
A. Notes to the financial report for the second financial quarter ended 31 December 2022

1. Basis of preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to this interim financial report.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2022 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2022 respectively which are applicable to the Group. The initial adoption of these applicable MFRSs, amendments and interpretations do not have any material impact on the financial statements of the Group.

2. Audit report of preceding annual financial statements

The auditors' report on the financial statements of the Group for the financial year ended 30 June 2022 was not subject to any qualification.

3. Seasonal or cyclical operations

The business operations of the Group are subject to cyclical effects of the global electronics industries and volatility of real estate markets.

4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that unusual because of their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

5. Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year, which give a material effect in the current interim period

There were no significant changes in the estimates that have a material effect in the current quarter.

A. Notes to the financial report for the second financial quarter ended 31 December 2022

6. Issuance, cancellations, repurchases, resale or repayments of debts and equity securities

There were no issuance, repurchase and repayment of debts and equity securities during the current quarter and financial year-to-date ended 31 December 2022.

7. Dividend Paid

There were no dividend paid for the quarter under review. (31.12.2021 : Nil)

8. Segment Information

For management purposes, the Group is organised into business units based on their nature of business and services.

The Group's reportable operating segments are as follows:

- Manufacturing – Manufacture of precision machined components, precision stamping, sheet metal parts, surface treatment, precision moulds, tooling & dies, semiconductor assembly and testing equipment, metal works and structures, modules and parts for oil and gas production and extraction equipment.
- Property Development - Property development and property management.
- Pharmaceutical & Healthcare - Wholesale and retail sale of pharmaceutical and all kinds of healthcare products
- Other operating segments – Include property letting, hostel operation and money lending.

A. Notes to the financial report for the second financial quarter ended 31 December 2022

8. Segment Information (cont'd)

Period ended 31.12.2022	Manufacturing	Property Development	Pharmaceutical	Other Operating Segments	Unallocated Non-Operating Segments	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	109,399	20,298	40,828	1,064	-	-	171,588
Intersegment revenue	19,038	1,163	7,996	2,566	47,153	(77,917)	-
Interest income	333	42	6	192	217		790
Interest expense	468	227	6	440	25	-	1,166
Depreciation and amortisation	4,956	37	693	1,035	120	-	6,841
Tax expense	4,371	2,007	1,366	433	(443)	-	7,734
Reportable segment profit after taxation	11,628	3,919	4,179	904	20,711	(22,341)	19,001
Reportable segment assets	241,915	172,067	37,326	81,101	314,767	(271,755)	575,422
Expenditure for non-current assets	10,714	12,354	353	2,252	126	-	25,800
Reportable segment liabilities	91,938	80,237	10,176	32,371	20,698	(56,726)	178,693

A. Notes to the financial report for the second financial quarter ended 31 December 2022

8. Segment Information (cont'd)

Period ended 31.12.2021	Manufacturing	Property Development	Pharmaceutical	Other Operating Segments	Unallocated Non-Operating Segments	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	111,157	8,545	38,241	1,027	-	-	158,969
Intersegment revenue	24,932	1,139	7,200	311	16,911	(50,493)	-
Interest income	209	59	14	118	206	-	606
Interest expense	349	70	39	25	378	-	861
Depreciation and amortisation	3,649	96	611	305	27	-	4,688
Tax expense	7,106	543	949	165	1,191	-	9,954
Reportable segment profit after taxation	24,498	1,021	3,554	307	4,071	(8,076)	25,374
Reportable segment assets	186,563	129,498	31,488	54,869	303,693	(199,579)	506,533
Expenditure for non-current assets	12,173	-	857	33,089	57	-	46,176
Reportable segment liabilities	78,978	41,154	9,851	33,768	30,890	(40,743)	153,898

Segment information by geographical regions

The following is an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services:

	31.12.2022	31.12.2021
	RM'000	RM'000
Malaysia	134,203	120,505
Singapore	17,218	12,100
United States of America	10,814	13,167
Others	9,353	13,197
	171,588	158,969

A. Notes to the financial report for the second financial quarter ended 31 December 2022

8. Segment Information (cont'd)

Information about major customer

For the financial period ended 31 December 2022, there was one major customer of the manufacturing segment that contributed 10% or more of the Group's total revenues (31.12.2021: 1).

9. Valuation of property, plant and equipment

The valuation of property, plant and equipment has been brought forward without any amendment from the previous annual report.

10. Subsequent events

There were no material events subsequent to the end of the reporting period that have not been reflected in the financial statements.

11. Changes in the composition of the group

There were no other major changes in the composition of the Group during the period ended 31 December 2022.

12. Contingent assets and contingent liabilities

The Group has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of RM91 million of which RM62 million has been utilized as at 31 December 2022.

13. Material related party transaction

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms during the current quarter ended 31 December 2022.

14. Capital Commitments

Authorised capital commitments not recognised in the interim financial statement as at 31 December 2022 were as follows: -

	31.12.2022	31.12.2021
	RM'000	RM'000
Contracted but not provided for :-		
Property, Plant and Equipment	1,355	40,070

B. Additional information required by the Listing Requirements of Bursa Securities

1. Review of performance

	Current quarter ended 31.12.2022	Preceding year corresponding quarter 31.12.2021	Var	Current Year todate 31.12.2022	Preceding year 31.12.2021	Var
<u>Operating Segment</u>	RM'000	RM'000	%	RM'000	RM'000	%
Revenue:-						
Manufacturing	51,830	65,677	-21%	109,399	111,157	-2%
Property Development	10,409	5,599	86%	20,298	8,545	138%
Pharmaceutical	19,445	21,056	-8%	40,828	38,241	7%
Other operating segments	463	500	-7%	1,064	1,027	4%
Unallocated non-operating segments	-	-	-	-	-	-
	82,147	92,833	-12%	171,588	158,969	8%
Profit before tax:-						
Manufacturing	6,903	18,937	-64%	15,998	31,604	-49%
Property Development	3,039	1,157	163%	5,927	1,564	279%
Pharmaceutical	2,690	2,586	4%	5,545	4,503	23%
Other operating segments	632	228	177%	1,338	472	183%
Unallocated non-operating segments	9,095	2,092	335%	20,268	5,262	285%
	22,359	25,000		49,075	43,404	
Consolidation adjustments and eliminations	(10,387)	(3,610)		(22,342)	(8,077)	
	11,973	21,390	-44%	26,734	35,328	-24%

Statement of Profit & Loss and Other Comprehensive Income

The Group reported lower revenue and profit before tax (“PBT”) of RM82.1 million and RM11.9 million respectively for current quarter, a decrease of 12% and 44% respectively compared to preceding year’s corresponding quarter.

For current YTD, revenue reported a slight increase of 8% at RM171.5 million while PBT dropped by 24% to RM26.7 million compared to preceding year’s corresponding period.

B. Additional information required by the Listing Requirements of Bursa Securities

1. Review of performance (cont'd)

1.1 Segmental Analysis

Manufacturing

The manufacturing division shown unfavourable results, revenue decreased by 21% QoQ and 2% YoY and PBT decreased by 64% QoQ and 49% YoY. The decrease was mainly attributed to lower profit margin sales mix, weak market demand coupled with high set up cost for new manufacturing plant.

Property Development

The property division achieved higher revenue and PBT mainly attributed to site progress of ongoing project at Langkawi.

Pharmaceutical & Healthcare

The pharmaceutical and healthcare products division reported marginal dropped in revenue by 8% QoQ. The growth of 7% YoY mainly due to preceding year's corresponding period captured only 5 months performance upon completion of acquisition in August 21. PBT margin improved by 4% QoQ and 23% YoY mainly attributed by better margin sales mix.

Other segment

Other operating segment which mainly involved in property letting businesses, reported a better PBT QoQ and YoY due to additional rental income generated.

B. Additional information required by the Listing Requirements of Bursa Securities**2. Comparison with preceding quarter's results**

<u>Operating Segment</u>	Current Year quarter ended 31.12.2022 RM'000	Preceding quarter ended 30.9.2022 RM'000	Var %
Revenue:-			
Manufacturing	51,830	57,569	-10.0%
Property Development	10,409	9,889	5.3%
Pharmaceutical	19,445	21,383	-9.1%
Other operating segments	463	600	-22.8%
Unallocated non-operating segments	-	-	0.0%
	82,147	89,441	-8.2%
Profit before tax:-			
Manufacturing	6,903	9,095	-24.1%
Property Development	3,039	2,888	5.2%
Pharmaceutical	2,690	2,854	-5.8%
Other operating segments	632	706	-10.5%
Unallocated non-operating segments	9,095	11,172	-18.6%
	22,359	26,716	
Consolidation adjustments and eliminations	(10,387)	(11,955)	
	11,973	14,761	-18.9%

The Group's reported revenue of RM82.1 million and PBT of RM11.9 million, representing a dropped of 8.2% in revenue and 18.9 % in PBT as compared to Q1 FY2023.

Manufacturing

The division reported adverse results current quarter as compared to Q1 FY2023 mainly due slowing of the semiconductor market, softened new orders and high set up cost for new manufacturing plant.

Property Development

The property division reported better performance attributed to attributed to site progress of ongoing project at Langkawi.

B. Additional information required by the Listing Requirements of Bursa Securities

2. Comparison with preceding quarter's results (cont'd)

Pharmaceutical & Healthcare

The division reported a dropped in revenue and PBT margin by 9.1% and 5.8% compared to Q1 FY2023 due to impact from inflation which affected market demand, coupled with global shortage of medicine and essential raw material.

Other segment

Other operating segments are mainly involved in property letting businesses where performance was mainly relates to rental income generated and related administration costs.

3. Commentary on the prospects of the Group

Manufacturing

The management anticipates that the manufacturing division's performance will be soft in 2023 amid a slower global economy.

While maintaining the existing demand from customers in E&E industry, the division shall further expand the clientele exposure into renewable energy-related businesses, rationalizing our manufacturing footprint, and improving our overall cost structure.

Property Development

The management anticipates that the division's performance shall deliver positive performance in FY2023 on the back of the completion of our maiden Langkawi Projects by Q3 FY2023 and ongoing government policy support to keep consumers' sentiment relatively resilient.

However, in view of the escalating cost of building materials and rising interest rates, the management will take measures to closely monitor its risk management regimes and to pace out new launches according to market demands.

Pharmaceutical & Healthcare

The division shall continue to work on widening its product range and exploring overseas business opportunity, coupled with cost control efforts to improve its profitability and market competitiveness. The management anticipates that the demand for pharmaceutical and healthcare products will remain strong underpinned by the increase in awareness for health and wellness and the swing from treatment to prevention mindset in the overall community.

In overall, barring unforeseen circumstances, the management is of the view that FY2023 will be a challenging year in view of inflationary pressure on operating costs and at risk of recession in global or local economy. The management will continue to adopt prudent approach in its business operations and diversifying our clientele base to incorporate various industries and businesses to mitigate and spread our risk in facing this economic challenges.

B. Additional information required by the Listing Requirements of Bursa Securities

4. Variance on forecast profit/profit guarantee

No profit forecast or profit guarantee was issued during the period.

5. Profit for the period

<u>Group</u>	Current quarter 31.12.2022 RM'000	Cumulative period 31.12.2022 RM'000
Profit for the period is arrived at after (crediting)/charging of :-		
Depreciation of property, plant and equipment	2,643	5,174
Depreciation of right-of-use assets	810	1,616
Amortisation of intangible assets	26	52
Interest expenses	633	1,166
Lease expenses	22	47
Loss on foreign exchange	1,113	1,601
Amortisation of deferred income on government grants	(34)	(68)
Gain on disposal of property, plant & equipment	-	(81)
Interest income	<u>(385)</u>	<u>(790)</u>

Save as disclosed above, other items as required under Appendix 9B, Part A(16) of the Bursa Listing Requirements are not applicable.

6. Taxation

Taxation comprises the following:-

	<u>INDIVIDUAL</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year quarter ended 31.12.2022 RM'000	Preceding year corresponding quarter 31.12.2021 RM'000	Current Year to date 31.12.2022 RM'000	Preceding corresponding year 31.12.2021 RM'000
Current tax	(3,558)	(5,898)	(8,191)	(9,467)
Deferred tax	327	(338)	457	(487)
	<u>(3,231)</u>	<u>(6,236)</u>	<u>(7,734)</u>	<u>(9,954)</u>

The effective tax rates for the current quarter are higher than the statutory tax rate mainly due to losses of certain subsidiaries cannot be set off against taxable profits made by other subsidiaries and non-deductible expenses.

B. Additional information required by the Listing Requirements of Bursa Securities**7. Status of corporate proposals**

On 6 January 2023, the Company has entered into a Share Sales Agreement (“SSA”) with an individual to dispose off its 51% equity interest in Gen Plus Technologies Sdn Bhd for a total cash consideration of RM5,000.00. The SSA was completed on 9 January 2023.

Save for the above, there were no other corporate proposals announced as at the date of this interim report but pending completion.

8. Status of Utilisation of Proceeds Raised from the Private Placement

The status of utilization of proceeds raised from the Private Placement during the financial period ended 31 December 22 are as follow:-

	Purpose	Proceeds from 1st Tranche (RM'000)	Actual Utilisation (1st Tranche) (RM'000)	Balance Unutilised (1st Tranche) (RM'000)	Estimated timeframe for utilisation
1	Setting up new aluminium manufacturing plant for the Group's manufacturing division	59,995	-34,760	25,235	Within 2 years
2	Partial repayment of bank borrowings	50,000	-50,000	0	Within 6 months
3	Estimated expenses in relation to the Proposed Private Placement	450	-450	0	
	Total	110,445	-85,210	25,235	

9. Trade receivables

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 days terms.

The ageing analysis of the trade receivables not impaired is as follows: -

	31.12.2022
	RM'000
Not past due	42,067
Past due 1 to 30 days	6,551
Past due 31 to 120 days	7,251
Past due more than 120 days	6,769
	<u>62,639</u>

Trade receivables amounting to RM20.57 million that are past due and not impaired are creditworthy debtors.

B. Additional information required by the Listing Requirements of Bursa Securities

10. Group borrowings and debts securities

	30.9.2022	31.12.2021
	RM'000	RM'000
Secured :-		
Term loans	40,323	31,636
Revolving credit	26,187	13,196
Bank overdraft	4,000	-
Finance lease liability	299	-
Unsecured :-		
Revolving credit	5,042	5,000
	75,851	49,832
Disclosed as :-		
Current liabilities	37,378	27,939
Non-current liabilities	38,473	21,893
	75,851	49,832
Currency Profile :-		
Ringgit Malaysia	68,121	45,837
US Dollar	7,730	3,995
	75,851	49,832

Secured term loans are secured against certain freehold and leasehold land, property and plant and equipment of the Group. The effective interest rate of loans and borrowings as at 31 December 2022 ranged from 3.3% to 6.8% per annum (31.12.2021: 2.5% to 5.42%).

11. Derivative Financial Instrument

Derivatives consists of forward exchange contracts which are used to hedge the exposure to currency risk.

	31.12.2022	31.12.2021
	RM'000	RM'000
Forward exchange contracts - at fair value		
- Current assets	1	142

12. Gain and losses arising from Fair Value Changes of Financial Liabilities

There were no gain and losses arising from fair value changes of financial liabilities for current quarter.

13. Material litigation

There was no pending material litigation as at the date of this interim report.

B. Additional information required by the Listing Requirements of Bursa Securities

14. Dividend

The Board of Directors does not recommends any dividend for the financial quarter ended 31.12 2022 (31.12.2021 : Nil).

15. Earnings Per Share ("EPS")

	INDIVIDUAL		CUMULATIVE PERIOD	
	Current Year quarter ended 31/12/2022 RM '000	Preceding Year Corresponding quarter 31/12/2021 RM '000	Current Year todate 31/12/2022 RM '000	Preceding Year Corresponding period 31/12/2021 RM '000
Profit attributable to ordinary equity holders of the Parent	9,033	14,519	19,548	24,239
Weighted average number of ordinary shares in issue ('000)	320,181	302,244	320,181	302,244
Basic earnings per share (sen)	2.82	4.80	6.11	8.02

Diluted earnings per share are not disclosed herein as it is not applicable to the Group.