

FIAMMA HOLDINGS BERHAD

Quarterly Report on consolidated results for the fifth quarter ended 31 December 2023

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	NOTE	INDIVIDUAL QUARTER (Q5)		CUMULATIVE QUARTER (15 MONTHS)	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		QUARTER 31 DEC 2023 RM'000	CORRESPONDING QUARTER 31 DEC 2022 RM'000	TO DATE 31 DEC 2023 RM'000	CORRESPONDING PERIOD 31 DEC 2022 RM'000
Revenue		78,103	-	486,144	-
Cost of sales		(57,120)	-	(361,677)	-
Gross profit		20,983	-	124,467	-
Change in fair value of investment properties		2,385	-	2,385	-
Change in fair value of other investments		1,140	-	24,377	-
Gain on sales of other investments		1,185	-	16,209	-
Operating expenses		(15,021)	-	(73,494)	-
Finance costs		(3,643)	-	(9,153)	-
Other operating income		1,141	-	5,326	-
Profit before tax		8,170	-	90,117	-
Tax expense	B5	(852)	-	(14,066)	-
Profit for the period		7,318	-	76,051	-
Other comprehensive income					
Foreign exchange translation difference		245	-	1,149	-
Total comprehensive income		7,563	-	77,200	-
Profit for the period attributable to:					
Owners of the Company		6,720	-	72,667	-
Non-controlling Interest		598	-	3,384	-
Profit for the period		7,318	-	76,051	-
Total comprehensive income for the period attributable to:					
Owners of the Company		6,891	-	73,457	-
Non-controlling Interest		672	-	3,743	-
Total comprehensive income		7,563	-	77,200	-
Basic earnings per share (sen)	B11	1.27	-	13.71	-
Diluted earnings per share (sen)	B11	1.27	-	13.70	-

Notes:

There is no comparative figure for the financial quarter/period ended 31 December 2023 due to the change in the financial year end from 30 September to 31 December as stated in Note A3 of Explanatory Notes to the Unaudited Interim Financial Report. The Unaudited Condensed Consolidated Statement of Comprehensive Income for the financial quarter/period ended 31 December 2023 is not comparable with the individual and cumulative quarter previously reported.

This Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the financial year ended 30 September 2022.

FIAMMA HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(The figures have not been audited)

	NOTE	AS AT 31 DEC 2023 RM'000	AS AT 30 SEPT 2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		117,255	114,928
Right-of-use assets		140	48
Investment properties		79,291	76,906
Inventories		135,072	130,661
Deferred tax assets		4,703	5,284
		<u>336,461</u>	<u>327,827</u>
Current assets			
Inventories		307,451	275,403
Contract assets		2,966	7,760
Contract costs		-	822
Trade and other receivables		87,814	92,159
Prepayments		655	954
Short-term investments - quoted shares		75,587	-
Current tax assets		1,312	1,367
Cash and cash equivalents		104,635	102,339
		<u>580,420</u>	<u>480,804</u>
TOTAL ASSETS		<u>916,881</u>	<u>808,631</u>
EQUITY			
Share capital		286,848	277,744
Treasury shares		-	(11,023)
Reserves and retained earnings		385,283	311,847
Total equity attributable to owners of the Company		<u>672,131</u>	<u>578,568</u>
Non-controlling interest		<u>21,229</u>	<u>20,486</u>
TOTAL EQUITY		<u>693,360</u>	<u>599,054</u>
LIABILITIES			
Non-current liabilities			
Loans and borrowings	B7	16,066	31,169
Trade payables		5,396	5,613
Lease liabilities		120	22
Deferred tax liabilities		5,969	5,456
		<u>27,551</u>	<u>42,260</u>
Current liabilities			
Loans and borrowings	B7	109,645	99,172
Trade and other payables		64,192	46,840
Contract liabilities		20,275	19,541
Lease liabilities		31	28
Provision for warranties		425	515
Current tax liabilities		1,402	1,221
		<u>195,970</u>	<u>167,317</u>
TOTAL LIABILITIES		<u>223,521</u>	<u>209,577</u>
TOTAL EQUITY AND LIABILITIES		<u>916,881</u>	<u>808,631</u>
Net assets per share (RM)		<u>1.2676</u>	<u>1.1382</u>

This Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the financial year ended 30 September 2022.

FIAMMA HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 15 MONTHS ENDED 31 DECEMBER 2023
(The figures have not been audited)

NOTE	----- Non-distributable -----					Distributable		TOTAL RM'000	NON- CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	TRANSLATION RESERVE RM'000	SHARE OPTION RESERVE RM'000	REVALUATION RESERVE RM'000	RETAINED EARNINGS RM'000				
At 1 October 2022	277,744	(11,023)	2,329	55	11,538	297,925	578,568	20,486	599,054	
Total comprehensive income for the financial period										
- Foreign exchange translation reserve	-	-	790	-	-	-	790	359	1,149	
- Profit for the financial period	-	-	-	-	-	72,667	72,667	3,384	76,051	
Total comprehensive income for the financial year	-	-	790	-	-	72,667	73,457	3,743	77,200	
<i>Contribution by and (distributions to) owners of the Company</i>										
- Issuance of ordinary shares pursuant to ESOS	A6 153	-	-	-	-	-	153	-	153	
- Transfer from share option reserve	21	-	-	(21)	-	-	-	-	-	
- Own shares disposed	8,930	30,507	-	-	-	-	39,437	-	39,437	
- Own shares acquired	-	(19,484)	-	-	-	-	(19,484)	-	(19,484)	
Total transactions with owners of the Company	9,104	11,023	-	(21)	-	-	20,106	-	20,106	
Dividends paid by subsidiaries to non-controlling interest	-	-	-	-	-	-	-	(3,000)	(3,000)	
At 31 December 2023	286,848	-	3,119	34	11,538	370,592	672,131	21,229	693,360	

The financial year end of the Group has been changed from 30 September to 31 December. The next set of audited financial statements shall be for a period of fifteen (15) months from 1 October 2022 to 31 December 2023. As such, there will be no comparative financial information available for the financial period ended 31 December 2023.

This Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the financial year ended 30 September 2022.

FIAMMA HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 15 MONTHS ENDED 31 DECEMBER 2023
(The figures have not been audited)

	15 MONTHS ENDED 31 DEC 2023 RM'000	15 MONTHS ENDED 31 DEC 2022 RM'000
Cash flows from operating activities		
Profit before tax	90,117	-
Adjustments	(33,001)	-
Operating profit before changes in working capital	57,116	-
Changes in working capital:		
Contract assets	4,794	-
Contract liabilities	734	-
Contract costs	822	-
Inventories	(36,357)	-
Prepayments	299	-
Trade and other payables	17,162	-
Trade and other receivables	4,171	-
Cash generated from operations	48,741	-
Provision for warranties utilised	(256)	-
Tax paid net of refund	(12,736)	-
Net cash from operating activities	35,749	-
Cash flows from investing activities		
Acquisition of property, plant and equipment	(5,108)	-
Investment in quoted shares	(140,781)	-
Proceeds from sales of quoted shares	105,780	-
Interest received	1,859	-
Dividend received	521	-
Proceeds from disposal of property, plant and equipment	562	-
Net cash used in investing activities	(37,167)	-
Cash flows from financing activities		
Dividends paid to non-controlling interest	(3,000)	-
Repayment of borrowings - net	(4,630)	-
Interest paid	(9,223)	-
Interest paid in relation to lease liabilities	(5)	-
Payment of lease liabilities	(33)	-
Proceeds from issuance of ordinary shares pursuant to ESOS	153	-
Proceeds from sales of treasury shares	39,437	-
Purchase of treasury shares	(19,484)	-
Net cash from financing activities	3,215	-
Net increase in cash and cash equivalents	1,797	-
Cash and cash equivalents at beginning of financial period	102,339	-
Effect of exchange rate fluctuation on cash held	499	-
Cash and cash equivalents at end of financial period	104,635	-

There is no comparative figure for the financial quarter/period ended 31 December 2023 due to the change in the financial year end from 30 September to 31 December as stated in Note A3 of Explanatory Notes to the Unaudited Interim Financial Report. The Unaudited Condensed Consolidated Statement of Comprehensive Income for the financial quarter/period ended 31 December 2023 is not comparable with the individual and cumulative quarter

This Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the financial year ended 30 September 2022.

Notes to the Interim Financial Statements

Fiamma Holdings Berhad ((Registration No: 198201008992 (88716-W)) (“Fiamma” or “the Company”)

Notes to the interim financial statements for the quarter ended 31 December 2023

A. Compliance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

The unaudited interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group as at and for the financial year ended 30 September 2022.

A1. Accounting Policies

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia. The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments 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*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a 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*

Notes to the Interim Financial Statements

A1. Accounting Policies (continued)

The Group plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 January 2024 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2024; and
- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

A2. Report of the Auditors to the Members of Fiamma

The report of the auditors to the members of Fiamma and its subsidiaries on the financial statements for the financial year ended 30 September 2022 were not subject to any qualification and did not include any adverse comments made under Section 266 (3) of the Companies Act 2016.

A3. Change of financial year end

As announced on 20 March 2023, the Group changed its financial year end from 30 September to 31 December. Due to the change, the Unaudited Condensed Consolidated Statement of Comprehensive Income, Unaudited Condensed Consolidated Statement of Changes in Equity and Unaudited Condensed Consolidated Statement of Cash Flows for the financial period ended 31 December 2023 are not comparable with the individual and cumulative quarter previously reported.

A4. Seasonality or Cyclicity of Interim Operations

The business of the Group was not subject to material seasonal or cyclical fluctuations.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period under review.

Notes to the Interim Financial Statements

A6. Material Changes in Estimates of Amounts Reported

There were no material changes in estimates used in reporting the current quarter as compared to the financial statements of the Group for the financial year ended 30 September 2022.

A7. Debt and Equity Securities

- (a) During the current financial period, a total of 273,000 new ordinary shares were issued pursuant to the exercise of Employees' Share Option Scheme ("ESOS") at an option price of RM0.56 per ordinary share.
- (b) The owners of the Company, by a special resolution passed at the Annual General Meeting held on 23 February 2023, approved the Company's plan to repurchase its own shares.

During the current financial period, the Company repurchased 20,000,000 of its issued shares from the open market at an average price of RM0.974 per share including transaction cost. The total consideration paid was approximately RM19.48 million. The shares repurchased were held as treasury shares in accordance with Section 127 of the Companies Act 2016. The repurchase transactions were financed by internally generated funds.

During the current financial period, the Company sold 41,624,400 of its treasury shares for a total consideration of approximately RM39.44 million in the open market at an average price of RM0.947 per share.

Following the sale, the Company did not hold any treasury shares as at 31 December 2023.

There were no other issuance, cancellation, resale and repayments of debt and equity securities for the current financial quarter ended 31 December 2023.

A8. Dividend Paid

No dividend was paid during the current quarter.

Notes to the Interim Financial Statements

A9. Operating Segment Information

The reportable segment information for the Group is as follows:

	Trading & Services RM'000	Property Development RM'000	Investment Holding & Property Investment RM'000	Total RM'000
For the financial period ended 31 December 2023				
External revenue	377,168	131,527	34,249	542,944
Inter/Intra segment revenue	28,334	-	28,466	56,800
Total reportable revenue	<u>348,834</u>	<u>131,527</u>	<u>5,783</u>	<u>486,144</u>
Segment profit	<u>41,873</u>	<u>7,768</u>	<u>73,509</u>	<u>123,150</u>
Segment assets	<u>389,621</u>	<u>436,109</u>	<u>574,953</u>	1,400,684
Elimination of inter-segment transactions or balances				(483,803)
				<u>916,881</u>
Segment liabilities	<u>(87,718)</u>	<u>(187,349)</u>	<u>(127,331)</u>	(402,398)
Elimination of inter-segment transactions or balances				178,877
				<u>(223,521)</u>
<i>Reconciliation of profit</i>				31 Dec 2023
				RM'000
Total profit for reportable segments				123,150
Elimination of inter-segment profits				(22,726)
Depreciation				(3,260)
Interest expense				(8,906)
Interest income				1,859
				<u>90,117</u>

Notes to the Interim Financial Statements

A10. Events Subsequent to the end of the Financial Period

There were no material events as at 20 February 2024, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the financial quarter under review.

A11. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter, including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

Notes to the Interim Financial Statements

B. Compliance with Bursa Securities Listing Requirements.

B1. Review of the Performance of the Group

	15 months ended	
	31 Dec 2023 RM'000	31 Dec 2022 RM'000
Revenue	486,144	-
Profit before tax	90,117	-

For the fifteen months ended 31 December 2023, the Group recorded a revenue of RM486.14 million and a Profit before tax (“PBT”) of RM90.12 million.

The Group’s revenue is derived primarily from trading and services segment which contributed 71.8% of the Group’s revenue. The segment recorded a revenue of RM348.83 million and a PBT of RM43.56 million in the current financial period.

The property development segment contributed 27.0% of the Group’s revenue. For the fifteen months ended 31 December 2023, the segment recorded a revenue of RM131.53 million and a PBT of RM1.61 million.

The investment holding and property investment segment contributed 1.2% of the Group’s revenue in the current financial period. The segment recorded a revenue of RM5.78 million and a PBT of RM44.95 million in the current financial period. The PBT reported includes change in fair value of investment properties of RM2.39 million, change in fair value of other investments of RM24.38 million and gain on sales of other investments of RM16.21 million.

B2. Comparison with Preceding Quarter’s Results

	3 months ended	
	31 Dec 2023 RM'000	30 Sept 2023 RM'000
Revenue	78,103	102,274
Profit before tax	8,170	15,168

The Group recorded a lower revenue of RM78.10 million in the current quarter ended 31 December 2023 compared with RM102.27 million in the previous quarter ended 30 September 2023. As a result, the Group also recorded a lower PBT of RM8.17 million compared with RM15.17 million in the previous quarter ended 30 September 2023. The lower revenue and PBT were mainly attributable to the lower revenue recorded in both trading and services and property development segments.

Notes to the Interim Financial Statements

B3. Prospects

The continued advancement of technology, coupled with an increasing emphasis on sustainability and energy efficiency, is expected to shape the landscape of the electrical home appliances industry. Consumers are likely to prioritise smart and eco-friendly appliances that enhance convenience while minimising environmental impact.

The rise of connected home devices and the integration of technology into households reflect evolving trends. Industry success will hinge on adapting to changing consumer preferences and aligning strategies with Malaysia's innovation and sustainability initiatives.

Potential downsides to the future prospects of electrical home appliances in Malaysia for 2024 include economic uncertainties, and shifts in consumer spending patterns. Global economic conditions, trade dynamics, and regulatory changes may pose challenges, requiring industry stakeholders to navigate uncertainties for sustained growth

With the above outlook, and due to the low barrier to entry and stiff competition, the Directors expect the performance for the financial year 2024 to be challenging. Nevertheless, the Group will continue to remain focused on its existing core businesses.

For the trading and services segment, Fiamma will continue to build on its supply chain system and core competencies to remain a market leader for its products. It will continue to invest in brand building and promotional activities to strengthen and expand its distribution network in Malaysia for its various brands of home appliances, sanitaryware, kitchen and wardrobe system and built-in furniture, medical devices and healthcare products and source for new products and business opportunities that are in synergy with the Group's products and activities.

For the property development segment, the completed and unsold residential and commercial developments will contribute to the Group's revenue in the coming financial years.

The proposed residential developments in Jalan Sungai Besi and Jalan Yap Kwan Seng, both in Kuala Lumpur, are expected to contribute to the Group's future income stream once the proposed developments are launched and sold.

Notes to the Interim Financial Statements

B4. Profit Forecast or Profit Guarantee

Not applicable.

B5. Tax Expense

Tax expense comprises the following:

	15 months ended 31 Dec 2023 RM'000
Current tax expense	12,972
Deferred tax expense	1,365
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	14,337
Under-provision in prior year	(271)
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	14,066
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	RM'000
Profit before tax	90,117
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Tax at Malaysian tax rate of 24%	21,628
Non-taxable income	(9,924)
Non-deductible expenses and other tax effects	2,633
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Tax expense	14,337
Under-provision in prior year	(271)
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Tax expense	14,066
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B6. Status of Corporate Proposal

The Group has not announced any corporate proposals, which have not been completed at the date of this announcement.

Notes to the Interim Financial Statements

B7. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2023 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
Repayable after 12 months			
Term loan	16,066	-	16,066
	<u>16,066</u>	<u>-</u>	<u>16,066</u>
Current			
Repayable within 12 months			
Term loan	12,210	-	12,210
Revolving credit	75,000	-	75,000
Bills payable	-	22,435	22,435
	<u>87,210</u>	<u>22,435</u>	<u>109,645</u>
Sub-total	<u>87,210</u>	<u>22,435</u>	<u>109,645</u>
Total	<u>103,276</u>	<u>22,435</u>	<u>125,711</u>

B8. Derivatives

The details of the Group's foreign currency forward contracts as at 31 December 2023 are as follows:

	Notional amount RM'000	Fair value RM'000	Difference RM'000
Foreign currency forward contracts			
US Dollar	235	233	(2)
Chinese Yuan Renminbi	2,098	2,091	(7)
	<u>2,333</u>	<u>2,324</u>	<u>(9)</u>

The above instruments were executed with established financial institutions in Malaysia. There is no cash requirement for these contracts.

The Group uses appropriate financial instruments, such as foreign currency forward contracts, to hedge against specific exposures including foreign currency risks.

With the adoption of MFRS 139, the difference between the notional value and fair value of the contracts amounting to RM9,000 has been recognised in the financial statements.

Notes to the Interim Financial Statements

B9. Changes in Material Litigation

There was no impending material litigation as at 20 February 2024, being the date not earlier than 7 days from the date of this announcement.

B10. Dividend

No dividend was recommended for the current quarter under review.

B11. Earnings per share

Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to the owners of the Company and a weighted average number of ordinary shares outstanding, is as follows:

	3 months ended 31 Dec 2023 RM'000	15 months ended 31 Dec 2023 RM'000
Profit for the financial period attributable to owners of the Company	6,720	72,667
	'000	'000
Weighted average number of ordinary shares at 31 December 2023	530,227	530,206
Basic earnings per share (sen)	1.27	13.71
	'000	'000
Weighted average number of ordinary shares at 31 December 2023 (basic)	530,227	530,206
Effects of share options	166	179
Weighted average number of ordinary shares at 31 December 2023 (diluted)	530,393	530,385
Diluted earnings per share (sen)	1.27	13.70

Notes to the Interim Financial Statements

B12. Profit before tax

	15 months ended 31 Dec 2023 RM'000
Profit before tax is arrived at after charging:	
Depreciation and amortisation	3,260
Interest expense	8,906
Inventories written down and written off, net	220
Allowance for impairment loss for trade receivables – net	174
Loss on foreign exchange – realised and unrealised	23
Loss on derivative financial instruments – realised and unrealised	113
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and after crediting:	
Interest income	1,859
Change in fair value of investment properties	2,385
Change in fair value of other investments	24,377
Gain on sales of other investments	16,209
Gain on disposal of property, plant and equipment	352
Bad debts recovery	43
Gain on foreign exchange – realised and unrealised	504
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B13. Capital Commitments

There was no capital commitment as at 31 December 2023.

This announcement is dated 27 February 2024.