
A. Notes to the financial report for the third financial quarter ended 31 March 2024

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 third financial quarter ended 31 March 2024

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 March 2024.

7. Dividend Paid

A first and final single tier exempt dividend of 2.0 sen per ordinary share in respect of financial year ended 30.6.23 was paid on 19 January 2024. (31.3.2023 : 3.0 sen)

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 to conform with audited report FY 2023.

A. Notes to the financial report for the third financial quarter ended 31 March 2024

8. Segment Information (cont'd)

Period ended 31.3.2024	Manufacturing	Property Development	Pharmaceutical	Asset and Investment Management	Other Operating Segments	Eliminations	Total
	RM'000	RM'000	RM'000	RM'001	RM'000	RM'000	RM'000
Revenue from external customer	148,096	16,855	59,313	13,014	525	-	237,803
Intersegment revenue	11,172	2,049	10,456	28,832	6,162	(58,671)	-
Interest income	652	3	147	1,902	15	(2,362)	357
Interest expense	1,464	2,426	41	2,156	-	(2,478)	3,609
Depreciation and amortisation	12,952	152	663	2,655	133	(3,995)	12,560
Tax expense	5,540	-	1,503	908	4	(11)	7,944
Reportable segment profit after taxation	5,811	(116)	4,062	21,622	801	(23,811)	8,369
Reportable segment assets	258,492	186,549	75,045	485,059	20,765	(429,286)	596,624
Expenditure for non-current assets	5,010	11	67	436	2	-	5,526
Reportable segment liabilities	103,213	74,108	39,078	82,156	800	(99,232)	200,123

A. Notes to the financial report for the third financial quarter ended 31 December 2023

8. Segment Information (cont'd)

Period ended 31.3.2023	Manufacturing	Property Development	Pharmaceutical	Asset and Investment Management	Other Operating Segments	Eliminations	Total
	RM'000	RM'000	RM'000	RM'001	RM'000	RM'000	RM'000
Revenue from external customer	153,634	31,113	58,916	1,555	-	-	245,218
Intersegment revenue	26,632	1,633	11,408	77,822	5,273	(122,768)	-
Interest income	550	60	21	258	283	-	1,172
Interest expense	828	347	66	1,058	-	-	2,299
Depreciation and amortisation	7,003	59	1,591	1,130	21	-	9,804
Tax expense	6,042	2,346	1,903	218	-	-	10,509
Reportable segment profit after taxation	15,335	7,155	6,045	37,496	258	(39,468)	26,821
Reportable segment assets	234,443	183,078	36,247	409,716	8,195	(305,142)	566,537
Expenditure for non-current assets	15,738	11,973	380	1,219	149	-	29,459
Reportable segment liabilities	93,791	88,968	9,581	67,803	1,265	(89,066)	172,342

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:

	31.03.2024	31.03.2023
	RM'000	RM'000
Malaysia	203,722	195,185
Singapore	6,810	22,111
United States of America	16,362	15,945
Others	10,909	11,977
	237,803	245,218

Information about major customer

There was no customer who contributed more than 10% of the Group's total revenues for the period under review (31.03.2023: Nil).

A. Notes to the financial report for the third financial quarter ended 31 March 2024

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

On 4 March 2024, our 70% owned subsidiary namely Avelon Healthcare Group Sdn Bhd has completed the acquisition of 50,001 Sales Shares and subscribed for 66,668 Medicwave (M) Sdn Bhd shares for total consideration of RM15.1mil. Subsequent to the acquisition, Avelon Healthcare Group Sdn Bhd hold 70% of entire issued share capital of Medicwave.

Kobay, LBC and CHS had on 14 March 2024 entered into a Share Sale Agreement with Yeow Jiann Woei to dispose their entire equity interest in Galaxy Pharma Sdn. Bhd. comprising 100 ordinary shares for a total cash consideration of RM100, which was completed on 25 March 2024.

Other than above, there were no other major changes in the composition of the Group during the period end 31 March 2024.

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 RM175 million of which RM76 million has been utilized as at 31 March 2024.

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 March 2024.

14. Capital Commitments

Authorised capital commitments not recognised in the interim financial statement as at 31 March 2024 were as follows: -

	31.03.204	31.03.2023
	RM'000	RM'000
Contracted but not provided for :-		
Property, Plant and Equipment	2,463	658

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

1. Review of performance

	<u>CURRENT PERIOD</u>			<u>CUMULATIVE PERIOD</u>		
	Current quarter ended 31.03.2024	Preceding year corresponding quarter	Var	Current Year todate 31.03.2024	Preceding year	Var
		31.03.2023			31.03.2023	
<u>Operating Segment</u>	RM'000	RM'000	%	RM'000	RM'000	%
Revenue:-						
Manufacturing	56,129	44,235	27%	148,096	153,634	-4%
Property Development	7,205	10,815	-33%	16,855	31,113	-46%
Pharmaceutical	18,341	18,088	1%	59,313	58,916	1%
Asset and Investment Management	5,857	492	1090%	13,014	1,555	737%
Other operating segments	257	-	-	525	-	-
	87,789	73,630	19%	237,803	245,218	-3%
Profit before tax:-						
Manufacturing	5,852	5,379	9%	11,351	21,377	-47%
Property Development	687	3,574	-81%	(116)	9,501	-101%
Pharmaceutical	667	2,404	-72%	5,565	7,948	-30%
Asset and Investment Management	6,969	15,803	-56%	22,530	37,714	-40%
Other operating segments	409	563	-27%	805	258	212%
	14,584	27,723		40,135	76,798	
Consolidation adjustments and eliminations	(6,934)	(17,126)		(23,822)	(39,468)	
	7,650	10,597	-28%	16,313	37,330	-56%

Statement of Profit & Loss and Other Comprehensive Income

The Group reported revenue and profit before tax ("PBT") of RM87.8 million and RM7.6 million respectively for the current quarter, reflecting a 19% increase in revenue and a 28% decrease in PBT compared to the corresponding quarter of the preceding year.

For current YTD, revenue reported a decrease of 3% at RM238 million while PBT dropped by 56% to RM16.3 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 has demonstrated improving results, with a 27% QoQ increase in revenue and a 9% QoQ increase in PBT. The revenue was 4% lower YoY which led to 47% YoY decrease in PBT. The QoQ improvement primarily resulted from increasing sales orders, particularly within the high precision machined components and aerospace components business units. Nevertheless, the YoY decline in revenue and the lower margin as the sales mix resulted in the YoY steeper decline in PBT.

Property Development

The property division experienced a decline in performance, with revenue decreasing by 33% QoQ and 46% YoY, and PBT decreasing by 81% QoQ and 101% YoY. This decline can primarily be attributed to a low conversion rate. Despite recent positive developments such as the recovery of the tourism sector, the property market continues to face challenges.

Pharmaceutical & Healthcare

The revenue reported for the pharmaceutical and healthcare division showed a marginal 1% increase both QoQ and YoY. However the PBT declined 72% QoQ and 30% YoY. This trend was largely influenced by heightened demand during the current quarter, driven by holiday seasonal promotional sales aimed at defending our market share. Nevertheless, this strategy resulted in a sacrifice of profit margin due to intense competition in the retail segment.

Asset and Investment Management

The Asset and Investment Management Division reported an increase in revenue of 1,090% QoQ but an increase in revenue of 737% YoY. Additionally, there was a notable decrease in PBT by 56% QoQ and 40% YoY. The profits primarily stem from generating income through dividends paid by subsidiary companies to the holding company.

The revenue increase is largely attributed to the successful introduction of hospitality management services at Langkawi, significantly enhancing the division's performance.

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 31.03.2024 RM'000	Preceding quarter ended 31.12.2023 RM'000	Var %
Revenue:-			
Manufacturing	56,129	46,842	20%
Property Development	7,205	5,476	32%
Pharmaceutical	18,341	21,020	-13%
Asset and Investment Management	5,857	3,763	56%
Other operating segments	257	149	72%
	87,789	77,250	14%
Profit before tax:-			
Manufacturing	5,852	3,625	61%
Property Development	687	(642)	207%
Pharmaceutical	667	1,998	-67%
Asset and Investment Management	6,969	9,177	-24%
Other operating segments	409	12	3308%
	14,584	14,170	
Consolidation adjustments and eliminations	(6,934)	(8,998)	
	7,650	5,172	48%

The Group's reported revenue of RM87.8 million and PBT of RM7.6 million, representing an improvement of 14% in revenue and 48% in PBT as compared to Q2 FY2024.

Manufacturing

The division experienced good improvement in the current quarter compared to Q2 FY2024, primarily driven by upticks in sales orders, notably within high precision machined components and aerospace components business units, consequently leading to improved profit margins.

Property Development

The property division reported a 32% increase in revenue and a 207% increase in PBT performance for the current quarter. This rise was mainly due to the completion of the Langkawi project and the initiation of a new affordable condominium project in Penang, leading to slower construction progress. Furthermore, the launch of the new project in the current quarter led to a rise in marketing expenses.

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 13% decrease in sales and a 67% decrease in PBT compared to Q2 FY2024, primarily stemming from an increase in marketing and operating costs aimed at defending its market share.

Asset and Investment Management

The Asset Management division commenced hotel operations, having absorbed pre-operation costs of the previous quarter resulted decrease in PBT despite increase in revenue.

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 slowly rebounding momentum of improvement in the manufacturing division will contribute to an increase in sales orders compared to FY2023, primarily driven by the resurgence of demand in the global economy.

In addition to sustaining current customer base within the E&E industry, the division will strategically broaden its client portfolio by entering into the OEM & high level assembly services. 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 and beyond 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.

Pharmaceutical & Healthcare

Management holds a positive outlook for the division's performance in FY2024 and beyond. Moreover, they foresee sustained strong demand for pharmaceutical and healthcare products, driven by an increasing focus on health and wellness and a shift towards preventive care within the community.

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

Pharmaceutical & Healthcare (Continued)

Acknowledging the rising costs of raw materials and the surge in borrowing expenses, management is committed to closely monitoring our risk management protocols. Furthermore, they plan to strategically time new product launches in alignment with prevailing market dynamics.

While remaining vigilant, management acknowledges the challenges posed by increasing costs and the looming possibility of a recession in 2024. They pledge to continuously assess and adapt the company's strategies and operations to ensure competitiveness and profitability in the face of potential adversity.

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 31.03.2024 RM'000	Cumulative period 31.03.2024 RM'000
Profit for the period is arrived at after (crediting)/charging of :-		
Depreciation of property, plant and equipment	3,525	9,492
Depreciation of right-of-use assets	326	2,705
Depreciation of investment properties	-	314
Amortisation of intangible assets	-	49
Interest expenses	1,443	3,609
Lease expenses	23	52
(Gain)/Loss on foreign exchange	(13)	106
Amortisation of deferred income on government grants	(42)	(126)
Interest income	<u>(131)</u>	<u>(357)</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:-

	<u>INDIVIDUAL</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year quarter ended 31.03.2024 RM'000	Preceding year corresponding quarter 31.03.2023 RM'000	Current Year to date 31.03.2024 RM'000	Preceding corresponding year 31.03.2023 RM'000
Current tax	(3,151)	(1,643)	(8,493)	(9,834)
Deferred tax	149	(1,132)	549	(675)
	(3,002)	(2,775)	(7,944)	(10,509)

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.

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 31 March 24 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
Setting up new aluminium manufacturing plant for the Group's manufacturing division	59,995	-39,257	20,738	Within 2 years
Partial repayment of bank borrowings	50,000	-50,000	0	Within 6 months
Working capital for the Group's manufacturing division	0	0	0	Lapsed
Estimated expenses in relation to the Proposed Private Placement	450	-450	0	
Total	110,445	-89,707	20,738	

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: -

	31.03.2024
	RM'000
Not past due	48,029
Past due 1 to 30 days	9,177
Past due 31 to 120 days	2,933
Past due more than 120 days	7,345
	67,484

Trade receivables amounting to RM19.45 million that are past due and not impaired are creditworthy debtors

10. Group borrowings and debts securities

	31.03.2024	31.03.2023
	RM'000	RM'000
Secured :-		
Term loans	39,755	39,182
Revolving credit	42,134	33,154
Bank overdraft	20,568	17,173
Finance lease liability	-	273
Unsecured :-		
Revolving credit	10,212	5,045
Banker acceptance	5,399	-
	118,068	94,827
Disclosed as :-		
Current liabilities	83,256	61,815
Non-current liabilities	34,812	33,012
	118,068	94,827
Currency Profile :-		
Ringgit Malaysia	101,031	86,154
US Dollar	17,037	8,673
	118,068	94,827

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 March 2024 ranged from 3.3% to 6.8% per annum (31.03.2024: 3.3% to 6.8%).

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

10. Derivative Financial Instrument

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

	31.03.2024	31.03.2023
	RM'000	RM'000
Forward exchange contracts - at fair value		
- Current assets	26	-
- Current liabilities	12	25

11. 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.

12. Material litigation

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

13. Dividend

The Board of Directors does not recommends any dividend for the financial quarter ended 31.03.2024 (31.03.2023 : Nil)

14. Earnings Per Share ("EPS")

(a) Basic earnings per share

	<u>INDIVIDUAL</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year	Preceding Year	Current Year	Preceding Year
	quarter ended	Corresponding	quarter ended	Corresponding
	31/03/2024	quarter	31/03/2024	period
	RM '000	31/03/2023	RM '000	31/03/2023
		RM '000		RM '000
Profit attributable to ordinary equity holders of the Parent	5,484	7,922	10,081	27,468
Weighted average number of ordinary shares in issue ('000)	320,181	320,181	320,181	320,181
Basic earnings per share (sen)	1.71	2.47	3.15	8.58

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