private limited liability company incorporated in Malaysia. The Directors regard Lion Industries Corporation Berhad, a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the ultimate holding company of the Company.

AUDITORS

The total amount of fees paid to or receivable by the Auditors as remuneration for their services as auditors of the Group and of the Company for the current financial year are RM298,000 and RM109,000 respectively.

The Auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

To the extent permitted by laws, the Company has agreed to indemnify its Auditors, Mazars PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Mazars PLT for the current financial year.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TAN SRI CHENG HENG JEM

CHENG HUI YA, SERENA

Kuala Lumpur
1 April 2024

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LION POSIM BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lion Posim Berhad, which comprise the statements of financial position as at 31 December 2023, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 73 to 152.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants* ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of investment properties in Cambodia

The Group's accounting policies, significant judgement and estimates made by the management and disclosure notes on investment properties are disclosed in Note 3, Note 4(i)(b) and Note 12 to the financial statements.

The risk:

As at 31 December 2023, the carrying amount of the investment properties of the Group amounted to RM119 million, representing 37% and 13% of the Group's total non-current assets and total assets respectively. Included in the investment properties of the Group are freehold land, leasehold land and economic land concessions in Cambodia ("Cambodia Land") amounting to USD26 million, equivalent to RM118 million.

The recoverable amount of the Cambodia Land was determined by management based on fair value less cost to sell, by references to the latest valuations carried out by independent valuers.

The valuation process involves significant judgement in determining the appropriate valuation methodologies and the underlying assumptions. The valuations are highly sensitive to key assumptions applied and any change in the assumptions can have a significant impact to the valuations.

In view of the significant judgement and estimates required by management in determining the recoverable amount of the Cambodia Land, which also includes the Economic Land Concessions ("ELC") totaling RM42 million for which formal lease agreements are pending, as disclosed in Note 12 to the financial statements, and management's plans on its realisation, we identified impairment of the Cambodia Land as a key audit matter.

How the matter was addressed in our audit:

Our audit procedures to address this area included, among others:

- Obtained an understanding of impairment assessment process and evaluated the design and implementation of the relevant controls surrounding impairment assessment on the Cambodia Land;
- Obtained and evaluated the management assessment in determining the recoverable amount of the Cambodia Land;
- Obtained the independent valuation reports for the Cambodia Land and compared to management's assessment;
- Assessed the competency, capabilities and objectivity of the valuers and challenged the assumptions and methodology used in the valuations;
- Obtained and understood the agreements or other relevant documents relating to the conversion of leasehold land and granting of ELC;
- Performed retrospective review of management's plans to convert the economic land concessions to leasehold land;
- Held discussion with independent valuers on the valuation and challenged the basis of determining the fair value of the Cambodia Land; and
- Assessed the adequacy and appropriateness of the disclosures in the financial statements.

We have determined that there are no key audit matters in the audit of financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and of the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats of safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MAZARS PLT
201706000496 (LLP0010622-LCA)
AF 001954
Chartered Accountants

FRANCIS XAVIER JOSEPH
02997/06/2024 J
Chartered Accountant

Kuala Lumpur

1 April 2024

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	5	755,137	838,773	6,000	10,000
Other operating income		4,389	4,326	90	163
Changes in inventories of finished goods and trading merchandise		1,059	7,484	-	-
Raw materials and consumables used		(47,418)	(56,037)	-	-
Purchase of trading merchandise		(647,174)	(732,400)	-	-
Staff costs	6	(29,194)	(28,224)	(137)	(146)
Directors' remuneration	6	(202)	(213)	(202)	(213)
Depreciation of:					
Property, plant and equipment	10	(2,343)	(2,688)	(19)	(20)
Right-of-use assets	11	(1,786)	(1,251)	-	-
Investment properties	12	(473)	(454)	(18)	(18)
Impairment losses net of reversals on:					
Trade and other receivables		(6,121)	(4,243)	-	-
Property, plant and equipment		168	-	-	-
Other investments in unquoted bonds		6	-	-	-
Gain/(Loss) on foreign exchange:					
Realised		270	288	-	-
Unrealised		(36)	96	-	-
Other operating expenses		(16,733)	(18,175)	(2,535)	(2,444)
Profit from operations	6	9,549	7,282	3,179	7,322
Finance costs	7	(1,759)	(453)	(159)	(109)
Realisation of translation adjustment reserve upon dissolution of a subsidiary company	13	8,586	-	-	-
Share of results of associated companies	14	(91)	(4,148)	-	-
Profit before tax		16,285	2,681	3,020	7,213
Tax (expense)/credit	8	(2,733)	(2,080)	(14)	48
Profit for the year		13,552	601	3,006	7,261

(Forward)

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) attributable to:					
Owners of the Company		13,553	659	3,006	7,261
Non-controlling interests		(1)	(58)	-	-
		<u>13,552</u>	<u>601</u>	<u>3,006</u>	<u>7,261</u>
Earnings per share (sen)					
Basic and diluted	9	<u>5.95</u>	<u>0.29</u>		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the year	13,552	601	3,006	7,261
Other comprehensive income/ (loss)				
<u>Item that will not be reclassified subsequently to profit or loss</u>				
Net gain/(loss) on other investments at fair value through other comprehensive income:				
- Fair value changes	7,840	(3,080)	7,840	(3,080)
<u>Items that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences arising from foreign operations	8,618	3,987	-	-
Reclassification to profit or loss upon dissolution of a subsidiary company	(8,586)	-	-	-
Other comprehensive income/(loss) for the year	7,872	907	7,840	(3,080)
Total comprehensive income for the year	21,424	1,508	10,846	4,181
Total comprehensive income/(loss) attributable to:				
Owners of the Company	21,467	1,566	10,846	4,181
Non-controlling interests	(43)	(58)	-	-
	21,424	1,508	10,846	4,181

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	38,486	39,588	4,823	4,842
Right-of-use-assets	11	7,870	3,173	-	-
Investment properties	12	118,564	113,877	460	478
Investment in subsidiary companies	13	-	-	344,689	344,689
Investment in associated companies	14	29,228	25,698	-	-
Other investments	15	16,686	8,846	15,403	7,563
Amount owing by other related company	17(b)	99,551	105,051	99,551	105,051
Deferred tax assets	16	9,212	9,411	-	-
Total Non-Current Assets		319,597	305,644	464,926	462,623
Current Assets					
Inventories	18	23,443	24,481	-	-
Trade receivables	19(a)	285,898	223,919	-	-
Other receivables, deposits and prepaid expenses	19(b)	78,659	77,281	178	180
Amount owing by subsidiary companies	13(a)	-	-	29,513	11,620
Amount owing by immediate holding company	17(a)	70,648	72,486	-	-
Amount owing by other related companies	17(b)	88,973	90,894	-	-
Tax recoverable		2,473	5,483	154	138
Investment in money market funds	20(a)	2,362	2,279	-	-
Fixed deposits, cash and bank balances	20(b)	69,385	80,981	1,725	8,562
Total Current Assets		621,841	577,804	31,570	20,500
Total Assets		941,438	883,448	496,496	483,123

(Forward)

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	21	920,902	920,902	920,902	920,902
Reserves	22	(158,773)	(180,240)	(461,267)	(472,113)
Equity attributable to owners of the Company		762,129	740,662	459,635	448,789
Non-controlling interests		-	43	-	-
Total Equity		762,129	740,705	459,635	448,789
Non-Current and Deferred Liabilities					
Lease liabilities	23	6,442	2,094	-	-
Hire-purchase payables	24	-	62	-	-
Deferred tax liabilities	16	357	176	-	-
Total Non-Current and Deferred Liabilities		6,799	2,332	-	-
Current Liabilities					
Trade payables	25(a)	54,272	41,097	-	-
Other payables and accrued expenses	25(b)	49,809	48,653	10,009	10,030
Contract liabilities	25(c)	29,628	28,794	-	-
Amount owing to other related companies	17(c)	1,441	700	721	-
Amount owing to subsidiary companies	13(b)	-	-	22,131	20,804
Lease liabilities	23	2,076	1,270	-	-
Hire-purchase payables	24	-	15	-	-
Bank borrowings	26	35,280	18,634	4,000	3,500
Tax liabilities		4	1,248	-	-
Total Current Liabilities		172,510	140,411	36,861	34,334
Total Liabilities		179,309	142,743	36,861	34,334
Total Equity and Liabilities		941,438	883,448	496,496	483,123

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Group	Non-distributable reserves				Fair value reserve	Accumulated losses	Attributable to owners of the Company		Non-controlling interests	Total equity
	Share capital	Treasury shares	Translation adjustment reserve	Surplus reserve			RM'000	RM'000		
As at 1 January 2022	920,902	(2,277)	61,537	1,455	(21,280)	(221,241)	739,096	473	739,569	
Profit/(Loss) for the year	-	-	-	-	-	659	659	(58)	601	
Other comprehensive income/(loss) for the year	-	-	5,442	(1,455)	(3,080)	-	907	-	907	
Total comprehensive income/(loss) for the year	-	-	5,442	(1,455)	(3,080)	659	1,566	(58)	1,508	
Dividend paid to non-controlling interests of a subsidiary company	-	-	-	-	-	-	-	(372)	(372)	
As at 31 December 2022	920,902	(2,277)	66,979	-	(24,360)	(220,582)	740,662	43	740,705	

(Forward)

The Group	Non-distributable reserves				Attributable to owners of the Company		Non-controlling interests	Total equity	
	Share capital	Treasury shares	Translation adjustment reserve	Surplus reserve	Fair value reserve	Accumulated losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2023	920,902	(2,277)	66,979	-	(24,360)	(220,582)	740,662	43	740,705
Profit/(Loss) for the year	-	-	-	-	-	13,553	13,553	(1)	13,552
Other comprehensive income/(loss) for the year	-	-	74	-	7,840	-	7,914	(42)	7,872
Total comprehensive income/(loss) for the year	-	-	74	-	7,840	13,553	21,467	(43)	21,424
As at 31 December 2023	920,902	(2,277)	67,053	-	(16,520)	(207,029)	762,129	-	762,129

(Forward)

The Company	Non-distributable reserves				Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Fair value reserve RM'000	Accumulated losses RM'000	
As at 1 January 2022	920,902	(2,277)	(21,280)	(452,737)	444,608
Profit for the year	-	-	-	7,261	7,261
Other comprehensive loss for the year	-	-	(3,080)	-	(3,080)
Total comprehensive (loss)/ income for the year	-	-	(3,080)	7,261	4,181
As at 31 December 2022	920,902	(2,277)	(24,360)	(445,476)	448,789
As at 1 January 2023	920,902	(2,277)	(24,360)	(445,476)	448,789
Profit for the year	-	-	-	3,006	3,006
Other comprehensive income for the year	-	-	7,840	-	7,840
Total comprehensive income for the year	-	-	7,840	3,006	10,846
As at 31 December 2023	920,902	(2,277)	(16,520)	(442,470)	459,635

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Group	Note	2023 RM'000	2022 RM'000
CASH FLOWS USED IN OPERATING ACTIVITIES			
Profit before tax		16,285	2,681
Adjustments for:			
Impairment losses on trade and other receivables		6,516	6,063
Share of results of associated companies		91	4,148
Depreciation of:			
Property, plant and equipment		2,343	2,688
Right-of-use assets		1,786	1,251
Investment properties		473	454
Finance costs		1,759	453
Allowance for/(Reversal of) slow-moving and obsolete inventories		223	(241)
Fair value loss on financial assets measured at amortised cost		-	5,000
Realisation of translation adjustment reserve upon dissolution of a subsidiary company		(8,586)	-
Gain on disposal of property, plant and equipment		(62)	(153)
Interest income		(2,517)	(2,290)
Reversal of impairment losses on:			
Trade receivables		(395)	(1,820)
Property, plant and equipment		(168)	-
Other investments in unquoted bonds		(6)	-
Unrealised loss/(gain) on foreign exchange		36	(96)
Dividend income from:			
Investment in money market funds		(83)	(209)
Unquoted investments		(62)	-
Property, plant and equipment written off		-	5
Gain on termination of lease		-	(3)
Operating Profit Before Working Capital Changes		17,633	17,931
Decrease/(Increase) in:			
Inventories		815	(11,188)
Trade receivables		(68,024)	(44,702)
Other receivables, deposits and prepaid expenses		(1,174)	(9,484)
Amount owing by immediate holding company		1,838	8,834
Amount owing by other related companies		1,921	(30,346)
Increase/(Decrease) in:			
Trade payables		13,175	6,452
Other payables and accrued expenses		317	(1,407)
Contract liabilities		834	4,389
Cash Used In Operations		(32,665)	(59,521)

(Forward)

The Group	Note	2023 RM'000	2022 RM'000
CASH FLOWS USED IN OPERATING ACTIVITIES			
(continued)			
Cash Used In Operations, brought forward		(32,665)	(59,521)
Interest received		1,722	1,183
Net income tax paid		(587)	(5,173)
Net Cash Used In Operating Activities		<u>(31,530)</u>	<u>(63,511)</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
(Increase)/Decrease in:			
Investment in money market funds		(83)	138
Cash at banks held under fixed deposits pledged		(1,679)	(609)
Amount owing by immediate holding company		-	128
Amount owing by other related companies		5,500	1,006
Interest received from fixed deposits with licensed banks		795	1,107
Proceeds from disposal of property, plant and equipment		211	290
Dividend income received from:			
An associated company		-	10,656
Investment in money market funds		83	209
Unquoted investments		62	-
Repayment from unquoted bonds		6	-
Additions to property, plant and equipment		(1,197)	(15,204)
Partial purchase consideration paid for land acquisition		-	(3,178)
Net Cash From/(Used In) Investing Activities		<u>3,698</u>	<u>(5,457)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Increase/(Decrease) in amount owing to other related companies	17	741	(185)
Drawdown of bank borrowings	26	16,646	1,865
Dividend paid to non-controlling interests of a subsidiary company		-	(372)
Finance costs paid		(1,759)	(453)
Lease rental paid	23	(1,607)	(1,107)
Hire-purchase paid	24	(77)	(14)
Net Cash From/(Used In) Financing Activities		<u>13,944</u>	<u>(266)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(13,888)	(69,234)
Effect of exchange differences		613	(990)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		56,224	126,448
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	<u>42,949</u>	<u>56,224</u>

(Forward)

The Company	Note	2023 RM'000	2022 RM'000
CASH FLOWS USED IN OPERATING ACTIVITIES			
Profit before tax		3,020	7,213
Adjustments for:			
Depreciation of:			
Property, plant and equipment		19	20
Investment properties		18	18
Finance costs		159	109
Dividend income from subsidiary companies		(6,000)	(10,000)
Fair value loss on financial assets measured at amortised cost		-	5,000
Interest income		(66)	(63)
Operating (Loss)/Profit Before Working Capital Changes		<u>(2,850)</u>	<u>2,297</u>
Decrease in other receivables, deposits and prepaid expenses		2	21
Decrease in other payables and accrued expenses		(21)	(5,067)
Cash Used In Operations		<u>(2,869)</u>	<u>(2,749)</u>
Interest received		66	63
Income tax paid		(30)	(18)
Net Cash Used In Operating Activities		<u>(2,833)</u>	<u>(2,704)</u>
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES			
Decrease/(Increase) in:			
Amount owing by other related companies		5,500	1,000
Amount owing by subsidiary companies		(17,893)	(2,360)
Investment in money market funds		-	86
Dividend received from subsidiary companies		6,000	10,000
Net Cash (Used in)/From Investing Activities		<u>(6,393)</u>	<u>8,726</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Increase/(Decrease) in:			
Amount owing to subsidiary companies	17	1,327	29
Amount owing to other related companies	17	721	(167)
Drawdown of bank borrowings	26	500	-
Finance cost paid		(159)	(109)
Net Cash From/(Used in) Financing Activities		<u>2,389</u>	<u>(247)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(6,837)	5,775
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		8,562	2,787
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	<u>1,725</u>	<u>8,562</u>

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

Lion Posim Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding.

The information on the name, principal place of business and place of incorporation, principal activities, and percentage of ownership held by the holding company in each subsidiary company is as disclosed in Note 13.

The Company's registered office is located at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan.

The Company's principal place of business is located at Wisma Posim, Lot 72, Persiaran Jubli Perak, 40000 Shah Alam, Selangor Darul Ehsan.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 1 April 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000 or '000), unless otherwise indicated.

Adoption of New MFRS and Amendments to MFRSs

In the current financial year, the Group and the Company adopted all the new MFRS and amendments to MFRSs issued by Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after 1 January 2023 and relevant to its operations, as follows:

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
Amendments to MFRS 112	International Tax Reforms-Pillar Two Model Rules

The adoption of these new MFRS and amendments to MFRSs did not result in significant changes on the accounting policies of the Group and of the Company and had no significant effect on the financial performance or position of the Group and of the Company.

Amendments in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to MFRS 101	Classification of Liability as Current or Non-current ¹
Amendments to MFRS 101	Non-current Liabilities with Covenants ¹
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements ¹
Amendments to MFRS 121	Lack of Exchangeability ²
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective date deferred to a date to be determined and announced by MASB.

The above amendments to MFRSs are not expected to have a material impact on the financial statements of the Group and of the Company in the period of initial application.

3. MATERIAL ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost basis except as disclosed in this summary of material accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiary companies). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the year are included in the statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Where the Group loses control of a subsidiary company, a gain or loss is recognised and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary company are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary company (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Business Combinations

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRSs.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised at that date.

Investment in Subsidiary Companies

Investment in subsidiary companies which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Investment in Associated Companies

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associated companies are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associated companies are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associated companies, less any impairment in the value of individual investments. When the Group's share of losses of an associated company exceeds the Group's interest in that associated company (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

An investment in an associated company is accounted for using the equity method from the date on which the investee becomes an associated company. On acquisition of the investment in an associated company, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associated company. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associated company, or when the investment is classified as held for sale. When the Group retains an interest in the former associated company and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9. The difference between the carrying amount of the associated company at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the associated company is included in the determination of the gain or loss on disposal of the associated company. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associated company on the same basis as would be required if that associated company had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associated company would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associated company but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associated company of the Group, profits or losses resulting from the transactions with the associated company are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associated company that are not related to the Group.

Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract or implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange of transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which they will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling price of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue from the sales of building materials, steel products, lubricants, petroleum products, automotive products and consumer products is recognised upon delivery of goods and the control of the goods has been transferred to the customers, net of discounts and returns.

Sales of goods that result in award credits for customers, under the Group's customer loyalty programmes, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value - the amount for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction - but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

Revenue from the provision of training services is recognised when the services are performed, net of service taxes and discounts.

Dividend income is recognised when the Group's right to receive payment is established.

Employee Benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leaves, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Company and certain subsidiary companies make statutory contributions to approved provident funds and the contributions are charged to profit or loss. The approved provident funds are defined contribution plans. The Group's foreign incorporated subsidiary companies and its eligible employees also made contributions to their respective countries' statutory pension scheme. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, there are no further payment obligations.

Government Grant

Government grants, including non-monetary grants at fair value, are not recognised until there is reasonable assurance that: (i) the Group will comply with the conditions attaching to them; and (ii) the grants will be received.

Government grants (recognised as deferred income) are released to profit or loss on a systematic basis over the financial periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

A government grant that is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs, are recognised in profit or loss in the financial period in which it becomes receivable.

Taxation

Tax expense for the year comprises current and deferred tax.

Current tax

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods are recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

Deferred tax

Deferred tax is accounted for, using the “liability” method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes by the same tax authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

Foreign Currency Conversion

The individual financial statements of each foreign subsidiary company are presented in the currency of the primary economic environment in which such entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation adjustment reserve account. Such translation differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Impairment of Assets Excluding Goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of their non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Freehold land and capital work-in-progress are not depreciated. Depreciation of other property, plant and equipment is computed on the straight-line method to write off the cost of the various property, plant and equipment over their estimated useful lives at the following annual rates:

Buildings	2% - 18%
Plant and machinery	10% - 20%
Office equipment, furniture and fittings	10% - 20%
Motor vehicles	18% - 25%
Prime movers and trailers	15%
Office renovation	20%

The estimated useful life, residual value and depreciation method of the assets are reviewed at the end of each reporting period and, if expectations differ from previous estimates, the changes will be accounted for as a change in an accounting estimate.

Assets Acquired Under Hire-Purchase Arrangements

Assets acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Capitalisation of Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Investment Properties

Investment properties, comprising certain freehold and leasehold land and buildings and economic land concessions (work-in-progress), are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost, less accumulated depreciation and any impairment losses.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statements of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Freehold land and economic land concessions within investment properties are not depreciated. Leasehold land is depreciated over the lease term at an annual rate of 2%.

Buildings are depreciated on the straight-line method at an annual rate of 2%.

Inventories

Trading merchandise, finished goods, raw materials, fuel and lubricants, and other inventories are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost represents the original purchase price plus the incidental cost incurred in bringing the inventories to their present location and condition. The cost of finished goods includes cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

In arriving at net realisable value, due allowance is made for damaged, obsolete or slow-moving inventories.

Provisions

Provisions are made when the Group or the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the Directors' best estimate of the amount required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

At the end of each reporting period, provisions are reviewed by the Directors and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group or the Company will be required to settle the obligation.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed by the chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Contract Costs

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs. These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the assets relate. An impairment loss is recognised in profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

The Group applies the practical expedient in paragraph 94 of MFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

Contract Liabilities

Contract liabilities are stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received from the customers.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contract liabilities are initially measured at their fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance determined in accordance with MFRS 9 *Financial Instruments*; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

Contingent Liabilities

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents which comprise deposits and cash and bank balances are short-term, highly liquid investments that are readily convertible to cash with insignificant risks of changes in value.

Financial Instruments

Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus transaction cost that are directly attributable to its acquisition or issuance. A trade receivable without significant financing component is initially measured at the transaction price.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as hedging instrument.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that is not held primarily for trading purposes are presented as current or non-current assets based on the settlement date.

(b) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model with the objective to hold assets to collect contractual cash flows and their contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the assets are derecognised, modified or impaired.

Financial assets at amortised cost are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current assets.

Interest income is recognised by applying effective interest rate to the gross carrying amount, where applicable, except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(c) Financial assets at fair value through other comprehensive income ("FVTOCI")

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit and loss.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Impairment of financial assets

The Group and the Company recognise loss allowance for expected credit losses on financial asset measured at amortised cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group and the Company consider past loss experience and observable data such as current changes and future forecast in economic changes to estimate the amount of expected impairment loss. The methodology assumptions including any forecast of future economic conditions are reviewed regularly.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At end of each reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. When a receivable is considered uncollectible, it is written off against the allowance account.

For other receivables, the Group and the Company measure loss allowance at an amount equal to 12-month expected credit loss if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

For financial guarantee contracts, the date that the Group and the Company become a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group and the Company consider the changes in the risk that the specified debtor will default on the contract.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The measurement of financial liabilities depends on their classification.

Financial liabilities subsequently measured at amortised cost

The Group's and the Company's financial liabilities subsequently measured at amortised cost include trade payables, other payables (including inter-company indebtedness) and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Bank borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Leases

As a lessor

The Group and the Company enter into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group and the Company are a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

As a lessee

The Group, as lessee, assess at inception of the contract whether a contract is or contains a lease.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(i) **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to their short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(ii) **Right-of-use assets**

The Group recognises the right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use asset includes the amount of lease liabilities recognised and lease payments made on or before the commencement day. Right-of-use assets are depreciated on a straight-line basis over the shorter of lease term or useful lives. The estimated useful lives of the asset based on the lease terms are as follows:

Buildings	2 to 5 years
-----------	--------------

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) **Critical judgements in applying the Group's and the Company's accounting policies**

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements except as disclosed below:

(a) **Impairment of receivables**

Assessment of impairment for receivables is made based on the evaluation of collectability and ageing analysis of accounts and on management's estimate of, amongst others, the quantum and timing of cash flows. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the judgement about the creditworthiness of the debtors and the past collection history of each customer. If the financial conditions of the customers were to deteriorate such that the ability of the customers to make repayments is affected, additional allowance for impairment loss may be required.

As at 31 December 2023, the Group has trade and other receivables from two (2022: two) major related parties, namely, Lion DRI Sdn Bhd ("Lion DRI") and Graimpi Sdn Bhd (In liquidation) ("Graimpi"). Both of these companies are wholly-owned subsidiaries of Lion Diversified Holdings Berhad (In liquidation), a company in which Tan Sri Cheng Heng Jem has substantial interest.

	The Group	
	2023	2022
	RM'000	RM'000
Trade receivables - Lion DRI	52,007	52,007
Other receivables - Graimpi	103,730	103,730
	155,737	155,737
Less: Accumulated impairment losses	(155,737)	(155,737)
Net	-	-

In view that Lion DRI had stopped operation since the previous financial years and the ability of Lion DRI to generate sufficient cash flows to repay its debts to the Group is in doubt and Graimpi is in liquidation, the Directors are of the opinion that full impairment losses need to be made on these outstanding amounts.

(b) **Impairment of investment properties**

The Group has investment properties, which comprise mainly freehold land, leasehold land and economic land concessions (“ELC”) in Cambodia of RM118,104,000 (2022: RM113,399,000). Significant judgement is exercised in determining the manner in which the recovery of the said investment properties could be made and the amounts that could be realised. The amount expected to be recovered for the said investment properties was determined based on the fair value less cost to sell, by references to the latest valuations carried out by independent firms of professional valuers.

(ii) **Key sources of estimation uncertainty**

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as disclosed below:

(a) **Impairment of non-current assets**

Determining whether assets are impaired requires an estimation of the recoverable amounts of the assets. As at 31 December 2023, the Group and the Company recognised accumulated impairment losses in respect of the following:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	664	832	-	-
Investment in subsidiary companies	-	-	411,153	411,153
Other investments	52,797	52,803	-	-

Management exercises its judgement in estimating the recoverable amounts of these assets.

When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU") will be assessed. The assessment of recoverable amounts involves various methodologies.

In determining the VIU of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group makes estimates and assumptions that require significant judgements. While the Group believes these estimates and assumptions of VIU could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Group's financial position and results.

(b) **Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits.

(c) **Provision for expected credit losses ("ECL") of trade receivables**

The Group and the Company use the simplified approach in calculating loss allowances for trade receivables by applying an ECL rate. Significant estimate is required in determining the impairment of trade receivables. Impairment loss measured based on the expected credit loss model is based on assumptions on risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's and Company's past collection records, existing market conditions as well as forward looking estimates as at the end of the reporting period.

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers:				
Sales of goods	753,532	837,312	-	-
Services rendered	1,605	1,461	-	-
	755,137	838,773	-	-
Revenue from other sources:				
Dividend income from subsidiary companies	-	-	6,000	10,000
	755,137	838,773	6,000	10,000
Timing of revenue recognition:				
Revenue from contracts with customers:				
At a point in time	753,532	837,312	-	-
Over time	1,605	1,461	-	-
	755,137	838,773	-	-

The Group and the Company do not have any remaining performance obligations that are more than one year.

6. PROFIT FROM OPERATIONS

Profit from operations is arrived at after crediting/(charging) the following:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest income on:				
Fixed deposits with licensed banks	795	1,107	66	63
Others	1,722	1,183	-	-
	2,517	2,290	66	63
Gain on disposal of property, plant and equipment	62	153	-	-
Dividend income from:				
Investment in money market funds	83	209	-	-
Unquoted investments	62	-	-	-
Rental income from:				
Investment properties rented to:				
Subsidiary companies	-	-	10	10
Third parties	514	218	14	14
Others	1,047	1,059	-	-

6. PROFIT FROM OPERATIONS (continued)

Profit from operations is arrived at after crediting/(charging) the following:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	94	108	-	76
Government grant (Note (a))	10	48	-	-
Auditors' remuneration:				
Statutory audit:				
Auditors of the Company:				
Current year	(250)	(260)	(101)	(111)
Over provision in prior years	-	13	-	10
Other auditors	(40)	(54)	-	-
Non-audit services	(8)	(8)	(8)	(8)
Property, plant and equipment written off (Allowance for)/Reversal of slow-moving and obsolete inventories	(223)	241	-	-
Fair value loss on financial assets measured at amortised cost	-	(5,000)	-	(5,000)

Note (a)

During the financial year, the Group received government subsidies of RM10,000 (2022: RM48,000) in relation to the Wage Subsidy Programme under National Economic Recovery Plan initiated by the Government of Malaysia.

Staff costs include salaries, bonuses, contribution to defined contribution plans and all other staff related expenses. Contributions to defined contribution plans by the Group and by the Company amounted to RM2,830,000 and RM17,000 (2022: RM3,076,000 and RM18,000), respectively.

Directors' remuneration charged to profit or loss for the financial year is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fees:				
Executive Director	20	20	20	20
Non-executive Directors	150	150	150	150
	170	170	170	170
Salaries and other emoluments:				
Executive Director	4	5	4	5
Non-executive Directors	28	38	28	38
	32	43	32	43
	202	213	202	213

7. FINANCE COSTS

Finance costs represent:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Lease liabilities	341	165	-	-
Hire-purchase payables	3	4	-	-
Bank borrowings	1,415	284	159	109
	<u>1,759</u>	<u>453</u>	<u>159</u>	<u>109</u>

8. TAX (EXPENSE)/CREDIT

Tax (expense)/credit consists of the following:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable:				
Current	(3,339)	(3,265)	(11)	(30)
Over/(Under) provision in prior years	986	333	(3)	78
	<u>(2,353)</u>	<u>(2,932)</u>	<u>(14)</u>	<u>48</u>
Deferred tax (Note 16):				
Current	(141)	495	-	-
(Under)/Over provision in prior years	(239)	357	-	-
	<u>(380)</u>	<u>852</u>	<u>-</u>	<u>-</u>
	<u>(2,733)</u>	<u>(2,080)</u>	<u>(14)</u>	<u>48</u>

8. TAX (EXPENSE)/CREDIT (continued)

A numerical reconciliation of tax (expense)/credit applicable to profit before tax at the applicable statutory income tax rate to tax (expense)/credit at the effective income tax rate is as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax	16,285	2,681	3,020	7,213
Tax at applicable tax rate of 24% (2022: 24%)	(3,908)	(643)	(725)	(1,731)
Tax effects of:				
Non-deductible expenses	(2,017)	(2,425)	(742)	(714)
Non-taxable income	2,310	391	1,456	2,415
Tax effects on share of results of associated companies	(22)	(996)	-	-
Deferred tax assets not recognised	(145)	(228)	-	-
Utilisation of deferred tax assets not recognised previously	302	1,131	-	-
Over/(Under) provision in prior years:				
Income tax	986	333	(3)	78
Deferred tax	(239)	357	-	-
	(2,733)	(2,080)	(14)	48

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unabsorbed capital allowances which would give rise to net deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. As at 31 December 2023, the estimated amount of deductible temporary differences, unused tax losses and unabsorbed capital allowances, for which the net deferred tax assets are not recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group	
	2023 RM'000	2022 RM'000
Deductible temporary differences arising from:		
Trade and other receivables	8,324	5,868
Others	1,663	1,519
Unused tax losses and unabsorbed capital allowances	251,526	254,779
	261,513	262,166

The availability of the unused tax losses and unabsorbed capital allowances for offsetting future taxable profits of the respective subsidiary companies is subject to agreement with the tax authorities.

In accordance with the provision of the Finance Act 2021, the time period of carrying forward unused tax losses is ten years, for which, any excess at the end of the tenth year, will be disregarded.

8. TAX (EXPENSE)/CREDIT (continued)

The expiry of the unused tax losses is as follows:

	The Group	
	2023 RM'000	2022 RM'000
Unused tax losses:		
- Expire by 31 December 2028	247,401	251,310
- Expire by 31 December 2029	487	487
- Expire by 31 December 2030	648	648
- Expire by 31 December 2031	974	980
- Expire by 31 December 2032	400	290
	<u>249,910</u>	<u>253,715</u>

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share of the Group has been calculated by dividing profit for the year attributable to owners of the Company by the average number of ordinary shares in issue (net of treasury shares) during the year.

	The Group	
	2023 RM'000	2022 RM'000
Profit attributable to owners of the Company	<u>13,553</u>	<u>659</u>
	2023 '000	2022 '000
Weighted average number of ordinary shares in issue	<u>227,827</u>	<u>227,827</u>
	2023 sen	2022 sen
Basic earnings per share	<u>5.95</u>	<u>0.29</u>

(b) Diluted

The basic and diluted earnings per share are equal as the Company has no dilutive potential ordinary shares at the end of the reporting period.

10. PROPERTY, PLANT AND EQUIPMENT

The Group	COST							As at 31 December 2022 RM'000
	As at 1 January 2022 RM'000	Additions RM'000	Reclassifi- cation RM'000	Disposals RM'000	Write-offs RM'000	Currency translation RM'000	As at 31 December 2023 RM'000	
Freehold land	4,777	-	-	-	-	-	4,777	
Freehold buildings	8,791	179	-	-	-	-	8,970	
Plant and machinery	26,426	2,618	-	(1,303)	(6)	442	28,177	
Office equipment, furniture and fittings	6,812	682	-	(15)	(1,464)	2	6,017	
Motor vehicles	2,405	268	-	(93)	-	25	2,605	
Prime movers and trailers	2,294	-	-	-	(2,294)	-	-	
Office renovation	898	9	-	-	(412)	-	495	
Capital work-in-progress	-	11,448	13,000	-	-	-	24,448	
	52,403	15,204	13,000	(1,411)	(4,176)	469	75,489	
Freehold land	4,777	-	-	-	-	-	4,777	
Freehold buildings	8,970	190	-	-	-	-	9,160	
Plant and machinery	28,177	856	-	(1,086)	-	391	28,338	
Office equipment, furniture and fittings	6,017	148	-	(12)	(1)	3	6,155	
Motor vehicles	2,605	-	-	(110)	-	24	2,519	
Prime movers and trailers	-	-	-	-	-	-	-	
Office renovation	495	3	-	-	-	-	498	
Capital work-in-progress	24,448	-	-	-	-	-	24,448	
	75,489	1,197	-	(1,208)	(1)	418	75,895	

(Forward)

10. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group	ACCUMULATED IMPAIRMENT LOSSES			CARRYING AMOUNT		
	As at			As at		
	1 January 2022/ 31 December 2022/ 1 January 2023	Reversal 31 December 2023	As at 31 December 2023	1 January 2023	31 December 2023	As at 31 December 2022
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Freehold land	-	-	-	4,777	4,777	4,777
Freehold buildings	-	-	-	5,295	5,295	5,286
Plant and machinery	804	(168)	636	2,576	2,576	3,251
Office equipment, furniture and fittings	28	-	28	991	991	1,175
Motor vehicles	-	-	-	275	275	488
Prime movers and trailers	-	-	-	-	-	-
Office renovation	-	-	-	124	124	163
Capital work-in-progress	-	-	-	24,448	24,448	24,448
	832	(168)	664	38,486	38,486	39,588

As at 31 December 2023, the carrying amount of property, plant and equipment acquired under hire-purchase amounted to RM Nil (2022: RM82,000). During the financial year, the Group had fully settled the outstanding hire-purchase payable and disposed the motor vehicle. The carrying amount of the motor vehicle under hire-purchase was RM66,000 before the disposal. The said hire-purchase payable is disclosed in Note 24.

Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment which are still in use, with a cost of approximately RM18,865,000 (2022: RM18,478,000).

(Forward)

10. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company	COST		
	As at 1 January 2022 RM'000	Write-offs RM'000	As at 31 December 2022 RM'000
Freehold land	4,777	-	4,777
Office equipment, furniture and fittings	816	(797)	19
Office renovation	343	(256)	87
	<u>5,936</u>	<u>(1,053)</u>	<u>4,883</u>

The Company	COST		
	As at 1 January 2023 RM'000	Write-offs RM'000	As at 31 December 2023 RM'000
Freehold land	4,777	-	4,777
Office equipment, furniture and fittings	19	-	19
Office renovation	87	-	87
	<u>4,883</u>	<u>-</u>	<u>4,883</u>

The Company	ACCUMULATED DEPRECIATION			
	As at 1 January 2022 RM'000	Charge for the year RM'000	Write-offs RM'000	As at 31 December 2022 RM'000
Freehold land	-	-	-	-
Office equipment, furniture and fittings	812	2	(797)	17
Office renovation	262	18	(256)	24
	<u>1,074</u>	<u>20</u>	<u>(1,053)</u>	<u>41</u>

The Company	ACCUMULATED DEPRECIATION			
	As at 1 January 2023 RM'000	Charge for the year RM'000	Write-offs RM'000	As at 31 December 2023 RM'000
Freehold land	-	-	-	-
Office equipment, furniture and fittings	17	2	-	19
Office renovation	24	17	-	41
	<u>41</u>	<u>19</u>	<u>-</u>	<u>60</u>

(Forward)

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	CARRYING AMOUNT	
	As at	As at
	31	31
	December	December
2023	2022	
	RM'000	RM'000
The Company		
Freehold land	4,777	4,777
Office equipment, furniture and fittings	-	2
Office renovation	46	63
	<u>4,823</u>	<u>4,842</u>

11. RIGHT-OF-USE ASSETS

	The Group	
	Buildings	
	2023	2022
	RM'000	RM'000
Cost		
At beginning of year	4,478	2,483
Addition	6,483	2,249
Expiry and termination of lease	(97)	(254)
At end of year	<u>10,864</u>	<u>4,478</u>
Accumulated depreciation		
At beginning of year	1,305	290
Charge for the year	1,786	1,251
Expiry and termination of lease	(97)	(236)
At end of year	<u>2,994</u>	<u>1,305</u>
Carrying amount	<u>7,870</u>	<u>3,173</u>

The Group leases several buildings. The lease term ranges from 2 to 5 years (2022: 2 to 5 years).

During the year, amounts recognised in profit or loss are as follows:

	The Group	
	2023	2022
	RM'000	RM'000
Depreciation of right-of-use assets	1,786	1,251
Interest expense on lease liabilities	341	165
Expense relating to lease of short-term leases	411	389
Gain on termination of lease	-	(3)
	<u>2,538</u>	<u>2,095</u>

12. INVESTMENT PROPERTIES

The Group	Freehold land RM'000	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Work-in- progress RM'000	Total RM'000
Cost					
As at 1 January 2022	49,576	462	21,094	37,730	108,862
Currency translation	2,700	-	1,124	2,055	5,879
As at 31 December 2022/ 1 January 2023	52,276	462	22,218	39,785	114,741
Currency translation	2,378	-	991	1,810	5,179
As at 31 December 2023	54,654	462	23,209	41,595	119,920
Accumulated depreciation					
As at 1 January 2022	-	212	198	-	410
Charge for the year	-	9	445	-	454
As at 31 December 2022/ 1 January 2023	-	221	643	-	864
Charge for the year	-	9	464	-	473
Currency translation	-	-	19	-	19
As at 31 December 2023	-	230	1,126	-	1,356
Carrying amount					
As at 31 December 2022	<u>52,276</u>	<u>241</u>	<u>21,575</u>	<u>39,785</u>	<u>113,877</u>
As at 31 December 2023	<u>54,654</u>	<u>232</u>	<u>22,083</u>	<u>41,595</u>	<u>118,564</u>
Fair value					
As at 31 December 2022	<u>74,284</u>	<u>410</u>	<u>36,342</u>	Note a	
As at 31 December 2023	<u>78,124</u>	<u>410</u>	<u>38,052</u>	Note a	

12. INVESTMENT PROPERTIES (continued)

The Company	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Total RM'000
Cost			
As at 1 January 2022/31 December 2022/ 1 January 2023/31 December 2023	462	444	906
Accumulated depreciation			
As at 1 January 2022	212	198	410
Charge for the year	9	9	18
As at 31 December 2022/ 1 January 2023	221	207	428
Charge for the year	9	9	18
As at 31 December 2023	230	216	446
Carrying amount			
As at 31 December 2022	241	237	478
As at 31 December 2023	232	228	460
Fair value			
As at 31 December 2022/31 December 2023	410	760	1,170

The income earned by the Company from the rental of investment properties to subsidiary companies and third parties amounted to RM10,000 and RM14,000, respectively (2022: RM10,000 and RM14,000, respectively).

The income earned by the Group from the rental of investment properties to third parties amounted to RM514,000 (2022: RM218,000).

Direct operating expenses pertaining to the investment properties of the Group and of the Company that generated rental income during the year amounted to RM5,000 (2022: RM5,000). Direct operating expenses incurred by the Group and the Company for investment properties that did not generate any rental income during the financial year amounted to RM6,000 (2022: RM6,000).

The fair value of investment properties were determined based on the valuations performed by accredited independent firm of professional valuers. The valuation conforms to International Valuation Standards. The fair value measurement for all the investment properties has been categorised as Level 3 fair value based on the market comparable approach that reflects recent transaction prices for similar properties. The key inputs under this approach are the price per square metre from the most recent sales of comparable properties in the area (location and size). In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the financial year.

Note a

Work-in-progress comprises mainly economic land concessions ("ELC") in Cambodia. The lease agreements for the ELC which determine the lease period of the land, which management is pursuing, have yet to be obtained. The fair values of the ELC are not reasonably determinable until the ELC are converted into leasehold land. Based on the market evidence of transaction prices for leasehold land by the independent firm of professional valuers in March 2024 (2022: February 2023), the Directors have concluded there is no impairment for the ELC.

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2023	2022
	RM'000	RM'000
Unquoted shares - at cost	400,842	400,842
Capital contribution	355,000	355,000
Less: Accumulated impairment losses	(411,153)	(411,153)
Net	<u>344,689</u>	<u>344,689</u>

Movement in the accumulated impairment losses

	The Company	
	2023	2022
	RM'000	RM'000
At beginning and end of year	<u>411,153</u>	<u>411,153</u>

(a) Amount owing by subsidiary companies

Amount owing by subsidiary companies which arose mainly from expenses paid on behalf and unsecured advances is interest-free and repayable on demand. The amount owing by subsidiary companies is denominated in Ringgit Malaysia.

(b) Amount owing to subsidiary companies

Amount owing to subsidiary companies which arose mainly from expenses paid on behalf and unsecured advances is interest-free and repayable on demand.

The subsidiary companies are as follows:

Name of companies	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023	2022	
		%	%	
Gama Harta Sdn Bhd	Malaysia	100	100	Investment holding
Intra Inspirasi Sdn Bhd	Malaysia	100	100	Investment holding
Lion AMB Resources Sdn Bhd [#]	Malaysia	100	100	Investment holding
LFIB Agriculture (Cambodia) Sdn Bhd	Malaysia	100	100	Investment holding
Lion Petroleum Products Sdn Bhd	Malaysia	100	100	Manufacturing of petroleum products
Posim Marketing Sdn Bhd	Malaysia	100	100	Trading and distribution of building materials and steel products

13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The subsidiary companies are as follows: (continued)

Name of companies	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
Posim Petroleum Marketing Sdn Bhd	Malaysia	100	100	Trading, distribution and e-commerce of petroleum and automotive products
Lion Waterfront Sdn Bhd	Malaysia	100	100	Property development
Subsidiary company of Gama Harta Sdn Bhd				
Brands Pro Management Sdn Bhd	Malaysia	100	100	Distribution and retailing of ACCA KAPPA products and other beauty and fashion brands
Subsidiary companies of LFIB Agriculture (Cambodia) Sdn Bhd ("BVI Companies")				
Bright Triumph Investments Limited ^	British Virgin Islands	100	100	Investment holding
Distinct Harvest Limited ^	British Virgin Islands	100	100	Investment holding
Double Merits Enterprise Limited ^	British Virgin Islands	100	100	Investment holding
Elite Image Investments Limited ^	British Virgin Islands	100	100	Investment holding
Eminent Elite Investments Limited ^	British Virgin Islands	100	100	Investment holding
Green Choice Holdings Limited ^	British Virgin Islands	100	100	Investment holding
Radiant Elite Holdings Limited ^	British Virgin Islands	100	100	Investment holding
Up Reach Limited ^	British Virgin Islands	100	100	Investment holding

13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The subsidiary companies are as follows: (continued)

Name of companies	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
Subsidiary companies of BVI Companies				
Bright Triumph (Cambodia) Co., Limited ^	Cambodia	100	100	Investment and development in agriculture
Distinct Harvest (Cambodia) Co., Ltd ^	Cambodia	100	100	Investment and development in agriculture
Hi-Rev Lubricants (Cambodia) Co., Ltd ^	Cambodia	100	100	Wholesale of petroleum products and related products
Eminent Elite (Cambodia) Co., Ltd ^	Cambodia	100	100	Investment and development in agriculture
Green Choice (Cambodia) Co., Limited ^	Cambodia	100	100	Investment and development in agriculture
Radiant Elite (Cambodia) Co., Ltd ^	Cambodia	100	100	Investment and development in agriculture
Up Reach (Cambodia) Co., Limited ^ (In voluntary liquidation)	Cambodia	100	100	Investment and development in agriculture
Subsidiary companies of Lion AMB Resources Sdn Bhd				
AMB Venture Sdn Bhd #	Malaysia	100	100	Investment holding
CeDR Corporate Consulting Sdn Bhd #	Malaysia	100	100	Provision of training services
Subsidiary company of Posim Marketing Sdn Bhd				
Well Morning Limited # (Dissolved on 27 October 2023)	Hong Kong SAR	-	70.5	Investment holding

13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The subsidiary companies are as follows: (continued)

Name of companies	Principal place of business and place of incorporation	Percentage ownership		Principal activities
		2023 %	2022 %	
Subsidiary companies of AMB Venture Sdn Bhd				
Chrome Marketing Sdn Bhd [#]	Malaysia	100	100	Investment holding
Lion Tyre Venture Sdn Bhd [#]	Malaysia	100	100	Ceased operations
Range Grove Sdn Bhd [#]	Malaysia	100	100	Investment holding
Subsidiary company of Range Grove Sdn Bhd				
Shanghai AMB Management Consulting Co Ltd [#]	People's Republic of China	100	100	Provision of management services

[#] The financial statements of these companies are audited by auditors other than the auditors of the Company.

[^] These subsidiary companies are inactive presently and no statutory requirement for the financial statements to be audited at the end of the financial year.

Dissolution of a subsidiary company, Well Morning Limited

During the financial year, the Group recognised a gain of RM8,586,000 to profit or loss, arising from the realisation of exchange translation reserve from the dissolution of a foreign subsidiary company.

13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Principal place of business and place of incorporation	Number of wholly-owned subsidiary companies	
		2023	2022
Building materials and steel products	Malaysia	1	1
Lubricants, petroleum products and automotive products	Malaysia	2	2
	Cambodia	1	1
Investment holding and others	Malaysia	11	11
Investment holding	British Virgin Islands	8	8
Investment and development in agriculture and others	Cambodia	6	6
Provision of management services	People's Republic of China	1	1
		30	30
Principal activity	Principal place of business and place of incorporation	Number of non wholly-owned subsidiary company	
		2023	2022
Investment holding	Hong Kong SAR	-	1

14. INVESTMENT IN ASSOCIATED COMPANIES

	The Group	
	2023 RM'000	2022 RM'000
At cost		
Quoted investment outside Malaysia	83,486	83,486
Unquoted investment outside Malaysia	3,212	3,212
	86,698	86,698
Share of post-acquisition results and reserves less dividend received	(57,470)	(61,000)
	29,228	25,698
Market value of quoted investment outside Malaysia	29,510	31,226

The associated companies are as follows:

Name of companies	Financial year-end	Principal place of business and place of incorporation	Percentage ownership		Principal activities
			2023 %	2022 %	
Lion Asiapac Limited #	30 June	Singapore	36.68	36.68	Investment holding
Renor Pte Ltd # (In liquidation)	30 June	Singapore	20	20	Investment holding

The financial statements of all the associated companies are audited by auditors other than the auditors of the Company.

Summarised financial information in respect of the Group's material associated company, Lion Asiapac Limited (quoted outside Malaysia) and reconciliation of the information to the carrying amount of the Group's interest in the associated company, are set out below:

	2023 RM'000	2022 RM'000
Assets and Liabilities		
Non-current assets	14,280	9,433
Current assets	233,569	199,077
Non-current liabilities	(5,642)	(4,133)
Current liabilities	(35,153)	(11,090)
Non-controlling interests	(4,141)	-
	202,913	193,287
Results		
Revenue	121,518	97,478
Loss for the year	(247)	(11,313)
Group's share of loss of associated company	(91)	(4,148)
Foreign currency translation differences and Group's share of other comprehensive income of associated company	3,621	(484)
Dividend received from associated company	-	9,739

14. INVESTMENT IN ASSOCIATED COMPANIES (continued)

	2023 RM'000	2022 RM'000
Reconciliation of net assets to carrying amount		
Group's share of net assets	74,428	70,898
Other adjustments on equity	<u>(45,200)</u>	<u>(45,200)</u>
Carrying amount in the Group's statement of financial position	<u>29,228</u>	<u>25,698</u>

The Group's share of results of an associated company, Renor Pte Ltd which is under liquidation has been recognised to the extent of the carrying amount of the investment. The cumulative unrecognised share of losses is as follows:

	The Group	
	2023 RM'000	2022 RM'000
At beginning and end of year	<u>26,739</u>	<u>26,739</u>

15. OTHER INVESTMENTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fair value through other comprehensive income				
Investment in Malaysia:				
Quoted shares	15,400	7,560	15,400	7,560
Unquoted shares	906	906	3	3
Unquoted investments	380	380	-	-
	<u>16,686</u>	<u>8,846</u>	<u>15,403</u>	<u>7,563</u>
Amortised cost				
Unquoted bonds (at cost, adjusted for accretion of interest)	52,797	52,803	-	-
Less: Accumulated impairment losses	<u>(52,797)</u>	<u>(52,803)</u>	<u>-</u>	<u>-</u>
	<u>16,686</u>	<u>8,846</u>	<u>15,403</u>	<u>7,563</u>
Market value of quoted investments in Malaysia	<u>15,400</u>	<u>7,560</u>	<u>15,400</u>	<u>7,560</u>

Investment in unquoted bonds of the Group bears yield-to-maturity at 4.75% (2022: 4.75%) per annum.

Movement in accumulated impairment losses

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of year	52,803	52,803	-	-
Reversal	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of year	<u>52,797</u>	<u>52,803</u>	<u>-</u>	<u>-</u>

16. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2023	2022
	RM'000	RM'000
At beginning of year	9,235	8,383
Transfer from/(to) profit or loss (Note 8):		
Property, plant and equipment	(238)	(281)
Inventories	(22)	(410)
Other payables and accrued expenses	(160)	1,535
Others	40	8
	(380)	852
At end of year	8,855	9,235

Certain deferred tax assets and liabilities have been offset in accordance with the Group's and the Company's accounting policy. The following is the analysis of the deferred tax balances (after offsetting) for statements of financial position purposes:

	The Group	
	2023	2022
	RM'000	RM'000
Deferred tax assets	9,212	9,411
Deferred tax liabilities	(357)	(176)
	8,855	9,235

Deferred tax assets/liabilities provided in the financial statements are in respect of the tax effects of the following:

	The Group	
	2023	2022
	RM'000	RM'000
Deferred tax assets		
Temporary differences arising from:		
Property, plant and equipment	148	254
Inventories	235	257
Other payables and accrued expenses	9,044	9,204
Others	80	87
	9,507	9,802
Offsetting	(295)	(391)
Deferred tax assets (after offsetting)	9,212	9,411
Deferred tax liabilities		
Temporary differences arising from:		
Property, plant and equipment	617	485
Others	35	82
	652	567
Offsetting	(295)	(391)
Deferred tax liabilities (after offsetting)	357	176

17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary company of Amsteel Mills Sdn Bhd, a private limited liability company incorporated in Malaysia. The Directors regard Lion Industries Corporation Berhad, a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the ultimate holding company.

- (a) Amount owing by immediate holding company arose mainly from trade transactions which have a credit period of 60 days (2022: 60 days) with normal trade terms.
- (b) Amount owing by other related companies, which arose mainly from trade transactions, expenses paid on behalf and unsecured advances, are repayable on demand except for trade amounts which have a credit period of 60 days (2022: 60 days) with normal trade terms. The amount owing by other related companies of the Group and of the Company are interest-free. An amount of RM99,551,000 (2022: RM105,051,000) is repayable on demand and interest free (2022: interest-free), but not expected to be paid within 12 months.

As at 31 December 2023, the Group and the Company have significant concentration of credit risk in respect of amount owing by other related companies. Of the amount owing by other related companies of the Group and of the Company, RM99,551,000 (2022: RM105,051,000) is due from a related company, LLB Steel Industries Sdn Bhd ("LLB Steel"), which constitutes approximately 53% (2022: 54%) of the Group's and 100% (2022: 100%) of the Company's total amount owing by other related companies. In the previous financial year, fair value loss on financial assets measured at amortised cost amounted to RM5,000,000 was recognised in profit or loss.

- (c) Amount owing to other related companies, which arose mainly from trade transactions and expenses paid on behalf, are interest-free and repayable on demand, except for trade amounts which have a credit period of 60 days (2022: 60 days) with normal trade terms.

The Company has the following transactions with subsidiary companies during the reporting period:

Name of companies	Nature	The Company	
		2023 RM'000	2022 RM'000
Posim Marketing Sdn Bhd	Rental income	5	5
Posim Petroleum Marketing Sdn Bhd	Rental income	5	5

Other than those related party transactions and outstanding balances disclosed elsewhere in the financial statements, the Group and the Company have the following trade transactions with immediate holding company, other related companies and related parties during the reporting period, which were determined on terms not more favourable to the related parties than to third parties:

Name of companies	Nature	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
With immediate holding company:					
Amsteel Mills Sdn Bhd	Trade sales	16,142	140,372	-	-

17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (continued)

Name of companies	Nature	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
With other related companies:					
Amsteel Mills Marketing Sdn Bhd	Trade purchases	267,493	270,081	-	-
Cendana Aset Sdn Bhd	Trade sales	-	5,504	-	-
Lion Group Management Services Sdn Bhd	Management fee expenses	2,942	2,724	2,164	2,004
Lion Steel Sdn Bhd	Trade sales	-	1,395	-	-
With related parties:					
Parkson Corporation Sdn Bhd	Trade sales	941	589	-	-
Lion Mining Sdn Bhd	Trade sales	23,647	47,663	-	-
	Trade purchases	22,821	9,035	-	-

Other than those related party transactions and outstanding balances disclosed elsewhere in the financial statements, the Group and the Company have the following non-trade transactions with subsidiary companies, immediate holding company and other related companies during the reporting period:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
With subsidiary companies:				
Advances to	-	-	(17,893)	(2,360)
Advances from	-	-	1,327	29
With immediate holding company:				
Repayment of advances from	-	128	-	-
With other related companies:				
Repayment of advances from	5,500	1,006	5,500	1,000
Advances from/(Repayment of advances to)	741	(185)	721	(167)

Other related companies refer to subsidiary companies of Lion Industries Corporation Berhad, the ultimate holding company.

Related parties refer to entities in which a Director and/or substantial shareholders of the Company or the ultimate holding company or of its subsidiary companies have interests.

17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (continued)

The outstanding balances before impairment arising from the transactions with related parties are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Receivables:				
Included in trade receivables	123,783	102,155	-	-
Included in other receivables	107,956	107,956	-	-
	<u>231,739</u>	<u>210,111</u>	<u>-</u>	<u>-</u>
Payables:				
Included in trade payables	2,369	409	-	-
	<u>2,369</u>	<u>409</u>	<u>-</u>	<u>-</u>

Compensation of key management personnel (other than the Directors of the Company)

Key management personnel (other than the Directors of the Company) are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The remuneration of key management personnel (other than the Directors of the Company) during the reporting period are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Salaries and other remuneration	1,004	1,330	119	127
Defined contribution plans	94	160	17	15
Benefits-in-kind	24	18	-	-
	<u>1,122</u>	<u>1,508</u>	<u>136</u>	<u>142</u>

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's and Company's statements of cash flows as cash flows from/(used in) financing activities.

	As at	Financing cash flows	As at
	1 January 2023		31 December 2023
	RM'000	RM'000	RM'000
The Group			
Amount owing to other related companies	700	741	1,441
	<u>700</u>	<u>741</u>	<u>1,441</u>
The Company			
Amount owing to other related companies	-	721	721
Amount owing to subsidiary companies	20,804	1,327	22,131
	<u>20,804</u>	<u>1,327</u>	<u>22,131</u>

17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (continued)

Reconciliation of liabilities arising from financing activities (continued)

	As at 1 January 2022 RM'000	Financing cash flows RM'000	As at 31 December 2022 RM'000
The Group			
Amount owing to other related companies	885	(185)	700
The Company			
Amount owing to other related companies	167	(167)	-
Amount owing to subsidiary companies	20,775	29	20,804

Acquisition of land by Posim Marketing Sdn Bhd ("Posim Marketing")

On 25 November 2021, Posim Marketing, a wholly-owned subsidiary company of the Company, had entered into a conditional sale and purchase agreement ("SPA") with Bonus Essential Sdn Bhd ("Bonus Essential") for the acquisition of 10.879 acres of vacant freehold industrial land located at Banting Industrial City, Kuala Langat, Selangor from Bonus Essential for a cash consideration of RM26 million ("Purchase Consideration") ("Acquisition of Land").

Bonus Essential is a company in which Tan Sri Cheng Heng Jem ("TSWC") is a director and has substantial interest.

The Purchase Consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the market valuation as certified by Henry Butcher Malaysia Sdn Bhd.

Posim Marketing has lodged a private caveat and lien holder's caveat on the said land. Bonus Essential has procured a personal guarantee from TSWC, its ultimate shareholder, in favour of Posim Marketing with a guaranteed sum of RM26 million to secure the repayment by Bonus Essential in the event Bonus Essential failed to complete the Acquisition of Land.

In the previous financial years, the Group reclassified RM13 million from "other receivables" in non-current assets to "capital work-in-progress" under property, plant and equipment. Posim Marketing paid cash consideration of RM23.4 million to Bonus Essential and incurred ancillary costs of RM1 million in relation to the Acquisition of Land. The Acquisition of Land became unconditional on 24 June 2022. As a result, the total consideration of RM24.4 million was classified as "capital work-in-progress" under property, plant and equipment in Note 10.

As at 31 December 2023, the carrying amount of "capital work-in-progress" remained at RM24.4 million and has not reclassified to "freehold land" under property, plant and equipment, as certain infrastructure works by Bonus Essential are yet to be completed.

18. INVENTORIES

	The Group	
	2023 RM'000	2022 RM'000
Finished goods	36	131
Raw materials	6,120	8,006
Trading merchandise	17,218	16,064
Others	1,296	1,416
	<u>24,670</u>	<u>25,617</u>
Less: Allowance for slow-moving and obsolete inventories	(1,227)	(1,136)
Net	<u>23,443</u>	<u>24,481</u>

Movement in the allowance for slow-moving and obsolescence of inventories are as follows:

	The Group	
	2023 RM'000	2022 RM'000
At beginning of year	1,136	2,685
Addition/(Reversal)	223	(241)
Written off	(132)	(1,308)
At end of year	<u>1,227</u>	<u>1,136</u>

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

(a) Trade receivables

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables	363,018	298,137	4,345	4,345
Less: Accumulated impairment losses	(77,120)	(74,218)	(4,345)	(4,345)
Net	<u>285,898</u>	<u>223,919</u>	<u>-</u>	<u>-</u>

Trade receivables of the Group and the Company comprise amounts receivable for the sale of goods. The credit period granted to customers ranges from 30 to 90 days (2022: 30 to 90 days).

The Group and the Company recognise impairment losses based on ECL model using the simplified approach, which measures the impairment losses at an amount equal to lifetime ECL. The ECLs on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES
(continued)

(a) Trade receivables (continued)

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	The Group			
	2023		2022	
	Gross trade receivables	Lifetime ECL	Gross trade receivables	Lifetime ECL
	RM'000	RM'000	RM'000	RM'000
Not past due	113,444	2,430	142,795	1,665
Past due:				
1 to 30 days	42,318	501	32,616	415
31 to 60 days	22,313	193	18,711	341
More than 60 days	184,943	73,996	104,015	71,797
	363,018	77,120	298,137	74,218

	The Company			
	2023		2022	
	Gross trade receivables	Lifetime ECL	Gross trade receivables	Lifetime ECL
	RM'000	RM'000	RM'000	RM'000
Past due:				
More than 60 days	4,345	4,345	4,345	4,345

Movement in the accumulated impairment losses

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At beginning of year	74,218	71,197	4,345	4,345
Addition	6,440	6,063	-	-
Reversal	(395)	(1,820)	-	-
Written off	(3,143)	(1,222)	-	-
At end of year	77,120	74,218	4,345	4,345

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES
(continued)

(a) Trade receivables (continued)

As at 31 December 2023, the Group has trade receivables due from a major related party, Lion DRI as follows:

	The Group	
	2023	2022
	RM'000	RM'000
Trade receivables	52,007	52,007
Less: Accumulated impairment losses	(52,007)	(52,007)
Net	-	-

The Group recognised an impairment loss on trade receivables due from Lion DRI a major related party, based on the assessment disclosed in Note 4(i)(a).

As at 31 December 2023, the trade receivables of a subsidiary company of RM21,744,000 (2022: RM4,608,000) has been charged as collateral to a financial institution for the bank borrowings granted to the Group (Note 26).

(b) Other receivables, deposits and prepaid expenses

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Other receivables	178,031	178,175	94	92
Less: Accumulated impairment losses	(108,988)	(108,912)	-	-
	69,043	69,263	94	92
Deposits	6,872	5,943	38	42
Prepaid expenses	2,744	2,075	46	46
	78,659	77,281	178	180

Movement in the accumulated impairment losses

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At beginning of year	108,912	108,912	-	-
Addition	76	-	-	-
At end of year	108,988	108,912	-	-

Included in the accumulated impairment losses is RM103,730,000 due from Graimpi. The Group recognised the impairment loss based on the assessment disclosed in Note 4(i)(a).

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES
(continued)

(b) Other receivables, deposits and prepaid expenses (continued)

The currency exposure profile of other receivables and deposits is as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	75,066	74,438	132	134
United States Dollar	645	686	-	-
Chinese Renminbi	204	82	-	-
	<u>75,915</u>	<u>75,206</u>	<u>132</u>	<u>134</u>

20. INVESTMENT IN MONEY MARKET FUNDS, FIXED DEPOSITS, CASH AND BANK BALANCES

(a) Investment in money market funds

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fair value through profit or loss				
Investment in money market funds	<u>2,362</u>	<u>2,279</u>	<u>-</u>	<u>-</u>

Investment in money market funds of the Group, denominated in Ringgit Malaysia, are managed by a licensed fund management company of which amounts deposited can be withdrawn at the discretion of the Group by given a two days' notice period.

(b) Fixed deposits, cash and bank balances

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed deposits with licensed banks:				
Restricted	<u>26,436</u>	24,757	-	-
Unrestricted	<u>16,629</u>	19,877	<u>852</u>	6,129
	<u>43,065</u>	44,634	<u>852</u>	6,129
Cash and bank balances:				
Unrestricted	<u>26,320</u>	36,347	<u>873</u>	2,433
Total fixed deposits, cash and bank balances	<u>69,385</u>	<u>80,981</u>	<u>1,725</u>	<u>8,562</u>

The above restricted fixed deposits with licensed banks of the Group are held for repayment of bank borrowings and payment of interest, commission, fees and other charges to banks as disclosed in Note 26.

20. INVESTMENT IN MONEY MARKET FUNDS, FIXED DEPOSITS, CASH AND BANK BALANCES
(continued)

(b) Fixed deposits, cash and bank balances (continued)

Fixed deposits with licensed banks of the Group and of the Company earn interest at rates ranging from 1.50% to 2.85% and 1.50% to 2.60% (2022: 1.05% to 2.40% and 1.05% to 1.50%) per annum and have maturity periods ranging from 1 to 109 days and 1 to 44 days (2022: 1 to 98 days and 1 to 31 days), respectively.

The currency exposure profile of fixed deposits, cash and bank balances is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	39,441	51,665	1,710	8,547
Chinese Renminbi	28,342	27,549	-	-
United States Dollar	1,602	1,673	15	15
Singapore Dollar	-	94	-	-
	69,385	80,981	1,725	8,562

Fixed deposits, cash and bank balances denominated in Chinese Renminbi of a subsidiary company in the People's Republic of China ("PRC") are subject to the exchange control restrictions of the PRC. The said fixed deposits, cash and bank balances are available for use by the subsidiary company in the PRC and the exchange control restrictions are applicable only if the monies are remitted to countries outside the PRC.

21. SHARE CAPITAL

	The Group and The Company			
	2023		2022	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued share capital:				
Ordinary shares:				
At beginning and end of year	231,572	920,902	231,572	920,902

22. RESERVES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-distributable reserves:				
Treasury shares	(2,277)	(2,277)	(2,277)	(2,277)
Translation adjustment reserve	67,053	66,979	-	-
Fair value reserve	(16,520)	(24,360)	(16,520)	(24,360)
Accumulated losses	<u>(207,029)</u>	<u>(220,582)</u>	<u>(442,470)</u>	<u>(445,476)</u>
	<u>(158,773)</u>	<u>(180,240)</u>	<u>(461,267)</u>	<u>(472,113)</u>

Treasury shares

This amount relates to the acquisition cost of treasury shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and of its shareholders.

As at 31 December 2023, the Company held 3,745,000 (2022: 3,745,000) treasury shares at a carrying amount of RM2,276,747 (2022: RM2,276,747).

Translation adjustment reserve

Exchange differences arising from the translation of foreign controlled subsidiary companies and associated companies are taken to the translation adjustment reserve as described in the accounting policies.

Fair value reserve

Fair value reserve comprises fair value changes on revaluation of quoted and unquoted investments designated at fair value through other comprehensive income.

23. LEASE LIABILITIES

	The Group	
	2023 RM'000	2022 RM'000
At beginning of year	3,364	2,243
Addition	6,762	2,249
Expiry and termination of lease	(1)	(21)
Lease interest	341	165
Payment of lease rental	<u>(1,948)</u>	<u>(1,272)</u>
As end of year	<u><u>8,518</u></u>	<u><u>3,364</u></u>
Breakdown:		
Non-current	6,442	2,094
Current	<u>2,076</u>	<u>1,270</u>
	<u><u>8,518</u></u>	<u><u>3,364</u></u>

The minimum lease payments for the lease liabilities are payable as follows:

The Group	Future minimum lease payments RM'000	Lease interest RM'000	Present value of minimum lease payments RM'000
2023			
Less than one year	2,536	(460)	2,076
Within one to two years	3,120	(629)	2,491
Within two to five years	4,262	(311)	3,951
	<u>9,918</u>	<u>(1,400)</u>	<u>8,518</u>
2022			
Less than one year	1,380	(110)	1,270
Within one to two years	1,299	(50)	1,249
Within two to five years	864	(19)	845
	<u>3,543</u>	<u>(179)</u>	<u>3,364</u>

Total cash outflows for leases during the current financial year (including fixed, variable and short-term lease payments) of the Group amounted to RM2,359,000 (2022: RM1,661,000).

23. LEASE LIABILITIES (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from/(used in) financing activities.

	As at 1 January 2023 RM'000	Non-cash item RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2023 RM'000
The Group						
Lease liabilities	<u>3,364</u>	<u>6,761</u>	<u>(1,607)</u>	<u>(341)</u>	<u>341</u>	<u>8,518</u>

	As at 1 January 2022 RM'000	Non-cash item RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2022 RM'000
The Group						
Lease liabilities	<u>2,243</u>	<u>2,228</u>	<u>(1,107)</u>	<u>(165)</u>	<u>165</u>	<u>3,364</u>

24. HIRE-PURCHASE PAYABLES

	The Group	
	2023 RM'000	2022 RM'000
Total outstanding	-	85
Less: Interest-in-suspense	-	(8)
Principal portion	<u>-</u>	<u>77</u>
Payable as follows:		
Within the next 12 months (shown under current liabilities)	-	15
After the next 12 months	-	62
	<u>-</u>	<u>77</u>

The interest rate implicit in these hire-purchase obligations is 4.28% (2022: 4.28%) per annum.

24. HIRE-PURCHASE PAYABLES (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from/(used in) financing activities.

	As at 1 January 2023 RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2023 RM'000
The Group					
Hire-purchase payables	<u>77</u>	<u>(77)</u>	<u>(3)</u>	<u>3</u>	<u>-</u>

	As at 1 January 2022 RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2022 RM'000
The Group					
Hire-purchase payables	<u>91</u>	<u>(14)</u>	<u>(4)</u>	<u>4</u>	<u>77</u>

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES AND CONTRACT LIABILITIES

(a) Trade payables

Trade payables comprise amounts outstanding for trade purchases. The credit period ranges from 30 to 90 days (2022: 30 to 90 days).

The currency exposure profile of trade payables of the Group is as follows:

	The Group	
	2023 RM'000	2022 RM'000
Ringgit Malaysia	52,704	39,768
United States Dollar	1,568	1,329
	<u>54,272</u>	<u>41,097</u>

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES AND CONTRACT LIABILITIES (continued)

(b) Other payables and accrued expenses

Other payables and accrued expenses consist of:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Other payables	30,433	28,463	5,108	5,108
Accrued expenses	19,376	20,190	4,901	4,922
	49,809	48,653	10,009	10,030

The currency exposure profile of other payables and accrued expenses is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	44,250	43,296	10,009	10,030
Chinese Renminbi	4,297	4,227	-	-
United States Dollar	1,262	1,130	-	-
	49,809	48,653	10,009	10,030

(c) Contract liabilities

	The Group	
	2023	2022
	RM'000	RM'000
Customer loyalty programs	29,628	28,794

The contract liabilities primarily relate to the unredeemed customer loyalty credits awards.

A subsidiary company of the Group, accounts for the customer loyalty award credits as a separate obligation of the sales transactions in which they are granted. The consideration received in sales transactions is allocated between the loyalty award credits and the other component of the sales. The amount allocated to the loyalty award credits is determined by reference to its fair value and is deferred until the awards are redeemed or liability is extinguished.

The following table shows the significant changes to contract liabilities during the year:

	The Group	
	2023	2022
	RM'000	RM'000
At beginning of year	28,794	24,405
Provision during the year	12,408	12,227
Utilised during the year	(11,574)	(7,838)
At end of year	29,628	28,794

26. BANK BORROWINGS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Secured				
Revolving credit	4,000	3,500	4,000	3,500
Banker's acceptance, trust receipts and bills payable	9,000	10,000	-	-
Receivables financing	21,744	4,608	-	-
	34,744	18,108	4,000	3,500
Unsecured				
Banker's acceptance, trust receipts and bills payable	536	526	-	-
	35,280	18,634	4,000	3,500

The secured revolving credit, banker's acceptance, trust receipts and bills payable of the Group and of the Company are secured by a charge on cash and bank balances of a subsidiary company.

The receivables financing of the Group is secured by trade receivables of a subsidiary company and the corporate guarantee by the Company.

The Company has given corporate guarantee of RM536,000 (2022: RM526,000) to a financial institution for the granting of the above unsecured credit facility to a subsidiary company.

The credit facilities of the Group and of the Company bore interest at rates ranging from 3.46% to 5.20% (2022: 2.52% to 4.43%) and 3.87% to 4.52% (2022: 2.69% to 4.43%) per annum, respectively.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the statements of cash flows as cash flows from/(used in) financing activities.

	As at	Financing cash flows	Interest paid	Interest expense	As at
	1 January 2023 RM'000				December 2023 RM'000
The Group					
Bank borrowings	18,634	16,646	(1,415)	1,415	35,280
	As at	Financing cash flows	Interest paid	Interest expense	As at
	1 January 2022 RM'000	RM'000	RM'000	RM'000	December 2022 RM'000
The Group					
Bank borrowings	16,769	1,865	(284)	284	18,634

26. BANK BORROWINGS (continued)

Reconciliation of liabilities arising from financing activities (continued)

	As at 1 January 2023 RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2023 RM'000
The Company					
Bank borrowings	3,500	500	(159)	159	4,000

	As at 1 January 2022 RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2022 RM'000
The Company					
Bank borrowings	3,500	-	(109)	109	3,500

27. FINANCIAL INSTRUMENTS

Capital Risk Management

The objective of the Group's and of the Company's capital management is to safeguard the Group's and the Company's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged since 2022.

The capital structure of the Group and of the Company consists of debt and equity of the Group and of the Company (comprising share capital and reserves).

The Group's management reviews the capital structure of the Group on a regular basis. As part of this review, the management considers the cost of capital and risk associated with each class of capital.

Gearing Ratio

The gearing ratio at end of the reporting period was as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Debt ⁽ⁱ⁾	35,280	18,711	4,000	3,500
Equity ⁽ⁱⁱ⁾	762,129	740,705	459,635	448,789
Debt to equity ratio	4.6%	2.5%	0.9%	0.8%

⁽ⁱ⁾ Debt is defined as hire-purchase payables and bank borrowings as disclosed in Notes 24 and 26 respectively.

⁽ⁱⁱ⁾ Equity includes share capital, reserves and non-controlling interests.

27. FINANCIAL INSTRUMENTS (continued)

Material Accounting Policies

Details of the material accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial instruments are disclosed in Note 3.

Categories of Financial Instruments

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial assets				
Fair value through profit or loss:				
Investment in money market funds	2,362	2,279	-	-
Fair value through other comprehensive income:				
Quoted shares	15,400	7,560	15,400	7,560
Unquoted shares	906	906	3	3
Unquoted investments	380	380	-	-
Amortised cost:				
Trade receivables	285,898	223,919	-	-
Other receivables and refundable deposits	75,915	75,206	132	134
Amount owing by subsidiary companies	-	-	29,513	11,620
Amount owing by immediate holding company	70,648	72,486	-	-
Amount owing by other related companies	188,524	195,945	99,551	105,051
Fixed deposits, cash and bank balances	69,385	80,981	1,725	8,562
Financial liabilities at amortised cost				
Trade payables	54,272	41,097	-	-
Other payables and accrued expenses	49,809	48,653	10,009	10,030
Amount owing to other related companies	1,441	700	721	-
Amount owing to subsidiary companies	-	-	22,131	20,804
Lease liabilities	8,518	3,364	-	-
Hire-purchase payables	-	77	-	-
Bank borrowings	35,280	18,634	4,000	3,500

Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk, cash flow risk and liquidity risk. The Group's and the Company's financial risk management principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Various risk management policies are formulated and approved by the Board of Directors for observation in the day-to-day operations for controlling and managing the risks associated with financial instruments.

27. FINANCIAL INSTRUMENTS (continued)

Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuation arise.

The carrying amounts of the Group's and of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in the respective notes.

Foreign currency sensitivity analysis

The Group is mainly exposed to the foreign currency of Chinese Renminbi.

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the relevant foreign currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates a gain in the other equity where the Ringgit Malaysia strengthens 10% against the relevant currency. For a 10% weakening of the Ringgit Malaysia against the relevant currency, there would be a comparable impact on the other equity, the balances below would be negative.

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Other equity				
Chinese Renminbi	<u>(2,425)</u>	<u>(2,340)</u>	<u>-</u>	<u>-</u>

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year.

The management has performed sensitivity analysis on foreign currencies denominated monetary items and concluded the financial impact to the Group's and the Company's profit before tax is insignificant.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on bank borrowings. The interest rates for the said bank borrowings are disclosed in Note 26. The interest rates of hire-purchase payables, which are fixed at the inception of the financing arrangements, are disclosed in Note 24.

Interest rate sensitivity analysis

The sensitivity analysis of the Group and of the Company have been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and the Company's profit or loss before tax for the financial year ended 31 December 2023 would decrease or increase by RM176,000 and RM20,000 respectively (2022: RM94,000 and RM18,000 respectively).

27. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

Trade and other receivables and corporate guarantees

The Group is exposed to credit risk from trade and other receivables. The Group extends credit to its customers based upon careful evaluation on the customers' financial condition and credit history.

The Group and the Company are also exposed to credit risk from the amount owing by subsidiary companies, immediate holding company and other related companies. The Company is exposed to credit risk from corporate guarantee given to financial institution for the granting of credit facilities to the subsidiary companies. The Company's maximum exposure to credit risk resulting from the guarantee given to subsidiary companies, are disclosed in Note 31. The Group and the Company monitor on an ongoing basis the results of the subsidiary companies, immediate holding company and other related companies, and their repayments. As at the reporting date, there was no indication that these companies would default on repayment.

The Group's and the Company's exposure to credit risk in relation to their receivables, should all their customers fail to perform their obligations as at 31 December 2023, is the carrying amount of these receivables as disclosed in the statements of financial position. The concentration of credit risk is limited due to the fact that the customer base is large.

The Board of Directors of the Company reviews regularly the significant amounts owing by immediate holding company and related parties which arose from sales transactions that have exceeded the credit period granted and actions have been carried out to recover the long outstanding amounts owing by immediate holding company and related parties.

Fixed deposits, cash and bank balances

Exposure to credit risk arising from fixed deposits, cash and bank balances is managed by depositing or investing the Group's and the Company's funds with licensed financial institutions. The fixed deposits, cash and bank balances that denominated in Chinese Renminbi which are held with bank and financial institution in the People's Republic of China, are rated A2 and Baa2 (2022: A2 and Baa2) respectively based on Moody's Investors Service ratings.

Fixed deposits, cash and bank balances have been assessed on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that their fixed deposits, cash and bank balances have low credit risk based on their external credit ratings.

Cash flow risk

The Group and the Company review their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

27. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's and of the Company's short-term, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group and the Company practice prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The tables below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. The tables include both interest and principal cash flows.

The Group 2023	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000	Contractual interest rate %
Financial liabilities						
Non-interest bearing:						
Trade payables	54,272	-	-	-	54,272	-
Other payables and accrued expenses	49,809	-	-	-	49,809	-
Amount owing to other related companies	1,441	-	-	-	1,441	-
	105,522	-	-	-	105,522	
Interest bearing:						
Lease liabilities	2,536	3,120	4,262	-	9,918	2.50 - 6.20
Bank borrowings	36,145	-	-	-	36,145	3.46 - 5.20
	38,681	3,120	4,262	-	46,063	
	144,203	3,120	4,262	-	151,585	

27. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The Group 2022	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000	Contractual interest rate %
Financial liabilities						
Non-interest bearing:						
Trade payables	41,097	-	-	-	41,097	-
Other payables and accrued expenses	48,653	-	-	-	48,653	-
Amount owing to other related companies	700	-	-	-	700	-
	90,450	-	-	-	90,450	
Interest bearing:						
Lease liabilities	1,380	1,299	864	-	3,543	2.50 - 4.62
Hire-purchase payables	18	18	49	-	85	4.28
Bank borrowings	18,917	-	-	-	18,917	2.52 - 4.43
	20,315	1,317	913	-	22,545	
	110,765	1,317	913	-	112,995	
The Company 2023						
	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000	Contractual interest rate %
Financial liabilities						
Non-interest bearing:						
Other payables and accrued expenses	10,009	-	-	-	10,009	-
Amount owing to other related companies	721	-	-	-	721	-
Amount owing to subsidiary companies	22,131	-	-	-	22,131	-
Financial guarantee contracts	22,280	-	-	-	22,280	-
	55,141	-	-	-	55,141	
Interest bearing:						
Bank borrowings	4,044	-	-	-	4,044	3.87 - 4.52
	59,185	-	-	-	59,185	

27. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The Company 2022	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000	Contractual interest rate %
Financial liabilities						
Non-interest bearing:						
Other payables and accrued expenses	10,030	-	-	-	10,030	-
Amount owing to subsidiary companies	20,804	-	-	-	20,804	-
Financial guarantee contracts	5,134	-	-	-	5,134	-
	35,968	-	-	-	35,968	
Interest bearing:						
Bank borrowings	3,535	-	-	-	3,535	2.69 - 4.43
	39,503	-	-	-	39,503	

Fair Values of Financial Instruments

Except as detailed in the following table, the Directors consider that the carrying amounts of the financial assets and liabilities carried at amortised cost in the financial statements approximate their fair values.

	The Group		The Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2023				
Financial assets				
Quoted investments	15,400	15,400 #	15,400	15,400 #
Unquoted shares	906	906 @	3	3 @
Unquoted investments	380	380 &	-	-
Investment in money market funds	2,362	2,362 #	-	-
2022				
Financial assets				
Quoted investments	7,560	7,560 #	7,560	7,560 #
Unquoted shares	906	906 @	3	3 @
Unquoted investments	380	380 &	-	-
Investment in money market funds	2,279	2,279 #	-	-

The quoted market prices of investments as at the end of the reporting period are used to determine the fair values of these financial assets.

@ The fair value of unquoted shares is measured using generally acceptable valuation techniques.

& The fair values of unquoted investments are based on price quotes for similar instruments based on market observable inputs (Level 2) as quoted prices of identical instruments from an active market (Level 1) are not available.

27. FINANCIAL INSTRUMENTS (continued)

Fair Values of Financial Instruments (continued)

Fair value of financial instruments that are measured at fair value in the statements of financial position at the end of the reporting period are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
2023				
Financial assets				
Quoted investments	15,400	-	-	15,400
Unquoted shares	-	-	906	906
Unquoted investments	-	380	-	380
Investment in money market funds	2,362	-	-	2,362
	<u>15,400</u>	<u>-</u>	<u>-</u>	<u>15,400</u>
2022				
Financial assets				
Quoted investments	7,560	-	-	7,560
Unquoted shares	-	-	906	906
Unquoted investments	-	380	-	380
Investment in money market funds	2,279	-	-	2,279
	<u>7,560</u>	<u>-</u>	<u>-</u>	<u>7,560</u>
The Company				
2023				
Financial assets				
Quoted investments	15,400	-	-	15,400
Unquoted shares	-	-	3	3
	<u>15,400</u>	<u>-</u>	<u>3</u>	<u>15,400</u>
2022				
Financial assets				
Quoted investments	7,560	-	-	7,560
Unquoted shares	-	-	3	3
	<u>7,560</u>	<u>-</u>	<u>3</u>	<u>7,560</u>

There were no transfer between Levels 1, 2 and 3 during the financial year.

28. CAPITAL COMMITMENTS

At the end of the reporting period, the Group has the following capital commitments:

	The Group	
	2023 RM'000	2022 RM'000
Approved and contracted for:		
Purchase of land	2,600	2,600
Approved but not contracted for:		
Land registration fee	3,197	3,058
	<u>5,797</u>	<u>5,658</u>

29. SEGMENT INFORMATION

Business Segments

The Group's activities are classified into three (3) major business segments:

- trading and distribution of building materials and steel products
- manufacturing of lubricants, trading and distribution of petroleum products and automotive products
- others

Others include mainly investment holding, provision of training services, distributing and retailing of consumer products, none of which is of sufficient size to be reported separately.

The inter-segment transactions are conducted at arm's length basis under terms, conditions, and prices not materially different from transactions with non-related parties.

The Group 2023	Building materials and steel products RM'000	Lubricants, petroleum products and automotive products RM'000	Others RM'000	Elimination RM'000	Total 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 profit/(loss)	4,050	12,243	(6,744)	-	9,549
Finance costs	(1,256)	(319)	(184)	-	(1,759)
Realisation of translation adjustment reserve upon dissolution of a subsidiary company	8,586	-	-	-	8,586
Share of results of associated companies					<u>(91)</u>
Profit before tax					16,285
Tax expense					<u>(2,733)</u>
Profit for the year					<u>13,552</u>

29. SEGMENT INFORMATION (continued)

Business Segments (continued)

The Group 2023	Building materials and steel products RM'000	Lubricants, petroleum products and automotive products RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Statements of</u>					
<u>Financial Position</u>					
Segment assets	535,008	88,157	176,028	-	799,193
Investment in associated companies					29,228
Unallocated corporate assets					<u>113,017</u>
Total Assets					<u>941,438</u>
Segment liabilities	83,658	53,886	39,963	-	177,507
Unallocated corporate liabilities					<u>1,802</u>
Total Liabilities					<u>179,309</u>
Other information					
Capital expenditure	103	1,094	-	-	1,197
Depreciation	560	2,931	1,111	-	4,602
Interest income	1,760	278	479	-	2,517
Impairment losses on trade and other receivables	5,885	555	76	-	6,516
Reversal of impairment losses on:					
Trade receivables	(253)	(142)	-	-	(395)
Property, plant and equipment	-	-	(168)	-	(168)
Other investments in unquoted bonds	-	-	(6)	-	(6)
Other non-cash expenses/ (income)	193	(21)	88	-	260

29. SEGMENT INFORMATION (continued)

Business Segments (continued)

The Group 2022	Building materials and steel products RM'000	Lubricants, petroleum products and automotive products RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue					
External customers	725,087	111,635	2,051	-	838,773
Inter-segment sales	-	-	13	(13)	-
Total revenue	<u>725,087</u>	<u>111,635</u>	<u>2,064</u>	<u>(13)</u>	<u>838,773</u>
Results					
Segment profit/(loss)	5,793	8,880	(7,391)	-	7,282
Finance costs	(183)	(158)	(112)	-	(453)
Share of results of associated companies					<u>(4,148)</u>
Profit before tax					2,681
Tax expense					<u>(2,080)</u>
Profit for the year					<u>601</u>
<u>Statements of</u>					
<u>Financial Position</u>					
Segment assets	484,585	81,156	170,284	-	736,025
Investment in associated companies					25,698
Unallocated corporate assets					<u>121,725</u>
Total Assets					<u>883,448</u>
Segment liabilities	56,120	48,128	36,371	-	140,619
Unallocated corporate liabilities					<u>2,124</u>
Total Liabilities					<u>142,743</u>
Other information					
Capital expenditure	11,504	3,695	5	-	15,204
Depreciation	558	2,407	1,428	-	4,393
Interest income	1,795	67	428	-	2,290
Impairment losses on trade and other receivables	5,449	614	-	-	6,063
Reversal of impairment losses on trade receivables	(1,341)	(455)	(24)	-	(1,820)
Fair value loss on financial assets measured at amortised cost	-	-	5,000	-	5,000
Other non-cash income	(10)	(317)	(8)	-	(335)

29. SEGMENT INFORMATION (continued)

Geographical Segments

The Group's operations are mainly in Malaysia for the current financial year:

- (i) Malaysia - trading and distribution of building materials and steel products, manufacturing of lubricants, trading and distribution of petroleum products and automotive products, provision of training services, distributing and retailing of consumer products and investment holding
- (ii) Other countries - countries which are not sizable to be reported separately

The following is an analysis of the Group's revenue, carrying amount of total assets and capital expenditures by geographical areas:

	Revenue			
	2023	2022		
	RM'000	RM'000		
Malaysia	755,137	838,677		
Other countries	-	96		
	755,137	838,773		

	Total assets		Capital expenditures	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	764,837	715,456	1,197	15,199
Other countries	176,601	167,992	-	5
	941,438	883,448	1,197	15,204

In determining the geographical segments of the Group, revenue is determined based on the country in which customers are located. Total assets and capital expenditures are determined based on where the assets are located.

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks (unrestricted) (Note 20)	16,629	19,877	852	6,129
Cash and bank balances (unrestricted) (Note 20)	26,320	36,347	873	2,433
	42,949	56,224	1,725	8,562

31. FINANCIAL GUARANTEE CONTRACTS

	The Company	
	2023	2022
	RM'000	RM'000
Corporate guarantees given to financial institutions for the granting of credit facilities to certain subsidiary companies (Note 26)	22,280	5,134

The corporate guarantees issued were not recognised in the financial statements as the Directors regard the value of the credit enhancement provided by these guarantees is minimal and the probability of default, based on historical track records of the parties receiving in the guarantees are remote.

32. SIGNIFICANT EVENT

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").

In conjunction with the Proposed Unincorporated Joint Venture, the Company proposed to diversify the existing businesses of the Company and its subsidiary companies to include property development ("Proposed Diversification").

The Proposed Unincorporated Joint Venture and the Proposed Diversification shall collectively be referred to as the "Proposals".

The Shareholders of the Company had on 2 December 2022 approved the Proposals.

The Proposals are pending the approvals to be obtained from relevant regulatory authorities.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Cheng Heng Jem and Cheng Hui Ya, Serena, being two of the Directors of Lion Posim Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and of the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TAN SRI CHENG HENG JEM

CHENG HUI YA, SERENA

1 April 2024

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Ooi Kim Lai (MIA Membership number: 9454), the officer primarily responsible for the financial management of Lion Posim Berhad, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

Ooi Kim Lai

Subscribed and solemnly declared by the
abovenamed **Ooi Kim Lai** at **KUALA
LUMPUR** in the **FEDERAL TERRITORY** on
this 1st day of April, 2024.

Before me,

W729
MARDHIYYAH ABDUL WAHAB
COMMISSIONER FOR OATHS