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**A. Notes to the financial report for the fourth financial quarter ended 30 June 2024**

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**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, volatility of real estate markets and the competition in the wholesale and retail operations in pharmaceutical and healthcare market.

**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.

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**A. Notes to the financial report for the fourth financial quarter ended 30 June 2024**

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**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 June 2024.

**7. Dividend Paid**

There were no dividend paid for the quarter under review. (30.6.2023: 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, hospitality 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 fourth financial quarter ended 30 June 2024**

**8. Segment Information (cont'd)**

| Year ended<br>30.6.2024                  | Manufacturing | Property<br>Development | Pharmaceutical | Asset and<br>Investment<br>Management | Other<br>Operating<br>Segments | Eliminations | Total   |
|--|---------------|-------------------------|----------------|---------------------------------------|--------------------------------|--------------|---------|
|  | RM'000        | RM'000                  | RM'000         | RM'001                                | RM'000                         | RM'000       | RM'000  |
| Revenue from external customer           | 204,723       | 22,800                  | 81,335         | 17,740                                | 771                            | -            | 327,369 |
| Intersegment revenue                     | 16,696        | 2,748                   | -              | 45,058                                | 8,014                          | (72,516)     | -       |
| Interest income                          | 873           | 112                     | 156            | 2,414                                 | 26                             | (2,343)      | 1,238   |
| Interest expense                         | 2,188         | 3,187                   | -              | 3,009                                 | -                              | (3,084)      | 5,300   |
| Depreciation and amortisation            | 18,242        | 199                     | 925            | 5,035                                 | 178                            | (5,976)      | 18,603  |
| Tax expense                              | 6,474         | (210)                   | 1,958          | 1,473                                 | 7                              | (48)         | 9,654   |
| Reportable segment profit after taxation | 10,999        | 261                     | 4,099          | 34,067                                | 832                            | (37,635)     | 12,623  |
| Reportable segment assets                | 261,188       | 190,706                 | 61,456         | 441,322                               | 19,568                         | (369,598)    | 604,642 |
| Expenditure for non-current assets       | 9,976         | 13                      | 169            | 1,258                                 | 161                            | -            | 11,577  |
| Reportable segment liabilities           | 109,679       | 77,888                  | 31,693         | 61,930                                | 1,073                          | (77,854)     | 204,409 |

**A. Notes to the financial report for the fourth financial quarter ended 30 June 2024**

**8. Segment Information (cont'd)**

| Year ended<br>30.6.2023                  | Manufacturing | Property<br>Development | Pharmaceutical | Asset and<br>Investment<br>Management | Other<br>Operating<br>Segments | Eliminations | Total   |
|--|---------------|-------------------------|----------------|---------------------------------------|--------------------------------|--------------|---------|
|  | RM'000        | RM'000                  | RM'000         | RM'001                                | RM'000                         | RM'000       | RM'000  |
| Revenue from external customer           | 194,918       | 34,792                  | 78,317         | 5,279                                 | 387                            | -            | 313,693 |
| Intersegment revenue                     | 30,614        | 2,375                   | 14,707         | 102,808                               | 7,684                          | (158,188)    | -       |
| Interest income                          | 789           | 206                     | 74             | 289                                   | 10                             | -            | 1,368   |
| Interest expense                         | 1,758         | 2,088                   | 75             | 1,707                                 | 9                              | (2,067)      | 3,570   |
| Depreciation and amortisation            | 12,271        | 165                     | 1,197          | 2,448                                 | 98                             | (3,187)      | 12,992  |
| Tax expense                              | 6,566         | 2,601                   | 2,636          | 682                                   | (4)                            | (46)         | 12,435  |
| Reportable segment profit after taxation | 13,348        | 7,850                   | 8,269          | 92,421                                | 340                            | (96,638)     | 25,590  |
| Reportable segment assets                | 249,754       | 187,417                 | 37,347         | 498,485                               | 10,316                         | (419,416)    | 563,903 |
| Expenditure for non-current assets       | 38,015        | 388                     | 432            | 4,032                                 | 570                            | (24,630)     | 18,807  |
| Reportable segment liabilities           | 90,321        | 74,861                  | 8,636          | 85,461                                | 1,153                          | (90,565)     | 169,867 |

**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:

|                          | <b>30.06.2024</b> | 30.06.2023 |
|--------------------------|-------------------|------------|
|                          | <b>RM'000</b>     | RM'000     |
| Malaysia                 | <b>278,225</b>    | 250,897    |
| Singapore                | <b>8,372</b>      | 26,765     |
| United States of America | <b>23,537</b>     | 20,672     |
| Others                   | <b>17,235</b>     | 15,359     |
|                          | <b>327,369</b>    | 313,693    |

**Information about major customer**

There was no customer who contributed more than 10% of the Group's total revenues for the period under review (30.06.2023: Nil).

**A. Notes to the financial report for the fourth financial quarter ended 30 June 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**

The Company announced that on 15 July 2024, Kobay Industries Sdn. Bhd., its wholly owned subsidiary company, had acquired 65.00% equity interest in Leapcode Sdn. Bhd. for a total cash consideration of RM100,000.

**11. Changes in the composition of the group**

There were no other major changes in the composition of the Group during the current period ended 30 June 2024.

**12. Contingent assets and contingent liabilities**

The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of RM225 million of which RM116 million has been utilized as at 30 June 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 30 June 2024.

**14. Capital Commitments**

Authorised capital commitments not recognised in the interim financial statement as at 30 June 2024 were as follows: -

|   | <b>30.06.2024</b> | 30.06.2023 |
|---|-------------------|------------|
|   | <b>RM'000</b>     | RM'000     |
| <b>Contracted but not provided for :-</b> |                   |            |
| Property, Plant and Equipment             | <b>2,463</b>      | 674        |

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

**1. Review of performance**

|  | <u>CURRENT PERIOD</u>                           |  |      | <u>CUMULATIVE PERIOD</u>                      |                |       |
|--|---|--|------|---|----------------|-------|
|  | <b>Current<br/>quarter ended<br/>30.06.2024</b> | Preceding year<br>corresponding<br>quarter | Var  | <b>Current Year<br/>todate<br/>30.06.2024</b> | Preceding year | Var   |
|  |   | 30.06.2023                                 |      |   | 30.06.2023     |       |
| <b><u>Operating Segment</u></b>            | <b>RM'000</b>                                   | RM'000                                     | %    | <b>RM'000</b>                                 | RM'000         | %     |
| <b>Revenue:-</b>                           |   |  |      |   |                |       |
| Manufacturing                              | <b>56,627</b>                                   | 41,284                                     | 37%  | <b>204,723</b>                                | 194,918        | 5%    |
| Property Development                       | <b>5,945</b>                                    | 3,679                                      | 62%  | <b>22,800</b>                                 | 34,792         | -34%  |
| Pharmaceutical                             | <b>22,022</b>                                   | 19,401                                     | 14%  | <b>81,335</b>                                 | 78,317         | 4%    |
| Asset and Investment Management            | <b>4,726</b>                                    | 3,724                                      | 27%  | <b>17,740</b>                                 | 5,279          | 236%  |
| Other operating segments                   | <b>246</b>                                      | 387  | -36% | <b>771</b>                                    | 387            | 99%   |
|  | <b>89,566</b>                                   | 68,475                                     | 31%  | <b>327,369</b>                                | 313,693        | 4%    |
| <b>Profit before tax:-</b>                 |   |  |      |   |                |       |
| Manufacturing                              | <b>6,122</b>                                    | (1,463)                                    | 518% | <b>17,473</b>                                 | 19,914         | -12%  |
| Property Development                       | <b>167</b>                                      | 950  | -82% | <b>51</b>                                     | 10,451         | -100% |
| Pharmaceutical                             | <b>492</b>                                      | 2,957                                      | -83% | <b>6,057</b>                                  | 10,905         | -44%  |
| Asset and Investment Management            | <b>13,010</b>                                   | 55,389                                     | -77% | <b>35,540</b>                                 | 93,103         | -62%  |
| Other operating segments                   | <b>34</b>                                       | 78   | -56% | <b>839</b>                                    | 336            | 150%  |
|  | <b>19,825</b>                                   | 57,911                                     |      | <b>59,960</b>                                 | 134,709        |       |
| Consolidation adjustments and eliminations | <b>(13,861)</b>                                 | (57,216)                                   |      | <b>(37,683)</b>                               | (96,684)       |       |
|  | <b>5,964</b>                                    | 695  | 758% | <b>22,277</b>                                 | 38,025         | -41%  |

**Statement of Profit & Loss and Other Comprehensive Income**

The Group reported revenue and profit before tax ("PBT") of RM89.5 million and RM5.9 million respectively for the current quarter, reflecting a 31% increase in revenue and a 758% increase in PBT compared to the corresponding quarter of the preceding year.

For current YTD, revenue reported an increase of 4% at RM327 million while PBT dropped by 41% to RM22.2 million compared to preceding year's corresponding period.

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

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**1. Review of performance (cont'd)**

**1.1 Segmental Analysis**

**Manufacturing**

The manufacturing division has demonstrated improving results, with a 37% QoQ increase in revenue and a 518% QoQ increase in PBT. The revenue increased by 5% YoY, but PBT decreased by 12% YoY. The QoQ improvement primarily resulted from increasing sales orders, particularly within the component, aerospace, and surface treatment divisions. Despite the YoY increase in revenue, a lower margin due to the sales mix led to a sharper decline in PBT.

**Property Development**

The property division showed a slight improvement QoQ, with a 62% increase in revenue. However, on YoY basis, revenue decreased by 34%, and PBT declining 82% QoQ and 100% YoY. The decline is primarily due to a low conversion rate and lower margin from affordable product. The property market continues to face significant challenges.

**Pharmaceutical & Healthcare**

The revenue reported for the pharmaceutical and healthcare division showed a 14% increase QoQ and a 4% increase YoY. However the PBT declined 83% QoQ and 44% 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 27% QoQ and of 236% YoY. Additionally, there was a notable decrease in PBT by 77% QoQ and 62% 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 hospitality management services at Langkawi, significantly enhancing the division's performance.

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**

| <b><u>Operating Segment</u></b>            | <b>Current Year<br/>quarter ended<br/>30.06.2024<br/>RM'000</b> | <b>Preceding<br/>quarter ended<br/>31.03.2024<br/>RM'000</b> | <b>Var<br/>%</b> |
|--|---|--|------------------|
| <b>Revenue:-</b>                           |   |  |                  |
| Manufacturing                              | 56,627  | 56,129   | 1%               |
| Property Development                       | 5,945   | 7,205  | -17%             |
| Pharmaceutical                             | 22,022  | 18,341   | 20%              |
| Asset and Investment Management            | 4,726   | 5,857  | -19%             |
| Other operating segments                   | 246   | 257  | -4%              |
|  | <b>89,566</b>   | <b>87,789</b>  | <b>2%</b>        |
| <b>Profit before tax:-</b>                 |   |  |                  |
| Manufacturing                              | 6,122   | 5,852  | 5%               |
| Property Development                       | 167   | 687  | -76%             |
| Pharmaceutical                             | 492   | 667  | -26%             |
| Asset and Investment Management            | 13,010  | 6,969  | 87%              |
| Other operating segments                   | 34  | 409  | -92%             |
|  | <b>19,825</b>   | <b>14,584</b>  |                  |
| Consolidation adjustments and eliminations | <b>(13,861)</b>   | <b>(6,934)</b>   |                  |
|  | <b>5,964</b>  | <b>7,650</b>   | <b>-22%</b>      |

The Group reported revenue of RM89.5 million and a PBT of RM5.9 million, reflecting a 2% increase in revenue but a 22% decline in PBT compared to Q3 FY2024.

**Manufacturing**

The division saw a modest improvement this quarter compared to Q3 FY2024, mainly due to an increase in sales orders, particularly within the high precision machined components and aerospace components business units, which contributed to enhanced profit margins.

**Property Development**

The property division reported a 17% decrease in revenue and a 76% decrease in PBT for the current quarter. These declines are primarily attributed to reduced sales conversion for the Langkawi project. Additionally, another affordable project is still in the early stages of construction, resulting in revenue that was insufficient to cover fixed overhead costs during this period.



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

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

**Pharmaceutical & Healthcare**

The division reported a 19% decrease in sales and a 26% decrease in PBT compared to Q3 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 our current customer base within the E&E industry, the division will strategically expand into Electronics Manufacturing Services (EMS) business. This growth will be supported by a thorough evaluation of our manufacturing operations to improve efficiency and optimize the cost structure.

**Property Development**

The outlook for the MM2H program driving property sales is positive, with expectations of entering a new growth phase for Malaysia's property market by 2025.

**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 ahead. 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<br>quarter<br>30.06.2024<br>RM'000 | Cumulative<br>period<br>30.06.2024<br>RM'000 |
|--|--|--|
| Profit for the period is arrived at after (crediting)/charging of :- |  |  |
| Depreciation of property, plant and equipment                        | 3,403                                      | 12,895                                       |
| Depreciation of right-of-use assets                                  | 2,429                                      | 5,134  |
| Depreciation of investment properties                                | 65   | 379  |
| Amortisation of intangible assets                                    | 146  | 195  |
| Interest expenses  | 1,691                                      | 5,300  |
| Lease expenses   | 198  | 250  |
| Gain on foreign exchange   | (199)                                      | (93)   |
| Amortisation of deferred income on government grants                 | 30   | 156  |
| Gain on disposal of property, plant & equipment                      | (24)                                       | (24)   |
| Interest income  | <u>(881)</u>                               | <u>(1,238)</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>                                  |  |
|--------------|---|--|---|--|
|              | <b>Current Year<br/>quarter ended<br/>30.06.2024<br/>RM'000</b> | Preceding year<br>corresponding<br>quarter<br>30.06.2023<br>RM'000 | <b>Current<br/>Year to date<br/>30.06.2024<br/>RM'000</b> | Preceding<br>corresponding<br>year<br>30.06.2023<br>RM'000 |
| Current tax  | <b>(2,921)</b>  | (1,677)  | <b>(11,414)</b>   | (11,511)   |
| Deferred tax | <b>1,211</b>  | (248)  | <b>1,760</b>  | (924)  |
|              | <b>(1,710)</b>  | (1,925)  | <b>(9,654)</b>  | (12,435)   |

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 30 June 24 are as follow:-

|   | <b>Purpose</b>  | <b>Proceeds from<br/>1st Tranche<br/>(RM'000)</b> | <b>Actual Utilisation (1st<br/>Tranche) (RM'000)</b> | <b>Balance<br/>Unutilised (1st<br/>Tranche)<br/>(RM'000)</b> | <b>Estimated<br/>timeframe for<br/>utilisation</b> |
|---|---|---|--|--|--|
| 1 | Setting up new aluminium manufacturing plant for the Group's manufacturing division | 59,995  | -39,257  | 20,738   | Extended to February 2026                          |
| 2 | Partial repayment of bank borrowings  | 50,000  | -50,000  | 0  |  |
| 3 | Working capital for the Group's manufacturing division                              | 0   | 0  | 0  |  |
| 3 | Estimated expenses in relation to the Proposed Private Placement                    | 450   | -450   | 0  |  |
|   | <b>Total</b>  | <b>110,445</b>                                    | <b>-89,707</b>                                       | <b>20,738</b>  |  |

**B. Additional information required by the Listing Requirements of Bursa Securities****9. Group borrowings and debts securities**

|                            | 30.06.2024     | 30.06.2023    |
|----------------------------|----------------|---------------|
|                            | RM'000         | RM'000        |
| <b>Secured :-</b>          |                |               |
| Term loans                 | 51,172         | 44,612        |
| Revolving credit           | 45,083         | 29,804        |
| Bank overdraft             | 3,035          | 9,957         |
| <b>Unsecured :-</b>        |                |               |
| Revolving credit           | 8,796          | 11,410        |
| Banker acceptance          | 7,964          | -             |
|                            | <b>116,050</b> | <b>95,783</b> |
| <b>Disclosed as :-</b>     |                |               |
| Current liabilities        | 71,532         | 57,945        |
| Non-current liabilities    | 44,518         | 37,838        |
|                            | <b>116,050</b> | <b>95,783</b> |
| <b>Currency Profile :-</b> |                |               |
| Ringgit Malaysia           | 96,484         | 86,872        |
| US Dollar                  | 19,566         | 8,911         |
|                            | <b>116,050</b> | <b>95,783</b> |

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 June 2024 ranged from 3.3% to 6.8% per annum (30.06.2023: 3.05% to 6.7%).

Avelon Healthcare Sdn Bhd has not complied with the loan covenant, as it failed to maintain the required gearing ratio of not more than 1.5x at all times and did not obtain bank consent for the internal group restructuring. As of 30 June 2024, the balance of the revolving credit facility, amounting to RM15 million, was classified as current liabilities. Subsequent to year end 2024, the company partially settled the revolving credit amount and management is seeking the letter of indulgence from the bank.

**10. 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.

**11. 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.

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

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**12. Dividend**

The Board of Directors does not recommends any dividend for the financial quarter ended 30.06.2024 (30.06.2023 : Nil).

**13. Earnings Per Share ("EPS")**

|   | INDIVIDUAL   |   | CUMULATIVE PERIOD                                |  |
|---|--|---|--|--|
|   | Current Year<br>quarter ended<br>30/06/2024<br>RM '000 | Preceding Year<br>Corresponding<br>quarter<br>30/06/2023<br>RM '000 | Current Year<br>to date<br>30/06/2024<br>RM '000 | Preceding Year<br>Corresponding<br>period<br>30/06/2023<br>RM '000 |
| Profit attributable to ordinary equity holders<br>of the Parent | <b>4,953</b>   | (960)   | <b>15,034</b>                                    | 26,508   |
| Weighted average number of ordinary shares<br>in issue ('000)   | <b>320,181</b>   | 320,181   | <b>320,181</b>                                   | 320,181  |
| Basic earnings per share (sen)                                  | <b>1.55</b>  | (0.30)  | <b>4.70</b>                                      | 8.28   |

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