

REVIEW OF OPERATIONS

31 DECEMBER 2023

GROUP FINANCIAL PERFORMANCE

For the financial year ended 31 December 2023, the Group posted a 5% higher revenue of RM88.1 million compared to RM83.6 million recorded in the previous financial year, due to the better performance in the Security Services Division as well as the Investment Holding and Others Division. The Group recorded an unrealised foreign exchange loss of RM65.3 million and finance costs of RM69.1 million, both mainly arising from the ACB Bonds and USD Debts.

Overall, the Group posted a lower loss before tax of RM122.6 million (2022: RM141.8 million) for the financial year under review.

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Security services

Secom (Malaysia) Sdn Bhd ("Secom"), a joint-venture with Secom Co., Ltd, Japan and Koperasi Polis Diraja Malaysia Berhad, provides total integrated 24-hour security services under the SECOM brand. Secom has a broad range of products and services covering central monitoring services ("CMS") with emergency response, supply and installation of closed circuit televisions ("CCTV"), access control, CCTV remote monitoring, security audit, and the supply of security guards for industrial and commercial premises. Secom provides total security solutions to enhance customers' security needs.

For the financial year, Secom achieved a revenue of RM76.3 million, mainly attributed to the CMS and static guards services, while operating profit was recorded at RM9.6 million (2022: RM14.1 million, which included RM4.7 million gain on disposal of property).

With the increase in Minimum Wages from RM1,200 to RM1,500 effective 1 May 2022 and the amendment to the Employment Act on overtime and working hours effective 1 January 2023, operating cost in the CMS and static guards divisions have increased which eroded profit margins. To mitigate it, Secom has taken actions to revise the static guards fees for most of the customers.

Going forward, the market outlook is expected to remain challenging with cost pressures, price competitiveness and technological changes. Secom will continue to strengthen its response team to increase response coverage in major towns, widen its product range to cater to the expanding market needs and increase productivity to remain competitive, and to provide quality and innovative services to meet customers' requirements.

Investment holding and others

This Division is primarily involved in manufacturing and sale of tools and dies, and investment holding. For the financial year under review, these activities collectively recorded a revenue of RM11.8 million and a profit of RM2.8 million which were mainly derived from interest income.