CHAIRMAN'S STATEMENT

On behalf of the Board of Directors ("Board"), I hereby present the Annual Report and Audited Financial Statements of Lion Posim Berhad ("the Group" or "the Company") for the financial period ended 30 June 2026.

FINANCIAL PERFORMANCE

The Company had changed its financial year end from 31 December to 30 June. Accordingly, the period under review covered 18 months from 1 January 2025 to 30 June 2026. As such, the financial results for the period are not directly comparable with the preceding financial year, which covered 12 months from 1 January 2024 to 31 December 2024.

The global economic environment during the extended financial period was characterised by continued uncertainties and heightened geopolitical tensions. Ongoing conflicts and geopolitical developments, together with the volatility in energy and commodity prices, disruptions to global supply chains and evolving trade policies, continued to create challenges for businesses worldwide. These factors contributed to fluctuations in input costs, logistics expenses and market conditions, requiring the Group to remain agile and prudent in managing its operations.

Against this challenging operating environment, the Group recorded a revenue of RM1,096.9 million for the 18-month period, with the Building Materials and Lubricants Divisions being the two key contributors. The Group recorded a loss before tax of RM15.2 million, mainly attributable to the impairment losses on the trade amount owing by the immediate holding company, which is involved in the steel manufacturing business, and the impairment losses on other trade receivables recognised by the Building Materials Division. The tough and challenging operating environment confronting the local steel industry had adversely affected cash flows and resulted in a longer-than-expected period for the settlement of trade debts. Loss before tax was further affected by the Group's share of loss of an associate, which was largely due to the foreign exchange losses recognised upon the disposal of one of the associate's subsidiaries.

PROSPECTS

The Group maintains a positive outlook for the next financial year, supported by resilient domestic economic activity, and ongoing infrastructure and industrial development. Nevertheless, the operating environment is expected to remain challenging as businesses continue to navigate an evolving global environment. The Group will continue to focus on managing costs prudently, enhancing operational efficiency and improving margins while remaining responsive to changes in market conditions.

APPRECIATION

On behalf of the Board of Directors, I wish to express my appreciation to our customers, business partners and associates, financiers, shareholders, and the Government authorities for their continuing support and cooperation.

I would like to convey my appreciation and gratitude to my fellow Directors for their invaluable guidance, support and contribution.

Last but not least, my sincere thanks go to the management and staff for their continuing hard work and dedication in coping with the challenges faced throughout these challenging times.

TAN SRI CHENG HENG JEM
Chairman