



**NATIONGATE HOLDINGS BERHAD**

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

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2024**

## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

### Unaudited Condensed Consolidated Statements of Comprehensive Income<sup>(1)</sup> for the First Quarter Ended 31 March 2024

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Year-to-date
		31.03.2024 RM'000	31.03.2023 RM'000	31.03.2024 RM'000	31.03.2023 RM'000
Revenue		207,009	157,407	207,009	157,407
Cost of sales		(172,751)	(127,459)	(172,751)	(127,459)
<b>Gross profit</b>		<b>34,258</b>	<b>29,948</b>	<b>34,258</b>	<b>29,948</b>
Other income		2,718	3,790	2,718	3,790
Administrative expenses		(12,435)	(15,505)	(12,435)	(15,505)
<b>Operating profit</b>		<b>24,541</b>	<b>18,233</b>	<b>24,541</b>	<b>18,233</b>
Finance costs		(2,759)	(3,821)	(2,759)	(3,821)
Finance income		549	1,045	549	1,045
Share of (loss)/profit from an associate		-	1	-	1
Profit before tax	B11	22,331	15,458	22,331	15,458
Income tax	B5	(1,476)	(2,170)	(1,476)	(2,170)
Profit after tax		<b>20,855</b>	<b>13,288</b>	<b>20,855</b>	<b>13,288</b>
Profit attributable to:					
- Owners of the Company		21,007	13,288	21,007	13,288
- Non-controlling interest		(152)	-	(152)	-
		<b>20,855</b>	<b>13,288</b>	<b>20,855</b>	<b>13,288</b>
Total comprehensive profit attributable to:					
- Owners of the Company		21,007	13,288	21,007	13,288
- Non-controlling interest		(152)	-	(152)	-
		<b>20,855</b>	<b>13,288</b>	<b>20,855</b>	<b>13,288</b>
Earnings per share ('EPS')					
- Basic (sen) <sup>(2)</sup>	B10	1.01	0.64	1.01	0.64

#### 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 2023 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Administrative expenses for preceding year corresponding quarter included non-recurring listing expenses of RM3.79 million. For illustration purposes only, the Group's normalised financial performance after adjusting for the non-recurring listing expenses is as follow:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- to-date	Preceding Year Corresponding Year-to-date
	31.03.2024 RM'000	31.03.2023 RM'000	31.03.2024 RM'000	31.03.2023 RM'000
Profit before tax	22,331	15,458	22,331	15,458
(Less)/Add : Listing expenses	-	3,788	-	3,788
Adjusted profit before tax	22,331	19,246	22,331	19,246

- (3) Basic earnings per share ("EPS") is calculated based on the Company's share capital of 2,073,933,300 shares in issue. There are no dilutive instruments as at the end of the current quarter.

**NATIONGATE HOLDINGS BERHAD**

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statements of Financial Position<sup>(1)</sup>  
As at 31 March 2024**

		(Unaudited) As at 31.03.2024 RM'000	(Audited) As at 31.12.2023 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		272,083	245,560
Right-of-use assets		7,094	8,084
Investment properties		14,737	14,813
Investment in an associate		396	395
		<u>294,310</u>	<u>268,852</u>
<b>Current assets</b>			
Inventories		339,770	230,224
Trade receivables		176,704	132,688
Contract assets		13,010	8,382
Other receivables, deposits and prepayments		10,314	17,811
Investment securities		211	295
Short term deposits with licensed banks		12,679	20,687
Cash and bank balances		75,253	55,914
		<u>627,941</u>	<u>466,001</u>
<b>TOTAL ASSETS</b>		<b><u>922,251</u></b>	<b><u>734,853</u></b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		304,540	304,540
Merger reserve		(133,361)	(133,361)
Non-controlling interest		7,156	7,308
Retained profits		264,576	243,569
<b>Total equity</b>		<u>442,911</u>	<u>422,056</u>
<b>Non-current liabilities</b>			
Borrowings	B7	20,085	23,064
Lease liabilities		3,373	4,539
Deferred tax liabilities		9,600	9,600
		<u>33,058</u>	<u>37,203</u>
<b>Current liabilities</b>			
Trade payables		227,810	129,232
Contract liabilities		3,555	595
Other payables and accruals		63,182	45,642
Borrowings	B7	146,424	94,239
Lease liabilities		3,949	3,753
Income tax payable		1,362	2,133
		<u>446,282</u>	<u>275,594</u>
<b>Total liabilities</b>		<u>479,340</u>	<u>312,797</u>
<b>Total equity and liabilities</b>		<b><u>922,251</u></b>	<b><u>734,853</u></b>
Net assets per share (sen) <sup>(2)</sup>		<u>21.36</u>	<u>20.35</u>
Gearing ratio (times)		0.38	0.28

**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 2023 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.

**NATIONGATE HOLDINGS BERHAD**

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statements of Changes in Equity<sup>(1)</sup>  
for the Period Ended 31 March 2024**

			<u>Distributable</u>			
	Share Capital RM'000	Merger Reserve RM'000	Retained Profits RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
<b><u>3 months ended 31 March 2024</u></b>						
At 1 January 2024 (Audited)	304,540	(133,361)	243,569	414,748	7,308	422,056
Total comprehensive income for the financial period	-	-	21,007	21,007	(152)	20,855
<b>At 31 March 2024 (Unaudited)</b>	<b>304,540</b>	<b>(133,361)</b>	<b>264,576</b>	<b>435,755</b>	<b>7,156</b>	<b>442,911</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 2023 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

[The remainder of this page is intentionally left blank]

**NATIONGATE HOLDINGS BERHAD**

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statements of Cash Flows<sup>(1)</sup>  
for the Period Ended 31 March 2024**

	<b>Current Year-to-date 31.03.2024 RM'000</b>	<b>Preceding Year Corresponding Year-to-date 31.03.2023 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	22,331	15,458
Adjustments for: -		
Accretion of interest	54	-
Allowance for slow moving inventories	238	-
Depreciation of property, plant and equipment	10,661	8,860
Depreciation of right-of-use assets	990	1,091
Depreciation of investment properties	76	76
Fair value loss on investment securities	84	72
Interest expense	2,705	3,821
Interest income	(549)	(441)
Listing expenses	-	3,788
Share of gain from associate	-	(1)
Unrealised gain on foreign exchange	(606)	(2,525)
<b>Operating profit before working capital changes</b>	<b>35,984</b>	<b>30,199</b>
<b>Net changes in:</b>		
Inventories	(109,783)	(1,571)
Receivables	(32,572)	48,579
Payables	113,530	(32,558)
Contract assets	(4,629)	16,644
Contract liabilities	2,960	(2,515)
<b>Cash generated from operation</b>	<b>5,490</b>	<b>58,778</b>
Income tax paid	(2,247)	(1,636)
Income tax refund	-	79
Interest paid	(2,705)	(3,729)
<b>Net cash generated from operating activities</b>	<b>538</b>	<b>53,492</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	522	395
Withdrawal / (Placement) of fixed deposits with a licensed bank	8,690	(1,000)
Purchase of property, plant and equipment	(37,184)	(13,842)
<b>Net cash used in investing activities</b>	<b>(27,972)</b>	<b>(14,447)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(1,024)	(1,154)
Payment of listing expenses	-	(7,542)
Proceed from issuance of shares	-	165,500
Drawdown / (Repayment) of bankers' acceptance	63,868	(100,683)
Repayment of term loan	(11,825)	(64,620)
Repayment of revolving credit	-	(11,000)
Repayment of hire purchase	(3,590)	(4,314)
<b>Net cash generated from / (used in) financing activities</b>	<b>47,429</b>	<b>(23,813)</b>

**NATIONGATE HOLDINGS BERHAD**

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statements of Cash Flows<sup>(1)</sup>  
for the Period Ended 31 March 2024 (Cond't)**

	<b>Current Year-to-date 31.03.2024 RM'000</b>	<b>Preceding Year Corresponding Year-to-date 31.03.2023 RM'000</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	19,995	15,232
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	65,860	46,869
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>85,855</b>	<b>62,101</b>
<b>Represented by:</b>		
Cash and bank balances	75,253	48,528
Short term deposits with licensed banks	12,679	21,161
Less: Deposits pledge with licensed bank	(2,077)	(7,588)
	<b>85,855</b>	<b>62,101</b>

**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 2023 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

[The remainder of this page is intentionally left blank]

## **NATIONGATE HOLDINGS BERHAD**

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

---

### **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 2023 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 2023.

#### **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 2023 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 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 2023.

#### **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 March 2024.

## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

### 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

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 Company did not pay any dividend during the financial period ended 31 March 2024.

### 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
	31.03.2024	Quarter	Date	Year-To-Date
	RM'000	31.03.2023	31.03.2024	31.03.2023
		RM'000	RM'000	RM'000
Networking and telecommunications	106,877	83,811	106,877	83,811
Industrial instruments	26,671	20,011	26,671	20,011
Data computing	48,099	27,741	48,099	27,741
Consumer electronics	2,276	1,372	2,276	1,372
Automotive	12,250	12,751	12,250	12,751
Semiconductor	5,190	7,057	5,190	7,057
Others <sup>(1)</sup>	5,646	4,664	5,646	4,664
<b>Total</b>	<b>207,009</b>	<b>157,407</b>	<b>207,009</b>	<b>157,407</b>



## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

### A9. SEGMENTAL INFORMATION (Cont'd)

#### (b) Contribution by geographical factors

Countries	Current Year	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year-To-	Corresponding
	31.03.2024	31.03.2023	Date	Year-To-Date
	RM'000	RM'000	31.03.2024	31.03.2023
			RM'000	RM'000
Malaysia	123,842	94,472	123,842	94,472
Singapore	41,378	28,146	41,378	28,146
USA	15,841	7,954	15,841	7,954
Germany	15,243	7,920	15,243	7,920
Australia	4,296	5,442	4,296	5,442
Other Asian countries <sup>(2)</sup>	3,799	8,898	3,799	8,898
Other European countries <sup>(3)</sup>	2,435	3,428	2,435	3,428
Other North American countries <sup>(4)</sup>	175	1,147	175	1,147
<b>Total</b>	<b>207,009</b>	<b>157,407</b>	<b>207,009</b>	<b>157,407</b>

#### Notes:

- (1) Mainly consists of manufacturers of medical devices, Internet of Things, household electronic products and analytical instrumentation devices.
- (2) Other Asian countries include Taiwan, China, and India.
- (3) Other European countries include France, United Kingdom, and Denmark.
- (4) Other North America countries include Canada and Mexico.

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

On 8 April 2024, the Company had proposed to undertake the transfer listing of its entire issued share capital from the ACE Market of Bursa Securities to the Main Market of Bursa Securities. The applications for the Proposed Transfer has been submitted to the SC and Bursa Securities on 2 May 2024.

On 17 May 2024, the Security Commission had vide its letter approved the Company's application for the Proposed Transfer under Section 214(1) of the Capital Markets and Services Act 2007 and under the equity requirement for public listed companies pursuant to the accelerated transfer process.

On 20 May 2024, Bursa Securities had vide its letter approved the Transfer under the "Industrial Products & Services" sector. The Transfer will take effect immediately 2 market days upon the announcement to Bursa Securities on the transfer date via Bursa LINK.

The listing of and quotation for the entire share capital of NatGate have been transferred from the ACE Market to the Main Market of Bursa Securities with effect from 9.00 a.m. on Friday, 24 May 2024, marking the completion of the Transfer.

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

### A11. CHANGES IN COMPOSITION OF THE GROUP

During the financial period, the Company incorporated the following wholly-owned subsidiary.

Company Name	Incorporation Date	Paid Up Capital	Principal Activity
CloudGate System Pte. Ltd.	14 March 2024	SGD 1	Yet to commence operations. The intended principal activity is sales and trading of electronic devices.

## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

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 B8, 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
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		RM'000	RM'000	RM'000	RM'000
Purchase and installation of metal racking systems and machinery	VS	296	469	296	469
Purchase of spare parts and consumables for the Group's manufacturing activities	VS	38	34	38	34
Purchase of spare parts for maintenance of building and office equipment	VS	46	47	46	47
Purchase of spare parts and consumables for the Group's manufacturing activities	SP	2	-	2	-
Rental Expenses	SC	1,024	1,024	1,024	1,024

### A14. CAPITAL COMMITMENTS

	(Unaudited) As at 31.03.2024 RM'000	(Audited) As at 31.12.2023 RM'000
Approved and contracted for:		
- Property, Plant and Equipment	91,671	53,557
	<u>91,671</u>	<u>53,557</u>

## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

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

#### B1. REVIEW OF PERFORMANCE

	Current Year	Preceding Year	Current Year-	Preceding Year
	Quarter	Corresponding	To-Date	Corresponding
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Revenue	207,009	157,407	207,009	157,407
Gross Profit	34,258	29,948	34,258	29,948
Profit before interest and tax	24,541	18,233	24,541	18,233
Profit before tax	22,331	15,458	22,331	15,458
Profit after tax	20,855	13,288	20,855	13,288
Profit attributable to owners of the Company	21,007	13,288	21,007	13,288

#### Comparison with preceding year corresponding quarter

For the financial period ended 31 March 2024, the Group recorded RM207.0 million revenue, representing an increased of 31.5% from RM157.4 million revenue recorded in the preceding financial year-to-date. This was mainly caused by the higher demand especially from Networking and Telecommunication, Data Computing and Industrial Instruments segments.

Consequently, both gross profit and profit before tax increased by 14.4% and 44.5% respectively. The improvement in gross profit was mainly attributed by increased in revenue.

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

	Current	Immediate
	Year Quarter	Preceding Quarter
	31.03.2024	31.12.2023
	RM'000	RM'000
Revenue	207,009	171,577
Gross Profit	34,258	30,365
Profit before interest and tax	24,541	20,409
Profit before tax	22,331	17,988
Profit after tax	20,855	16,036
Profit attributable to owners of the Company	21,007	15,922

The Group's revenue for the quarter under review has increased by 20.7% to RM207.01 million comparing to RM171.58 million in preceding quarter. Increased in revenue was mainly attributed by further increase in revenue generated from Data Computing segments which increased by RM22.65 million and Networking and Telecommunication segment which increased by RM11.43 million.

Furthermore, the Group's gross profit and profit before tax for the quarter under review has increased by 12.8% and 24.1% to RM34.26 million and RM22.33 million mainly due to increase in revenue.

## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

### B3. PROSPECTS OF THE GROUP

The E&E industry secured investments worth RM85.4 billion (comprising 56.2% of approved investments in the manufacturing sector) in 2023 (2022: RM29.3 billion), signifying the strategic expansion of global E&E companies in Malaysia that are capitalising on the forecasted recovery in the global technology cycle and the projected 11.8% growth in global semiconductor sales by 2024. In 2023, E&E exports comprised RM575.4 billion or 40.4% of total exports. Under the Twelfth Malaysia Plan, the E&E industry is targeted to contribute RM120.0 billion to Malaysia's GDP in 2025, compared to RM86.1 billion in 2020.

Our Group remains optimistic and confident with the opportunities that lie ahead, particularly in the EMS industry, which are expected to experience notable developments and transformation in 2024 and beyond, driven by the following factors:

- i.) More manufacturing operations to shift out of China exacerbated by the intensifying of US-China trade tension since 2018. This has benefited the ASEAN region underpinned by its geographic, demographic and regulatory advantages.
- ii.) Technological advancements where EMS industry continued to benefit from particularly in areas such as AI technologies, IoT, supercomputers, electric vehicles and data centers.
- iii.) Digital transformation enabled EMS providers to streamline production, improve quality control, and respond more effectively to changing customer demands and market dynamics.
- iv.) With the proliferation of digital services and increased enquiries from data center providers where, cloud computing and data driven technologies, there has been a surge in demand for data center infrastructure in Malaysia.

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 Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Year- to-date</u>	<u>Preceding Year Corresponding Year-to-date</u>
	<u>31.03.2024</u>	<u>31.03.2023</u>	<u>31.03.2024</u>	<u>31.03.2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
In respect of current period:				
Income tax expense	1,476	2,170	1,476	2,170
Effective tax rate (%)	6.6	14.0	6.6	14.0
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 8 February 2024, the Company has announced that it has on even date entered into a share sale agreement with Heap Seong Chan Company Sdn Berhad ("HSCSB" or "Vendor") to acquire the entire equity interest, amounting to 2,000,000 ordinary shares in Hesechan Industries Sdn Bhd ("Hesechan"), for a total cash purchase consideration of RM25,000,000 ("Acquisition"). The Acquisition represents a strategic investment for the Group to acquire additional manufacturing space to facilitate its expansion plans.

Hesechan was incorporated in Malaysia under the Companies Act, 1965 on 17 October 1992. The paid-up share capital of Hesechan is RM2,000,000 comprising 2,000,000 ordinary shares. Hesechan is

## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

principally involved in the business of warehousing, manufacturer, general carriers, agents, importers and exporters, wholesalers and retailer, manufacturers, and general trading\*. The Directors of Hesechan are Por Woon Seng, Goh Huck Sun, Saw Lip Teik and Alvin Poh Guan Qun, all of whom are Malaysians. The sole shareholder of Hesechan is HSCSB.

As of 31 March 2024, the conditions precedent as stipulated in the share sales agreement had yet to be fulfilled.

Note: \* Amongst the conditions precedent of the share sale agreement entered between the Company and HSCSB for the Acquisition, Hesechan shall transfer out its operating business and shall merely remain as an investment holding company in holding the 99 years' leasehold land (expiring on 26 August 2070) measuring approximately 24,281.10 square metres (261,360 square feet or 6.00 acres), known as Plot 49, Plot 50, Plot 51, Plot 52, Plot 53 and Plot 54, Mukim 1, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under HSD 44396 together with all buildings and structures erected thereon.

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

### B7. GROUP BORROWINGS AND DEBTS SECURITIES

As at 31 March 2024	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
<b>Secured</b>			
Bankers' acceptance	-	102,711	102,711
Finance leases	19,665	13,566	33,231
Term loans	420	6,147	6,567
Revolving credit	-	24,000	24,000
<b>Total</b>	<b>20,085</b>	<b>146,424</b>	<b>166,509</b>

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

### B8. 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 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.

## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

The High Court has fixed the Trial on 27-31 May 2024. On 31 May 2024, the High Court has fixed for the next case management on 14 June 2024.

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

### B9. DIVIDENDS

On 29 February 2024, the Company proposed a final single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2023. The entitlement date and payment date are on 3 July 2024 and 16 July 2024 respectively.

On 31 May 2024, the Company proposed a first single tier interim dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2024. The entitlement date and payment date are on 16 July 2024 and 15 August 2024 respectively.

### B10. EARNINGS PER SHARE (“EPS”)

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Year-to-date
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Profit attributable to the Owners of the Company (RM'000)	21,007	13,288	21,007	13,288
Number of ordinary shares in issue ('000)	2,073,933	2,073,933	2,073,933	2,073,933
Basic EPS (sen)	1.01	0.64	1.01	0.64

### B11. 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>	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Year-to-date
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
<b>After charging/(crediting):</b>				
Depreciation of investment property	76	76	76	76
Depreciation of property, plant and equipment	10,661	8,860	10,661	8,860
Depreciation on right-of-use (“ROU”) assets	990	1,091	990	1,091
Fair value loss on investment securities	84	72	84	72
Interest expense on :				
-Accretion of interest on lease liabilities	54	92	54	92
-Bankers' acceptance	1,701	1,005	1,701	1,005
-Bank overdraft	6	7	6	7
-Finance lease	493	824	493	824
-Revolving credit	262	133	262	133

**NATIONGATE HOLDINGS BERHAD**

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

---

- Term loans	243	1,760	243	1,760
Lease payment for:				
- Low value assets	14	17	14	17
- Short term leases	167	2	167	2
<b>And crediting:</b>				
Interest income	549	1,045	549	1,045
Rental income	414	427	414	427
Realised gain/(loss) on foreign exchange	1,357	(2,432)	1,357	(2,432)
Unrealised gain/(loss) on foreign exchange	606	2,525	606	2,525

**B12. 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 31 May 2024.

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