



**NATIONGATE HOLDINGS BERHAD**

Registration No. 202101004230 (1404529-K)  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

### Unaudited Condensed Consolidated Statements of Comprehensive Income<sup>(1)</sup> for the Fourth Quarter Ended 31 December 2023

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		(Unaudited) Current Year Quarter	(Unaudited) Preceding Year Corresponding Quarter	(Unaudited) Current Year-to- date	(Audited) Preceding Year Corresponding Year-to-date
		31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Revenue		171,577	214,576	638,296	945,748
Cost of sales		(141,212)	(165,310)	(526,986)	(794,271)
<b>Gross profit</b>		<b>30,365</b>	<b>49,266</b>	<b>111,310</b>	<b>151,477</b>
Other income		(626)	583	9,526	5,694
Administrative expenses		(9,894)	(14,121)	(42,801)	(40,510)
<b>Operating profit</b>		<b>19,845</b>	<b>35,728</b>	<b>78,035</b>	<b>116,661</b>
Finance costs		(2,421)	(4,226)	(10,181)	(12,369)
Finance income		564	220	2,682	333
Share of (loss)/profit from an associate		-	(4)	3	(4)
Profit before tax	B12	17,988	31,718	70,539	104,621
Income tax	B5	(1,952)	(9,548)	(9,614)	(19,013)
Profit after tax		<b>16,036</b>	<b>22,170</b>	<b>60,925</b>	<b>85,608</b>
Profit attributable to:					
- Owners of the Company		15,922	22,170	60,811	85,263
- Non-controlling interest		114	-	114	345
		<b>16,036</b>	<b>22,170</b>	<b>60,925</b>	<b>85,608</b>
Total comprehensive profit attributable to:					
- Owners of the Company		15,922	22,170	60,811	85,263
- Non-controlling interest		114	-	114	345
		<b>16,036</b>	<b>22,170</b>	<b>60,925</b>	<b>85,608</b>
Earnings per share ('EPS')					
- Basic (sen) <sup>(3)</sup>	B11	0.77	1.35	2.93	5.20

#### NOTES:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of 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 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Administrative expenses included non-recurring listing expenses of RM3.70 million. For illustration purposes only, the Group's normalised financial performance after adjusting for the non-recurring listing expenses is as follow:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- to-date	Preceding Year Corresponding Year-to-date
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Profit before tax	17,988	31,718	70,539	104,621
(Less)/Add : Listing expenses	(138)	-	3,702	-
Adjusted profit before tax	17,850	31,718	74,241	104,621

- (3) Basic earnings per share ("EPS") is calculated based on the Company's share capital of 2,073,933,300 shares in issue as at 31 December 2023 (31 December 2022 : 1,638,407,400 ordinary shares). There are no dilutive instruments as at the end of the current quarter.

**NATIONGATE HOLDINGS BERHAD**

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**Unaudited Condensed Consolidated Statements of Financial Position<sup>(1)</sup>  
For the Fourth Quarter Ended 31 December 2023**

		(Unaudited) As at 31.12.2023 RM'000	(Audited) As at 31.12.2022 RM'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		245,560	233,547
Right-of-use assets		8,084	11,998
Investment properties		14,813	15,116
Investment in an associate		395	392
		<u>268,852</u>	<u>261,053</u>
<b>Current assets</b>			
Inventories		230,224	186,329
Trade receivables		132,435	221,571
Contract assets		8,382	29,271
Other receivables, deposits and prepayments		17,811	10,417
Investment securities		295	385
Short term deposits with licensed banks		20,687	26,063
Cash and bank balances		55,914	27,348
		<u>465,748</u>	<u>501,384</u>
<b>TOTAL ASSETS</b>		<b><u>734,600</u></b>	<b><u>762,437</u></b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		304,540	143,361
Merger reserve		(133,361)	(133,361)
Non-controlling interest		7,308	-
Retained profits		243,569	219,046
<b>Total equity</b>		<u>422,056</u>	<u>229,046</u>
<b>Non-current liabilities</b>			
Borrowings	B8	23,064	67,521
Lease liabilities		4,539	8,292
Deferred tax liabilities		9,600	8,353
		<u>37,203</u>	<u>84,166</u>
<b>Current liabilities</b>			
Trade payables		128,979	131,833
Contract liabilities		595	9,089
Other payables and accruals		45,642	47,968
Borrowings	B8	94,239	250,286
Lease liabilities		3,753	3,854
Income tax payable		2,133	6,195
		<u>275,341</u>	<u>449,225</u>
<b>Total liabilities</b>		<u>312,544</u>	<u>533,391</u>
<b>Total equity and liabilities</b>		<b><u>734,600</u></b>	<b><u>762,437</u></b>
Net assets per share (sen) <sup>(2)</sup>		<u>20.35</u>	<u>13.98</u>
Gearing ratio (times)		0.28	1.39

**NOTES:**

- (1) The basis of preparation of the above Unaudited 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 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the Company's number of ordinary shares in issue of 2,073,933,300 shares as at 31 December 2023 (31 December 2022 : 1,638,407,400 shares).

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**Unaudited Condensed Consolidated Statements of Changes in Equity<sup>(1)</sup>  
for the Fourth Quarter Ended 31 December 2023**

		<u>Distributable</u>			<b>Non- controlling interest</b>	<b>Total Equity</b>
	<b>Share Capital RM'000</b>	<b>Merger Reserve RM'000</b>	<b>Retained Profits RM'000</b>	<b>Total RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>12 months ended 31 December 2023</u></b>						
At 1 January 2023 (Audited)	143,361	(133,361)	219,046	229,046	-	229,046
Changes in ownership interest in a subsidiary	-	-	6	6	7,194	7,200
Issuance of shares	165,500	-	-	165,500	-	165,500
Share issuance expenses	(4,321)	-	-	(4,321)	-	(4,321)
Dividend	-	-	(36,294)	(36,294)	-	(36,294)
Total comprehensive income for the financial period	-	-	60,811	60,811	114	60,925
<b>At 31 December 2023 (Unaudited)</b>	<b>304,540</b>	<b>(133,361)</b>	<b>243,569</b>	<b>414,748</b>	<b>7,308</b>	<b>422,056</b>

**NOTES:**

- ( 1 ) The basis of preparation of the above Unaudited 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 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

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**NATIONGATE HOLDINGS BERHAD**

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**Unaudited Condensed Consolidated Statements of Cash Flows<sup>(1)</sup>  
for the Fourth Quarter Ended 31 December 2023**

	(Unaudited) Current Year-to-date 31.12.2023 RM'000	(Audited) Preceding Year Corresponding Year-to-date 31.12.2022 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	70,539	104,621
Adjustments for: -		
Accretion of interest	181	-
Allowance for slow moving inventories – addition	711	4,037
Allowance for slow moving inventories - reversal	(3,777)	(3,049)
Depreciation of property, plant and equipment	37,798	30,949
Depreciation of right-of-use assets	3,918	3,965
Depreciation of investment properties	304	177
Fair value loss on investment securities	90	1
Gain on disposal of investment in securities	-	-
Gain on disposal of investment in subsidiary	-	(3)
Gain on disposal of property, plant and equipment	(86)	(108)
Interest expense	9,999	12,369
Interest income	(2,682)	(333)
Listing expenses	3,702	-
Share of (gain)/loss from associate	(3)	4
Unrealised (gain)/loss on foreign exchange	(1,089)	1,693
<b>Operating profit before working capital changes</b>	<b>119,605</b>	<b>154,323</b>
<b>Net changes in:</b>		
Inventories	(40,829)	(34,476)
Receivables	90,336	(60,442)
Payables	(11,450)	(24,125)
Contract assets	20,888	(6,475)
Contract liabilities	(8,494)	9,089
<b>Cash generated from operation</b>	<b>170,056</b>	<b>37,894</b>
Income tax paid	(12,508)	(5,322)
Income tax refund	79	-
Interest paid	(9,999)	(12,013)
<b>Net cash generated from operating activities</b>	<b>147,628</b>	<b>20,559</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Cash flows effects of disposal of a subsidiary	-	(395)
Effects of acquisition of subsidiary	-	(15,000)
Interest received	2,484	291
Placement of fixed deposits with a licensed bank	(4,000)	(6,500)
Proceeds from disposal of property, plant and equipment	2,983	2,300
Purchase of property, plant and equipment	(52,708)	(38,329)
<b>Net cash used in investing activities</b>	<b>(51,241)</b>	<b>(57,633)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(36,294)	(12,500)
Payment of lease liabilities	(4,039)	(4,188)
Payment of listing expenses	(8,022)	-
Proceed from issuance of shares	172,700	-
(Repayment) / Drawdown of bankers' acceptance	(90,362)	14,196
(Repayment) / Drawdown of term loan	(98,036)	55,913
Drawdown of revolving credit	10,000	1,398
Repayment of hire purchase	(23,343)	(16,460)
<b>Net cash (used in) / generated from financing activities</b>	<b>(77,396)</b>	<b>38,359</b>

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**Unaudited Condensed Consolidated Statements of Cash Flows<sup>(1)</sup>  
for the Fourth Quarter Ended 31 December 2023 (Cond't)**

	(Unaudited) Current Year-to-date  31.12.2023 RM'000	(Audited) Preceding Year Corresponding Year-to-date 31.12.2022 RM'000
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	18,991	1,285
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	46,869	45,584
<b>CASH AND CASH EQUIVALENTS AT END</b>	<u>65,860</u>	<u>46,869</u>
<b>Represented by:</b>		
Cash and bank balances	55,914	27,348
Short term deposits with licensed banks	20,687	26,063
Less: Deposits pledge with licensed bank	(10,741)	(6,542)
	<u>65,860</u>	<u>46,869</u>

**NOTES:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flow is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

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### **PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**

#### **A1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Boards (“MASB”) and Paragraph 9.22 of Listing Requirements of Bursa Securities.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of NGH and its subsidiaries and associated company (“Group”) since the financial year ended 31 December 2022.

#### **A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the Group’s audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group.

##### **Effective for annual periods beginning on or after 1 January 2023**

*MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts*

*Amendments to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 – Comparative Information*

*Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies*

*Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

*Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

*Amendments to MFRS 112 Income Taxes - International Tax Reform - Pillar Two Model Rules*

##### **Effective for annual periods beginning on or after 1 January 2024**

*Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback*

*Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current*

*Amendments to MFRS 101 Presentation of Financial Statements - Non-Current Liabilities with Covenants*

*Amendments to MFRS 107 Statements of Cash Flows and MFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements.*

##### **Effective for annual periods beginning on or after 1 January 2025**

*Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*

##### **Effective date yet to be confirmed**

*Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.*

The adoption of the above MFRSs and amendments to MFRSs are not expected to have any material impact on the financial statements of the Group upon initial application.

#### **A3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2022.

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### **A4. SEASONAL OR CYCLICAL FACTORS**

The Group's operation was not significantly affected by any unusual seasonal or cyclical factors.

### **A5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial period ended 31 December 2023.

### **A6. MATERIAL CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported in prior interim periods or prior financial year that have a material effect in the current financial year to date.

### **A7. DEBT AND EQUITY SECURITIES**

In conjunction with the Company's listing on the ACE Market of Bursa Securities which was completed on 12 January 2023, the Company's entire enlarged issue share capital of 2,073,933,300 shares was listed and quoted on the ACE Market of Bursa Securities, including the following:

Public issue of 435,525,900 new shares ("Issue Shares") at an issue price of RM0.38 per share and were allotted in the following manner:

- 103,696,800 Issue Shares available for application by the Malaysian Public,
- 103,696,800 Issue Shares available for application by the eligible Directors and employees as well as person who have contributed to the success of the Group, and
- 228,132,300 Issue Shares by way of private placement to selected investors.

Saved as disclosed above, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

### **A8. DIVIDEND PAID**

The first single tier interim dividend of 0.25 sen per ordinary share amounting to RM5,184,833.20 for the financial year ending 31 December 2023 that was declared on 29 May 2023 was paid on 30 June 2023.

The final single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2022 that was approved by shareholders on 28 June 2023 was paid on 17 July 2023.

The second single tier interim dividend of 0.25 sen per ordinary share amounting to RM5,184,833.18 for the financial year ending 31 December 2023 that was declared on 29 August 2023 was paid on 12 October 2023.

The third single tier interim dividend of 0.25 sen per ordinary share amounting to RM5,184,833.17 for the financial year ending 31 December 2023 that was declared on 14 November 2023 was paid on 28 December 2023.



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### A9. SEGMENTAL INFORMATION

The Group is an electronic manufacturing services (“EMS”) provider focusing on the assembly and testing of electronic components and products to produce completed printed circuit boards (“PCB”), semi-finished sub-assemblies and fully-assembled electronic products, as well as semiconductor devices.

For management purposes, the Group is organised into business units based on their nature of businesses and customer segment as well as geographical sales contribution.

Segmental information is provided based on contribution by business units based on their nature of businesses and customer segment as well as by geographical factors.

#### (a) Contribution by customer segment

By customer segments	Current Year	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year-To-	Corresponding
	31.12.2023	Quarter	Year-To-	Year-To-Date
	RM'000	31.12.2022	Date	31.12.2022
		RM'000	31.12.2023	RM'000
Networking and telecommunications	95,446	147,496	321,660	665,794
Industrial instruments	24,541	17,320	91,152	92,883
Data computing	25,449	24,623	104,929	105,050
Consumer electronics	3,699	1,105	20,974	4,138
Automotive	8,746	10,739	46,061	35,841
Semiconductor	8,613	6,117	33,681	25,659
Others <sup>(1)</sup>	5,083	7,176	19,839	16,383
<b>Total</b>	<b>171,577</b>	<b>214,576</b>	<b>638,296</b>	<b>945,748</b>

#### (b) Contribution by geographical factors

Countries	Current Year	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year-To-	Corresponding
	31.12.2023	Quarter	Year-To-	Year-To-Date
	RM'000	31.12.2022	Date	31.12.2022
		RM'000	31.12.2023	RM'000
Malaysia	105,921	142,420	376,261	690,237
USA	8,439	15,831	27,822	47,629
China	6,395	1,918	12,419	13,535
Germany	13,889	11,393	42,850	36,897
Australia	2,741	2,592	16,288	8,314
Hong Kong	416	21,494	8,352	92,093
Singapore	24,498	12,314	102,323	43,875
France	3,458	5,459	14,082	10,502
Denmark	395	432	1,166	1,567
Others <sup>(2)</sup>	5,425	723	36,733	1,099
<b>Total</b>	<b>171,577</b>	<b>214,576</b>	<b>638,296</b>	<b>945,748</b>

#### Notes:

- (1) Mainly consists of manufacturers of medical devices, Internet of Things, household electronic products and analytical instrumentation devices.
- (2) Other countries include Taiwan, Thailand, United Kingdom, Mexico, Canada and India.

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### A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Saved as disclosed below, there were no material events subsequent to the end of the current financial period under review that have not been reflected in this interim financial report.

On 8 February 2024, the Company entered into a Share Sale Agreement ("the Agreement") with Heap Seong Chan Company Sdn Berhad ("HSCSB" or "the Vendor") to acquire the entire 2,000,000 ordinary shares in Hesechan Industries Sdn Bhd ("Hesechan"), representing 100% equity interest in Hesechan, for a total cash purchase consideration of Ringgit Malaysia Twenty Five Million (RM25,000,000) only ("Purchase Consideration") upon the terms and conditions as stipulated in the Agreement ("Acquisition").

### A11. CHANGES IN COMPOSITION OF THE GROUP

On 12 January 2023, the Company's entire enlarged issue share capital of 2,073,933,300 shares was listed and quoted on the ACE Market of Bursa Securities.

On 8 November 2023, the Company and an unrelated company subscribed to 10,790,000 and 7,200,000 newly issued ordinary shares of NationGate Computing Sdn Bhd ("NCS") for a total cost of RM10,790,000.00 and RM7,200,000.00 respectively. The shareholding of the Company in NCS was reduced from 100% to 60% subsequently.

Saved as disclosed above, there were no material changes in the composition of the Group for the current financial quarter under review.

### A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Save for the material litigation as disclosed in Note B9, there were no contingent liabilities or contingent assets in the Group since the date of the last annual statement of financial position.

### A13. RELATED PARTY TRANSACTIONS DISCLOSURES

The following companies are related parties as they relate to companies in which one of the directors of the Group has substantial financial interest.

- VS Solution Services Sdn Bhd ("VS")
- SkyGate Sciences Sdn Bhd ("SC")
- SkyGate Precision Sdn Bhd ("SP")

Type of transactions	Related parties	Individual Quarter		Cumulative Period	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Year-To-Date
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
Purchase and installation of metal racking systems and machinery	VS	388	73	1,183	2,472
Purchase of spare parts and consumables for the Group's manufacturing activities	VS	101	104	362	158
Purchase of spare parts for maintenance of building and office equipment	VS	30	59	309	247

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Purchase of spare parts for maintenance of building and office equipment	SP	3	-	3	-
Rental Expenses	SC	1,024	1,025	3,966	3,756

**A14. CAPITAL COMMITMENTS**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>As at 31.12.2023</b>	<b>As at 31.12.2022</b>
	RM'000	RM'000
Approved and contracted for:		
- Property, Plant and Equipment	53,557	17,449
	<u>53,557</u>	<u>17,449</u>

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### PART B – ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### B1. REVIEW OF PERFORMANCE

	Current Year Quarter 31.12.2023 RM'000	Preceding Year Corresponding Quarter 31.12.2022 RM'000	Current Year- To-Date 31.12.2023 RM'000	Preceding Year Corresponding Year-To-Date 31.12.2022 RM'000
Revenue	171,577	214,576	638,296	945,748
Gross Profit	30,365	49,266	111,310	151,477
Profit before interest and tax	20,409	35,944	80,720	116,990
Profit before tax	17,988	31,718	70,539	104,621
Profit after tax	16,036	22,170	60,925	85,608
Profit attributable to owners of the Company	15,922	22,170	60,811	85,263

#### Comparison with preceding year corresponding quarter

The Group's revenue decreased 20.0% to RM171.6 million from RM214.6 million in the preceding year corresponding quarter mainly attributed by the lower demand especially from Networking and Telecommunication segments.

The Group's gross profit decreased by 38.4% and profit before tax decreased by 43.3% as a result of decreased in revenue.

#### Comparison with preceding year corresponding year-to-date

For the financial year ended 31 December 2023, the Group recorded RM638.3 million revenue, representing a decreased of 32.5% from RM945.7 million revenue recorded in the preceding financial year-to-date. This was mainly caused by the lower demand especially from Networking and Telecommunication segments.

Consequently, both gross profit and profit before tax decreased by 26.5% and 32.6% respectively. If excluding non-recurring listing expenses of RM3.70 million for the financial year-to-date, the adjusted normalised profit before tax would be RM74.24 million for the financial year-to-date. The improvement in gross profit margin was mainly attributed by favorable product mix.

#### B2. COMPARISON WITH IMMEDIATE-PRECEDING QUARTER'S RESULTS

	Current Year Quater 31.12.2023 RM'000	Current Year Preceding Quater 30.09.2023 RM'000
Revenue	171,577	165,581
Gross Profit	30,365	30,510
Profit before interest and tax	20,409	22,449
Profit before tax	17,988	20,959
Profit after tax	16,036	17,278
Profit attributable to owners of the Company	15,922	17,278

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### B2. COMPARISON WITH IMMEDIATE-PRECEDING QUARTER'S RESULTS (Cont'd)

The Group's revenue for the quarter under review has increased by 3.6% to RM171.58 million comparing to RM165.58 million in preceding quarter. Increased in revenue was mainly attributed by further increase in revenue generated from Networking and Telecommunication segments, which increased by RM18.78 million. The increase has been diminished by decreased revenue generated from Automotive segment by RM4.9 million, Consumer Electronics segment by RM3.10 million and Data Computing segment by RM3.07 million.

However, the Group's gross profit and profit before tax for the quarter under review has decreased by 0.5% and 14.2% to RM30.37 million and RM17.99 million mainly due to unfavorable product mix.

### B3. PROSPECTS OF THE GROUP

The Group continuously strive for technological advancement and cost-effectiveness besides building a strong collaboration in its supply chain ecosystem to better position itself in the EMS market. The relentless effort in moving up the value chain of the manufacturing services rendered shall keep the Group ahead in this E&E industry which is fast-pace in nature coupled with the continuously changing technological landscape globally.

Based on the above, the Board of Directors of the Company ("Board") is optimistic about the future prospects of the Group.

### B4. VARIANCE OF ACTUAL PROFITS FROM FORECAST PROFITS

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

### B5. TAXATION

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>Current Year</u> <u>Quarter</u> <u>31.12.2023</u> <u>RM'000</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31.12.2022</u> <u>RM'000</u>	<u>Current Year-</u> <u>to-date</u> <u>31.12.2023</u> <u>RM'000</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Year-to-date</u> <u>31.12.2022</u> <u>RM'000</u>
In respect of current period:				
Income tax expense	1,952	9,548	9,614	19,013
Effective tax rate (%)	10.9	30.1	13.6	18.2
Statutory tax rate (%)	24.0	24.0	24.0	24.0

The Group's effective tax rate was lower than statutory tax rate mainly due to utilisation of previously unabsorbed reinvestment allowance claimed on qualifying capital expenditure incurred on machineries and equipment.

### B6. STATUS OF CORPORATE PROPOSALS

On 26 May 2023, the Company announced its intention to undertake a long-term incentive plan of up to 15.0% of the Company's total issued share capital (excluding treasury shares, if any) for eligible Directors and employees of NGH group who fulfil the eligibility criteria as set out in the By-Laws of the LTIP ("Proposed LTIP"). The Proposed LTIP comprises of a share grant plan ("Proposed SGP") and a share option plan ("Proposed SOP").

Bursa Malaysia Securities Berhad ("Bursa Securities") had granted approval on 16 June 2023 and the Proposed LTIP was approved by the shareholders at an Extraordinary General Meeting held on 20 July 2023.

On 4 December 2023, the necessary confirmation pursuant to Rule 6.44(1) of the Listing Requirements

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have been submitted to Bursa Securities for the implementation of the LTIP. Accordingly, the effective date for the implementation of the LTIP is 1 December 2023.

Save as disclosed above, there were no corporate proposals announced but not completed as at the date of this interim financial report.

### B7. UTILISATION OF PROCEEDS FROM IPO

The gross proceeds of RM165.50 million from the IPO is intended to be utilised in the following manner:

Utilisation of proceeds	Propose	Percentage	Actual	Unutilised	Estimated timeframe for utilisation from Listing <sup>(1)</sup>
	Utilisation	of Utilisation	Utilisation	Amount	
	RM'000	%	RM'000	RM'000	
Purchase of machineries and equipment	5,930	3.6	5,930	-	Within 36 months
Working capital requirements	48,362	29.2	48,362	-	Within 24 months
Repayment of bank borrowings	105,508	63.8	105,508	-	Within 24 months
Estimated listing expenses	5,700	3.4	5,700	-	Within 1 month
	<u>165,500</u>	<u>100.0</u>	<u>165,500</u>	<u>-</u>	

Notes:

<sup>(1)</sup> From the date of listing of the Company on the ACE Market of Bursa Securities on 12 January 2023.

### B8. GROUP BORROWINGS AND DEBTS SECURITIES

As at 31 December 2023	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
<b>Secured</b>			
Bankers' acceptance	-	38,089	38,089
Finance leases	22,570	14,252	36,822
Term loans	494	17,898	18,392
Revolving credit	-	24,000	24,000
<b>Total</b>	<u>23,064</u>	<u>94,239</u>	<u>117,303</u>

The bank borrowings are secured and denominated in both Ringgit Malaysia and US Dollar.

### B9. MATERIAL LITIGATION

- (a) **Kuala Lumpur High Court Civil Suit No.: WA-22NCVC-535-08/2020  
BMW Credit (Malaysia) Sdn Bhd ("Plaintiff" or "BMW Credit") -v-  
1. Lumileds Malaysia Sdn Bhd ("1st Defendant" or "Lumileds")  
2. NationGate System Sdn Bhd ("2nd Defendant" or "NSY")**

Optotronics Semiconductors Sdn Bhd ("**Optotronic**") was appointed to manufacture products for Lumileds with the machines of which Lumileds claimed ownership ("**the Machines**"). In 2018, Optotronic obtained hire purchase facilities from BMW Credit to lease the Machines but it defaulted in payment and was in liquidation. Subsequently, BMW Credit obtained a court order for Optotronic and/or any third party to deliver the machineries to BMW Credit.

By a manufacturing agreement dated 15 July 2020, Lumileds formally appointed NSY, the wholly-owned subsidiary of NSM to manufacture products for Lumileds with the Machines. To be appointed as the contract manufacturer of Lumileds, NSY was required by Lumileds to enter into the said manufacturing services agreement where it sets out the general terms and conditions in relation to the engagement of NSY as the contract manufacturer to Lumileds to provide certain manufacturing and assembly services and to consign to NSY certain materials to be used in the connection therewith. It is a normal

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arrangement for NSY to retain its customers' machines in its premises under the said consignment arrangement. The value of these machineries is not recorded as our property, plant and equipment and as such the value of these machineries cannot be ascertained. In BMW Credit's attempt to recover the Machines through the court's execution process, NSY successfully denied BMW Credit access to the premises. Although the machineries do not belong to NSY, we may still be potentially liable for any damages or if these machineries are stolen from our manufacturing facilities, hence NSY could not permit BMW Credit to have access to the machineries without the permission of Lumileds. BMW then filed the above civil suit No. WA-22NCVC-535-08/2020 against Lumileds and NSY for recovery of the machineries.

The High Court has fixed the Trial on 27-31 May 2024.

The legal counsel acting for NSY is of the view that NSY has a fair chance to win the case.

### B10. DIVIDENDS

On 27 April 2023, the Company proposed a Final Single Tier Dividend of 1.0 sen per share in respect of the financial year ended 31 December 2022. The entitlement date and payment date are on 3 July 2023 and 12 July 2023 respectively. The shareholders had on 28 June 2023 approved the proposed final dividend.

On 24 May 2023, the Directors proposed the first single tier interim dividend of 0.25 sen per share for the financial year ending 31 December 2023. On 29 May 2023, the Company announced that the entitlement date and payment date are on 14 June 2023 and 30 June 2023 respectively.

On 29 August 2023, the Company proposed and announced the second single tier interim dividend of 0.25 sen per share for the financial year ending 31 December 2023. The entitlement date and payment date are on 29 September 2023 and 12 October 2023 respectively.

On 14 November 2023, the Company declared an interim single tier dividend of 0.25 sen per share for the financial year ending 31 December 2023. The entitlement date and payment date are on 11 December 2023 and 28 December 2023 respectively.

On 29 February 2024, the Company proposed a final single tier dividend of 0.25 sen per share for the financial year ending 31 December 2023 subject to the members' approval at the forthcoming Annual General Meeting. The entitlement date and payment date are on 3 July 2024 and 16 July 2024 respectively.

### B11. EARNINGS PER SHARE ("EPS")

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>Current Year Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Year-to-date</u>	<u>Preceding Year Corresponding Year-to-date</u>
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Profit attributable to the Owners of the Company (RM'000)	15,922	22,170	60,811	85,263
Number of ordinary shares in issue ('000)	2,073,933	1,638,407	2,073,933	1,638,407
Basic EPS (sen) <sup>(1)</sup>	0.77	1.35	2.93	5.20

#### NOTES:

- (1) EPS is calculated based on the Company's number of ordinary share in issue of 2,073,933,300 shares as at 31 December 2023 (31 December 2022 : 1,638,407,400 shares).

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**B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Profit for the period was derived after taking into consideration of the following:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Year-to- date</u>	<u>Preceding Year Corresponding Year-to-date</u>
	<u>31.12.2023 RM'000</u>	<u>31.12.2022 RM'000</u>	<u>31.12.2023 RM'000</u>	<u>31.12.2022 RM'000</u>
<b>After charging/(crediting):</b>				
Allowance for slow moving inventories				
-Addition	(1,586)	531	711	4,037
-Reversal	(1,581)	(401)	(3,777)	(3,049)
Depreciation of investment property	76	177	304	177
Depreciation of property, plant and equipment	9,944	8,375	37,798	30,949
Depreciation on right-of-use ("ROU") assets	624	1,072	3,918	3,965
Fair value (gain)/loss on investment securities	30	(49)	90	1
Interest expense on :				
-Accretion of interest on lease liabilities	(41)	87	181	356
-Bankers' acceptance	1,047	2,035	2,902	5,657
-Bank overdraft	7	7	24	126
-Finance lease	695	805	3,010	3,003
-Revolving credit	163	167	354	550
- Term loans	449	1,125	3,611	2,677
Lease payment for:				
- Low value assets	18	17	71	68
- Short term leases	6	3	17	23
<b>And crediting:</b>				
Dividend Income	3	3	6	6
Gain on disposal of property, plant and equipment	-	32	86	108
Gain on disposal of equity interest in a subsidiary	-	-	-	3
Interest income	564	220	2,682	333
Rental income	440	405	1,797	946
Realised gain/(loss) on foreign exchange	207	(2,439)	4,231	(1,379)
Unrealised gain/(loss) on foreign exchange	(1,986)	(3,516)	1,089	(1,693)

**B13. Authorisation for Issue**

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution passed by the Board of Directors on 29 February 2024.

**BY ORDER OF THE BOARD  
NATIONGATE HOLDINGS BERHAD**