

QES GROUP BERHAD

Company Registration No.: 201401042911 (1119086-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2024

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Revenue	A9	68,007	66,954	124,424	124,209
Cost of sales		(49,059)	(49,127)	(93,811)	(91,626)
Gross profit		18,948	17,827	30,613	32,583
Administrative expenses		(5,930)	(5,458)	(11,164)	(10,529)
Marketing and distribution expenses		(2,853)	(2,790)	(4,583)	(4,485)
Net loss on impairment of financial instruments		72	(83)	(56)	(107)
Other expenses		(2,111)	(1,171)	(4,102)	(3,125)
Other income		282	1,979	1,204	2,993
Result from operating activities		8,408	10,304	11,912	17,330
Finance income		224	182	474	322
Finance costs		(548)	(480)	(1,019)	(876)
Share of result of an associate, net of tax		172	(262)	189	(530)
Profit before tax		8,256	9,744	11,556	16,246
Tax expense	B6	(2,102)	(2,278)	(3,140)	(3,971)
Profit for the financial period		6,154	7,466	8,416	12,275
Other comprehensive income, net of tax					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign subsidiaries		(485)	1,001	(513)	1,321
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit plan		16	21	32	39
Total other comprehensive income for the financial period, net of tax		(469)	1,022	(481)	1,360
Total comprehensive income for the financial period		5,685	8,488	7,935	13,635
Profit attributable to:					
Owners of the Company		6,366	6,876	8,874	11,638
Non-controlling interests ("NCI")		(212)	590	(458)	637
Profit for the financial period		6,154	7,466	8,416	12,275

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (cont'd)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.06.2024	30.06.2023	30.06.2024	30.06.2023
		RM'000	RM'000	RM'000	RM'000
Total comprehensive income attributable to:					
Owners of the Company		5,964	7,698	8,434	12,717
Non-controlling interests		(279)	790	(499)	918
Total comprehensive income for the financial period		5,685	8,488	7,935	13,635
Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen):	B11	0.76	0.82	1.06	1.40

Notes:-

The basis of preparation of the Condensed Consolidated Statements of Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024

	UNAUDITED As at 30.06.2024 RM'000	AUDITED As at 31.12.2023 RM'000
Assets		
Property, plant and equipment	56,033	44,998
Right-of-use assets	8,500	8,437
Intangible assets	10,493	10,464
Investment in an associate	2,750	1,961
Deferred tax assets	1,160	1,060
Total non-current assets	<u>78,936</u>	<u>66,920</u>
Inventories	39,187	35,200
Trade and other receivables	64,194	69,268
Current tax assets	2,310	2,389
Fixed deposits with financial institutions	21,463	21,237
Cash and cash equivalents	80,601	80,771
Total current assets	<u>207,755</u>	<u>208,865</u>
Total assets	<u>286,691</u>	<u>275,785</u>
Equity		
Share capital	80,775	80,775
Reserves	(20,852)	(20,394)
Retained earnings	118,413	113,692
Total equity attributable to owners of the company	<u>178,336</u>	<u>174,073</u>
Non-controlling interests	<u>3,790</u>	<u>4,289</u>
Total equity	<u>182,126</u>	<u>178,362</u>
Liabilities		
Borrowings	20,685	17,723
Lease liabilities	2,018	1,220
Deferred tax liabilities	952	1,098
Provision for post-employment benefits	2,039	1,912
Total non-current liabilities	<u>25,694</u>	<u>21,953</u>

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Company Registration No.: 201401042911 (1119086-U)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024 (cont'd)

	UNAUDITED As at 30.06.2024 RM'000	AUDITED As at 31.12.2023 RM'000
Borrowings	21,423	16,657
Lease liabilities	1,026	936
Trade and other payables	40,763	43,292
Contract liabilities	13,343	12,563
Current tax liabilities	2,316	2,022
Total current liabilities	78,871	75,470
Total liabilities	104,565	97,423
Total equity and liabilities	286,691	275,785
Net assets per share attributable to owners of the Company (RM)	0.21	0.21

Notes:-

The basis of preparation of the Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

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Company Registration No.: 201401042911 (1119086-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2024

	Attributable to Owners of the Company					Total	Non-controlling interests ("NCI")	Total equity
	Share capital	Non-distributable Merger deficit	Legal reserve	Translation reserve	Distributable Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	80,775	(20,228)	25	(191)	113,692	174,073	4,289	178,362
Foreign currency translation differences	-	-	-	(458)	-	(458)	(55)	(513)
Remeasurement of defined benefit plan	-	-	-	-	18	18	14	32
Total other comprehensive income for the financial period	-	-	-	(458)	18	(440)	(41)	(481)
Profit for the financial period	-	-	-	-	8,874	8,874	(458)	8,416
Total comprehensive income for the financial period	-	-	-	(458)	8,892	8,434	(499)	7,935
Contributions by and distributions to owners of the Company:								
Dividend to owners of the Company	-	-	-	-	(4,171)	(4,171)	-	(4,171)
At 30 June 2024	80,775	(20,228)	25	(649)	118,413	178,336	3,790	182,126

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2024(cont'd)

	Attributable to Owners of the Company					Total	Non-controlling interests ("NCI")	Total equity
	Share capital	Non-distributable Merger deficit	Legal reserve	Translation reserve	Distributable Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	80,775	(20,228)	25	(1,024)	99,427	158,975	3,659	162,634
Foreign currency translation differences	-	-	-	1,058	-	1,058	263	1,321
Remeasurement of defined benefit plan	-	-	-	-	21	21	18	39
Total other comprehensive income for the financial period	-	-	-	1,058	21	1,079	281	1,360
Profit for the financial period	-	-	-	-	11,638	11,638	637	12,275
Total comprehensive income for the financial period	-	-	-	1,058	11,659	12,717	918	13,635
Contributions by and distributions to owners of the Company:								
Dividend to owners of the Company	-	-	-	-	(4,171)	(4,171)	-	(4,171)
At 30 June 2023	80,775	(20,228)	25	34	106,915	167,521	4,577	172,098

Notes:-

The basis of preparation of the Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2024

	30.06.2024	30.06.2023
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	11,556	16,246
Adjustments for:		
Amortisation of intangible assets	611	263
Bad debts written off	4	-
Depreciation of property, plant and equipment	2,459	2,037
Depreciation of right-of-use assets	581	475
Finance costs	1,019	876
Finance income	(474)	(322)
Gain on disposal of property, plant and equipment	(367)	(1,371)
Gain on short-term investments	(539)	(485)
Gain on unrealised foreign exchange	(14)	(1,316)
Inventories written down	201	335
Inventories written off	-	10
Net loss on impairment of financial instruments	56	107
Property, plant and equipment written off	6	2
Provision for post-employment benefits	236	178
Share of result of an associate, net of tax	(189)	530
	<hr/>	<hr/>
Operating profit before working capital changes	15,146	17,565
Change in inventories	(4,189)	(7,456)
Change in receivables	5,297	(2,360)
Change in payables	(2,969)	(6,078)
Change in contract liabilities	906	1,331
	<hr/>	<hr/>
Cash generated from operations	14,191	3,002
Income tax refunded	131	2,294
Income tax paid	(3,088)	(4,155)
Interest paid	(473)	(468)
	<hr/>	<hr/>
Net cash from operating activities	10,761	673
	<hr/>	<hr/>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(12,507)	(3,571)
Addition in right-of-use assets	(167)	(5,012)
Addition in intangible assets	(640)	(786)
Increase in short-term investments	539	485
Interest received	474	322
Placement of pledged fixed deposits with financial institutions	(226)	(473)
Proceeds from disposal of property, plant and equipment	249	2,541
Subscription of shares in an associate	(600)	(300)
	<hr/>	<hr/>
Net cash used in investing activities	(12,878)	(6,794)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (cont'd)

	30.06.2024	30.06.2023
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid	(4,171)	(4,171)
Interest paid	(546)	(408)
Net drawdown of borrowings	7,646	17,466
Net repayment of lease liabilities	(578)	(417)
Net cash from financing activities	<u>2,351</u>	<u>12,470</u>
Net increase in cash and cash equivalents	234	6,349
Foreign currency translation differences	(658)	478
Cash and cash equivalents at beginning of the financial period	80,706	70,928
Cash and cash equivalents at end of the financial period	<u><u>80,282</u></u>	<u><u>77,755</u></u>
Cash and cash equivalents comprise the following:		
Short-term investments	18,769	19,229
Short-term deposits	17,162	16,911
Cash and bank balances	44,670	42,520
Cash and cash equivalents in the statements of financial position	80,601	78,660
Bank overdrafts	(319)	(905)
Cash and cash equivalents in the statements of cash flows	<u><u>80,282</u></u>	<u><u>77,755</u></u>

Notes:-

The basis of preparation of the Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting and Rule 9.22 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

A2. Summary of Significant Accounting Policies

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2023.

At the date of authorization of these interim financial statements, the followings MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

MFRSs and Interpretations	Effective for financial periods beginning on or after
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 107 and MFRS 7: Disclosures - Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7: Disclosures - Classification and Measurement of Financial Instruments	1 January 2026
MFRS 18, Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The above pronouncements are either not relevant or do not have any material impact on the financial statements of the Group.

A3. Auditors' report on preceding annual financial statements

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2023 was not subject to any qualification.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (cont'd)

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING (cont'd)

A4. Seasonal or cyclical factors

The Group's business operations have not been affected by seasonal or cyclical factors.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and current year-to-date under review.

A6. Material changes in estimates

There was no material change in financial estimates that could materially affect the current financial quarter under review.

A7. Debt and equity securities

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial quarter under review.

A8. Dividend paid

There was no dividend paid during the current financial quarter under review .

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (cont'd)

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING (cont'd)

A9. Segmental information

Results for individual quarter ended 30.06.2024

	Investment Holding RM'000	Equipment RM'000	Materials & Engineering Solutions RM'000	Manufacturing RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
External revenue	-	53,205	5,591	9,211	-	68,007
Intra segment revenue	-	12,436	-	-	(12,436)	-
Inter segment revenue	-	545	45	-	(590)	-
Total revenue	-	66,186	5,636	9,211	(13,026)	68,007
Results						
Depreciation and amortisation	-	1,300	40	560	23	1,923
Other non-cash income	(172)	(489)	(50)	(7)	-	(718)
Segment profit before tax	51	6,376	525	1,327	(23)	8,256

Results for individual quarter ended 30.06.2023

	Investment Holding RM'000	Equipment RM'000	Materials & Engineering Solutions RM'000	Manufacturing RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
External revenue	-	50,122	6,638	10,194	-	66,954
Intra segment revenue	-	24,057	-	-	(24,057)	-
Inter segment revenue	-	547	242	-	(789)	-
Total revenue	-	74,726	6,880	10,194	(24,846)	66,954
Results						
Depreciation and amortisation	-	1,006	59	365	(9)	1,421
Other non-cash expenses/(income)	262	(1,357)	(167)	(558)	-	(1,820)
Segment profit/(loss) before tax	(332)	7,542	680	1,845	9	9,744

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (cont'd)

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING (cont'd)

A9. Segmental information (cont'd)

Results for cumulative quarter ended 30.06.2024

	Investment Holding RM'000	Equipment RM'000	Materials & Engineering Solutions RM'000	Manufacturing RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
External revenue	-	95,187	14,535	14,702	-	124,424
Intra segment revenue	-	29,194	-	-	(29,194)	-
Inter segment revenue	-	1,099	109	-	(1,208)	-
Total revenue	-	125,480	14,644	14,702	(30,402)	124,424

Results

Depreciation and amortisation	-	2,441	80	1,112	18	3,651
Other non-cash (income)/expenses	(189)	210	19	(107)	-	(67)
Segment profit before tax	42	9,942	1,120	470	(18)	11,556

Results for cumulative quarter ended 30.06.2023

	Investment Holding RM'000	Equipment RM'000	Materials & Engineering Solutions RM'000	Manufacturing RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
External revenue	-	96,778	11,480	15,951	-	124,209
Intra segment revenue	-	40,443	-	-	(40,443)	-
Inter segment revenue	2,000	1,100	245	-	(3,345)	-
Total revenue	2,000	138,321	11,725	15,951	(43,788)	124,209

Results

Depreciation and amortisation	-	1,966	118	709	(18)	2,775
Other non-cash expenses/(income)	530	(1,135)	(181)	(739)	-	(1,525)
Segment profit before tax	1,343	14,813	922	1,150	(1,982)	16,246

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (cont'd)

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING (cont'd)

A9. Segmental information (cont'd)

(a) Analysis of revenue by divisions

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	30.06.2024		30.06.2023		30.06.2024		30.06.2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Distribution Division								
Product distribution								
Equipment	41,389	60.9	36,768	54.9	70,839	56.9	71,736	57.8
Materials & Engineering Solutions	3,880	5.7	4,960	7.4	11,041	8.9	8,110	6.5
Services & supply of spare parts								
Equipment	11,816	17.4	13,354	20.0	24,348	19.6	25,042	20.2
Materials & Engineering Solutions	1,711	2.5	1,678	2.5	3,494	2.8	3,370	2.7
Sub-total	58,796	86.5	56,760	84.8	109,722	88.2	108,258	87.2
Manufacturing Division								
Manufacturing	9,211	13.5	10,194	15.2	14,702	11.8	15,951	12.8
Sub-total	9,211	13.5	10,194	15.2	14,702	11.8	15,951	12.8
Total	68,007	100.0	66,954	100.0	124,424	100.0	124,209	100.0

(b) Analysis of revenue by geographical location

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	30.06.2024		30.06.2023		30.06.2024		30.06.2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	35,133	51.7	19,675	29.4	62,834	50.5	47,770	38.5
ASEAN (excluding Malaysia)								
Vietnam	17,072	25.1	7,567	11.3	23,734	19.1	12,010	9.7
Philippines	4,218	6.2	8,620	12.9	10,625	8.5	18,184	14.6
Thailand	4,033	5.9	5,193	7.8	9,121	7.3	10,492	8.4
Singapore	2,422	3.6	14,237	21.3	7,675	6.2	19,176	15.4
Indonesia	2,787	4.1	1,644	2.5	6,910	5.6	4,587	3.7
Other ASEAN	173	0.2	703	1.0	415	0.3	1,001	0.9
China	489	0.7	2,797	4.2	642	0.5	2,907	2.3
Others	1,680	2.5	6,518	9.6	2,468	2.0	8,082	6.5
Total	68,007	100.0	66,954	100.0	124,424	100.0	124,209	100.0

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (cont'd)

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING (cont'd)

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A11. Subsequent events

There were no subsequent material events as at the date of this report.

A12. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial quarter under review.

A13. Contingent assets or contingent liabilities

The Group has no contingent assets and contingent liabilities as at the date of this report.

A14. Capital commitments

**UNAUDITED
 30.06.2024
 RM'000**

Capital expenditure commitment

Authorised and contracted for:
 Property, plant and equipment

24,506

A15. Related party disclosures

Related party transactions were summarized as follow:

	Current quarter RM'000	Cumulative quarter RM'000
<u>Applied Engineering Technology (M) Sdn Bhd</u>		
Revenue received and receivable	3	3
Commission received and receivable	5	5
	<u>5</u>	<u>5</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (cont'd)

B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

(i) Results for current quarter

	INDIVIDUAL QUARTER		Changes RM'000	Changes %
	30.06.2024 RM'000	30.06.2023 RM'000		
Revenue	68,007	66,954	1,053	1.6
Profit before tax	8,256	9,744	(1,488)	(15.3)

The Group recorded a revenue of RM68.01 million for the current quarter under review compared to RM66.95 million in the corresponding quarter last year, representing an increase of 1.6% or RM1.05 million. The increase in revenue was mainly due to higher revenue generated from the distribution division by RM2.03 million despite lower revenue from manufacturing division by RM0.98 million.

The decrease in revenue from the manufacturing division arose from a change in product mix whereby there were lower deliveries of inspection systems albeit an increase in deliveries of automated handling system ("AHS").

The profit before tax ("PBT") of RM8.26 million as compared to RM9.74 million in the corresponding quarter last year, was lower by 15.3% or RM1.49 million. The lower PBT recorded was attributed to higher operating expenses coupled with an unfavorable foreign exchange loss in the current quarter under review.

(ii) Results for financial year-to-date

	CUMULATIVE QUARTER		Changes RM'000	Changes %
	30.06.2024 RM'000	30.06.2023 RM'000		
Revenue	124,424	124,209	215	0.2
Profit before tax	11,556	16,246	(4,690)	(28.9)

The Group recorded a revenue of RM124.42 million for the current cumulative quarter under review compared to RM124.21 million in the cumulative quarter last year, representing a growth of 0.2% or RM0.21 million. The increase was mainly due to higher revenue generated from the distribution division by RM1.46 million despite lower revenue recorded from the manufacturing division by RM1.25 million.

The increased in revenue from the distribution division was mainly due to higher deliveries of materials and engineering solutions in the current cumulative quarter. The decrease in sales of the manufacturing division was mainly due to the lower deliveries of inspection systems despite an increase in AHS and advanced wafer metrology system ("AMS").

The PBT of RM11.56 million as compared to RM16.25 million in the cumulative quarter last year, was lower by 28.9% or RM4.69 million. The lower PBT recorded was attributed by higher operating expenses incurred coupled with an unfavorable foreign exchange loss in the current cumulative quarter under review.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (cont'd)

B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)

B2. Comparison with preceding quarter's results and comments on material changes in PBT

	Current Quarter 30.06.2024 RM'000	Preceding Quarter 31.03.2024 RM'000	Changes RM'000	Changes %
Revenue	68,007	56,417	11,590	20.5
Profit before tax	8,256	3,300	4,956	150.2

The Group's revenue increased from RM56.42 million in the preceding quarter to RM68.01 million in the quarter under review, representing an increase of 20.5% or RM11.59 million. The increased was mainly due to higher revenue generated from both distribution and manufacturing divisions by RM7.87 million and RM3.72 million respectively.

The PBT of RM8.26 million as compared to RM3.30 million in the preceding quarter, was higher by 150.2% or RM4.96 million. The higher PBT recorded was in tandem with the revenue growth, and a better gross profit margin generated from both manufacturing and distribution divisions.

B3. Prospects and outlook

In light of the slower-than-expected world economic recovery, elevated global tensions and ongoing conflict, the Group remains cautiously optimistic on the overall outlook of the semiconductor industry. The Group is confident in achieving a steady growth despite the volatility and challenges ahead, due to the successful penetration into the front-end sector of the semiconductor industry. The Group anticipates the performance for the Group to be satisfactory for the next financial quarter.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (cont'd)

B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)

B4. Profit forecast and profit guarantee

The Group did not issue any profit forecast or profit guarantee during the financial quarter under review and the financial year-to-date.

B5. Status of corporate proposals

There were no other corporate proposals announced but not completed as at the date of this report.

B6. Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Current tax	2,098	2,345	3,420	4,455
Deferred tax	4	(67)	(280)	(484)
Total tax expense	<u>2,102</u>	<u>2,278</u>	<u>3,140</u>	<u>3,971</u>

Notes:-

- (1) The Group's effective tax rate for cumulative quarter was higher as compared to the statutory income tax rate of 24% mainly due to adjustment on certain expenses not deductible for tax purposes such as depreciation, amortisation of intangible assets, inventories written down and impairment losses on financial instruments; notwithstanding adjustment on certain non-taxable income and double deduction allowance coupled with corresponding lower operating profit.
- (2) Tax expenses is recognized based on management's best estimate.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (cont'd)

B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)

B7. Group borrowings

	UNAUDITED	AUDITED
	As at	As at
	30.06.2024	31.12.2023
	RM'000	RM'000
Non-current:		
Term loans	20,685	17,723
Current:		
Bankers' acceptance	1,647	1,388
Bank overdrafts	319	65
Trust receipts	16,585	14,182
Revolving loan	1,700	300
Term loans	1,172	722
	<u>21,423</u>	<u>16,657</u>
Total		
Bankers' acceptance	1,647	1,388
Bank overdrafts	319	65
Trust receipts	16,585	14,182
Revolving loan	1,700	300
Term loans	21,857	18,445
	<u>42,108</u>	<u>34,380</u>

The Group's borrowings were denominated in MYR, except for approximately RM8.45 million (USD1.79 million), RM4.85 million (JPY165.61 million), RM3.74 million (THB29.1 million) and RM3.28 million (EUR0.65 million) of the above borrowings were denominated in USD, JPY, THB and EUR respectively.

B8. Material litigation

There are no material litigations pending on the date of this announcement.

B9. Dividend

The board of Directors does not recommend any dividend for the current financial quarter under review.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (cont'd)

B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)

B10. Earnings per share ("EPS")

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>30.06.2024</u>	<u>30.06.2023</u>	<u>30.06.2024</u>	<u>30.06.2023</u>
Profit attributable to owners of the Company (RM'000)	<u>6,366</u>	<u>6,876</u>	<u>8,874</u>	<u>11,638</u>
Weighted average number of shares ('000)	<u>834,139</u>	<u>834,139</u>	<u>834,139</u>	<u>834,139</u>
Basic and diluted EPS (sen)	<u>0.76</u>	<u>0.82</u>	<u>1.06</u>	<u>1.40</u>

Notes:-

Diluted earnings per share of the Company for the individual quarter and year-to-date ended 30 June 2024 is equivalent to the basic earnings per share as the Company does not have any outstanding convertible securities at the end of the reporting year.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (cont'd)

B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)

B11. Notes to the Statements of Profit or Loss and Other Comprehensive Income

Profit before taxation is arrived at after charging/(crediting):-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Amortisation of intangible assets	309	133	611	263
Bad debts written off	4	-	4	-
Depreciation of property, plant and equipment	1,302	1,030	2,459	2,037
Depreciation of right-of-use assets	312	258	581	475
Finance costs	548	480	1,019	876
Finance income	(224)	(182)	(474)	(322)
Gain on disposal of property, plant and equipment	(361)	(665)	(367)	(1,371)
Gain on short-term investments	(239)	(222)	(539)	(485)
Inventories written down/(back)	(76)	(67)	201	335
Inventories written off	-	10	-	10
Loss/(Gain) on foreign exchange				
- realised	854	353	218	335
- unrealised	(208)	(1,549)	(14)	(1,316)
Net loss/(gain) on impairment of financial instruments	(72)	83	56	107
Property, plant and equipment written off	6	2	6	2
Provision for post-employment benefits	161	104	236	178

Save as disclosed above, other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable.

BY ORDER OF THE BOARD

Andrea Huong Jia Mei
Company Secretary
21 August 2024