
A. Notes to the financial report for the first financial quarter ended 30 September 2023

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 2023 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 2023 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2023 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 2023 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 first financial quarter ended 30 September 2023

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 30 September 2023.

7. Dividend Paid

There were no dividend paid for the quarter under review. (30.9.2022 : 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
- Asset and Investment Management – Property letting, operation of dormitory and hotel operations and investment holding.
- Other operating segments – Money lending and management services.

The comparative figures has been restated conform with audited report FY 2023.

A. Notes to the financial report for the first financial quarter ended 30 September 2023

8. Segment Information (cont'd)

Year ended 30.9.2023	Manufacturing	Property Development	Pharmaceutical	Asset and Investment Management	Other Operating Segments	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	45,126	4,174	19,952	3,394	118		72,764
Intersegment revenue	3,375	628	3,838	9,141	2,289	(19,271)	-
Interest income	197	16	58	676	4	(658)	293
Interest expense	371	785	5	650	-	(658)	1,153
Depreciation and amortisation	2,340	21	77	843	25	-	3,306
Tax expense	1,302	-	628	309	-	(12)	2,227
Reportable segment profit after taxation	572	(161)	2,272	6,075	385	(7,879)	1,264
Reportable segment assets	252,807	185,792	39,787	495,824	10,692	(412,873)	572,029
Expenditure for non-current assets	2,041	114	10	8	-	-	2,173
Reportable segment liabilities	96,454	73,397	8,980	86,828	1,144	(89,950)	176,853

A. Notes to the financial report for the first financial quarter ended 30 September 2023

8. Segment Information (cont'd)

Period ended 30.9.2022	Manufacturing	Property Development	Pharmaceutical	Asset and Investment Management	Other Segments	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	57,569	9,889	21,384	600	-	-	89,441
Intersegment revenue	11,041	531	4,413	27,168	-	(43,153)	-
Interest income	165	19	2	133	87		406
Interest expense	220	103	3	208		-	533
Depreciation and amortisation	2,432	3	344	577	6	-	3,362
Tax expense	2,779	871	691	162	-	-	4,503
Reportable segment profit after taxation	6,316	2,017	2,163	11,639	77	(11,954)	10,258
Reportable segment assets	249,057	158,901	40,206	375,319	7,235	(247,327)	583,391
Expenditure for non-current assets	6,175	2	332	1,171	16	-	7,695
Reportable segment liabilities	93,621	69,465	15,071	49,408	725	(32,925)	195,365

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:

	30.9.2023	30.9.2022
	RM'000	RM'000
Malaysia	62,695	67,694
Singapore	2,031	10,701
United States of America	5,077	5,210
Others	2,961	5,836
	72,764	89,441

A. Notes to the financial report for the first financial quarter ended 30 September 2023

8. Segment Information (cont'd)

Information about major customer

There was no customer who contributed more than 10% of the Group's total revenues for the period under review (30.9.2022: 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 30 September 2023.

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 RM176 million of which RM70 million has been utilized as at 30 September 2023.

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 30 September 2023.

14. Capital Commitments

Authorised capital commitments not recognised in the interim financial statement as at 30 September 2023 were as follows: -

	30.9.2023	30.9.2022
	RM'000	RM'000
Contracted but not provided for :-		
Property, Plant and Equipment	673	3,530
Development land	-	10,030
	673	13,560

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

1. Review of performance

	<u>CURRENT/CUMULATIVE QUARTER</u>		Var
	Current quarter ended 30.9.2023 RM'000	Preceding year corresponding quarter 30.9.2022 RM'000	
<u>Operating Segment</u>			%
Revenue:-			
Manufacturing	45,126	57,569	-22%
Property Development	4,174	9,889	-58%
Pharmaceutical	19,952	21,383	-7%
Asset and Investment Management	3,394	600	466%
Other operating segments	118	-	-
	72,764	89,441	-19%
Profit before tax:-			
Manufacturing	1,874	9,095	-79%
Property Development	(161)	2,888	-106%
Pharmaceutical	2,900	2,854	2%
Asset and Investment Management	6,384	11,801	-46%
Other operating segments	384	78	392%
	11,381	26,716	
Consolidation adjustments and eliminations	(7,890)	(11,955)	
	3,491	14,761	-76%

Statement of Profit & Loss and Other Comprehensive Income

The Group reported revenue and profit before tax ("PBT") of RM72.7 million and RM3.49 million respectively for current quarter, a decline of 19% and 76% respectively compared to preceding year's corresponding quarter.

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 reported unfavorable results, revenue decline by 22% compared to preceding year's corresponding quarter while PBT decline by 79% compared to preceding year's corresponding quarter. The decline was attributed to a combination of factors including an unfavorable sales mix resulting in lower profit margins, softened market demand, customers postponed their order deliveries and high operational cost on solar panel frame and EMS projects.

Property Development

The property division reported a decrease in both revenue and PBT, amounting to 58% and 106% respectively on a quarter-over-quarter basis, primarily attributed to a low conversion rate. The property market still faces challenges despite recent positive development with recovery of the tourism sector.

Pharmaceutical & Healthcare

The pharmaceutical and healthcare products division reported decrease in revenue of 7% and increase in PBT of 2% respectively on a quarter-over-quarter basis. The division faced some headwind on sales as economy slowed down couple with fierce competitions in the retail sector.

Asset and Investment Management

The asset management division reported an increase of 466% in revenue and a decrease of 62% in PBT compared to preceding year's corresponding quarter.

The rise in revenue can be predominantly ascribed to the introduction of hospitality management services, which has been a significant contributing factor. However, the decline in PBT can be mainly attributed to the increase in fixed assets, primarily due to commencement of depreciation of short term leasehold property.

The investment holding division is primarily involved in generating income through dividends paid by subsidiary companies to the holding company.

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 30.9.2023 RM'000	Preceding quarter ended 30.6.2023 RM'000 <i>Restated</i>	Var %
Revenue:-			
Manufacturing	45,126	41,286	9%
Property Development	4,174	3,679	13%
Pharmaceutical	19,952	19,401	3%
Asset and Investment Management	3,394	3,722	-9%
Other operating segments	118	387	-70%
	72,764	68,475	6%
Profit before tax:-			
Manufacturing	1,874	(1,462)	228%
Property Development	(161)	951	-117%
Pharmaceutical	2,900	2,957	-2%
Asset and Investment Management	6,384	19,831	-68%
Other operating segments	384	78	392%
	11,381	22,355	
Consolidation adjustments and eliminations	(7,890)	(21,660)	
	3,491	695	402%

The Group's reported revenue of RM72.7 million and PBT of RM3.49 million, representing an increase of 6% in revenue and 402% in PBT as compared to Q4 FY2023.

Manufacturing

The division has reported improved results in Q1 FY2024 compared to Q4 FY2023, primarily driven by a slight uptick in demand within the semiconductor industry, particularly in the aerospace division. Consequently, this increase in demand has positively impacted the profit for the current quarter.

Property Development

The performance of the property division experienced a decrease in the current quarter, primarily attributable to the increased development costs associated with additional variation orders.

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 2% decrease in its PBT margin compared to Q4 FY2023, primarily stemming from an increase in operating costs.

Asset and Investment Management

The Asset Management division exhibited improved performance during Q1 FY2024, attributed to the initiation of hotel operations and the earlier absorption of pre-operation costs in the preceding quarter.

The investment holding division is primarily involved in generating income through dividends paid by subsidiary companies to the holding company.

3. Commentary on the prospects of the Group

Manufacturing

Management anticipates that the growth momentum of the manufacturing division will continue to decelerate in comparison to FY2023, largely due to the subdued global economic conditions.

In addition to sustaining current customer base within the E&E industry, the division will strategically broaden its client portfolio by entering the renewable energy sector. This expansion will be accompanied by a careful evaluation of our manufacturing operations to enhance efficiency and optimize cost structure.

Property Development

Management holds positive view of the division's FY2024 performance, underpinned by the prospect of increased tourist arrivals, which has the potential to fortify the property markets in both Langkawi and Penang Island.

Recognizing the escalating expenses associated with building materials and the surge in borrowing costs, management is committed to vigilant oversight of our risk management protocols. Additionally, management will judiciously time new product launches in accordance with prevailing market dynamics.

B. Additional information required by the Listing Requirements of Bursa Securities**3. Commentary on the prospects of the Group (cont'd)****Pharmaceutical & Healthcare**

Management expects a continued demand for pharmaceutical and healthcare products because people are becoming more health-conscious and are focusing on preventing health issues. However, there is concern about the rising cost of living that might affect the positive outlook. The division plans to expand its product range, explore opportunities in other countries, and control costs.

Unless there are unexpected challenges, the management believes that 2024 could be a difficult year due to increasing costs and the possibility of a recession. They will continuously assess and adjust the company's strategies and operations to ensure it remains competitive and profitable.

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/Cumulative quarter 30.9.2023 RM'000
Profit for the period is arrived at after (crediting)/charging of : -	
Depreciation of property, plant and equipment	2,487
Depreciation of right-of-use assets	619
Depreciation of investment properties	151
Amortisation of intangible assets	49
Interest expenses	1,153
Lease expenses	162
Loss on foreign exchange	59
Amortisation of deferred income on government grants	(42)
Interest income	<u>(293)</u>

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

B. Additional information required by the Listing Requirements of Bursa Securities**6. Taxation**

Taxation comprises the following:-

	CURRENT/CUMULATIVE QUARTER	
	Current Year	Preceding year
	quarter ended	corresponding
	30.9.2023	quarter
	RM'000	30.9.2022
		RM'000
Current tax	(2,360)	(4,633)
Deferred tax	133	130
	(2,227)	(4,503)

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

7. Status of corporate proposals

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 30 September 23 is 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	-36,590	23,405	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	-87,040	23,405	

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

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: -

	30.09.2023
	RM'000
Not past due	47,117
Past due 1 to 30 days	2,599
Past due 31 to 120 days	2,299
Past due more than 120 days	5,539
	57,554

Trade receivables amounting to RM10.44 million that are past due and not impaired are creditworthy debtors.

10. Group borrowings and debts securities

	30.9.2023	30.9.2022
	RM'000	RM'000
Secured :-		
Term loans	42,924	43,759
Revolving credit	29,787	25,118
Bank overdraft	17,020	-
Unsecured :-		
Revolving credit	11,242	5,272
Banker's Acceptance	4,574	-
	105,547	74,149
Disclosed as :-		
Current liabilities	69,612	36,130
Non-current liabilities	35,935	38,019
	105,547	74,149
Currency Profile :-		
Ringgit Malaysia	96,815	66,959
US Dollar	8,732	7,190
	105,547	74,149

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 30 September 2023 ranged from 4.10% to 7.50% per annum (30.9.2022: 3.05% to 5.92%).

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

11. Derivative Financial Instrument

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

	30.9.2023	30.9.2022
	RM'000	RM'000
Forward exchange contracts - at fair value		
- Current assets	4	3
- Current liabilities	(71)	(1,006)

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

In reference to the litigation case from the previous quarter, there was no significant pending legal matters as of the date of this interim report.

14. Dividend

The Board of Directors does not recommends any dividend for the financial quarter ended 30 September 2023 (30.9.2022 : Nil).

15. Earnings Per Share ("EPS")

	INDIVIDUAL		CUMULATIVE PERIOD	
	Current Year quarter ended 30/9/2023 RM '000	Preceding Year Corresponding quarter 30/9/2022 RM '000	Current Year todate 30/9/2023 RM '000	Preceding Year Corresponding period 30/9/2022 RM '000
Profit attributable to ordinary equity holders of the Parent	1,528	10,515	1,528	10,515
Weighted average number of ordinary shares in issue ('000)	320,181	317,128	320,181	317,128
Basic earnings per share (sen)	0.48	3.32	0.48	3.32

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