



MAG HOLDINGS BERHAD

200401004611 (643114-X)
(Incorporated in Malaysia)

**Unaudited First Quarter
Ended
30 September 2021**

**Interim Financial Statements
Announcement**



MAG Holdings Berhad

200401004611 (643114-X)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Profit or Loss

	3 months		3 months	
	1.7.2021 to 30.9.2021 RM'000 (Unaudited)	1.7.2020 to 30.9.2020 RM'000 (Unaudited)	1.7.2021 to 30.9.2021 RM'000 (Unaudited)	1.7.2020 to 30.9.2020 RM'000 (Unaudited)
Revenue	18,081	-	18,081	-
Cost of sales	<u>(10,613)</u>	<u>-</u>	<u>(10,613)</u>	<u>-</u>
Gross profit	7,468	-	7,468	-
Other income	1,969	-	1,969	-
Operating expenses	(3,977)	-	(3,977)	-
Finance costs	(1,503)	-	(1,503)	-
Foreign exchange gain	931	-	931	-
	<u>4,888</u>	<u>-</u>	<u>4,888</u>	<u>-</u>
Profit/(loss) before taxation	4,888	-	4,888	-
Taxation	<u>916</u>	<u>-</u>	<u>916</u>	<u>-</u>
Profit/(loss) for the period	<u>5,804</u>	<u>-</u>	<u>5,804</u>	<u>-</u>
Profit/(loss) for the period attributable to:				
-Owners of the Company	5,806	-	5,806	-
-Non-controlling interests	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
	<u>5,804</u>	<u>-</u>	<u>5,804</u>	<u>-</u>
Earnings/(loss) per share:				
Basic (Sen)	0.45	-	0.45	-

Notes:

n/a - Not applicable

As announced on 6 October 2020, the financial year end of the Group has been changed from 31 December to 30 June. As such, there will be no comparative financial information available for the preceding year corresponding period.

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to these interim financial statements.



MAG Holdings Berhad

200401004611 (643114-X)
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Condensed Consolidated Statement of Comprehensive Income

	3 months		3 months	
	1.7.2021 to 30.9.2021 RM'000 (Unaudited)	1.7.2020 to 30.9.2020 RM'000 (Unaudited)	1.7.2021 to 30.9.2021 RM'000 (Unaudited)	1.7.2020 to 30.9.2020 RM'000 (Unaudited)
Profit/(loss) for the period	5,804	-	5,804	.
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translations	7,151	-	7,151	-
Total other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period, net of tax	12,955	-	12,955	-
Total comprehensive income attributable to:				
Owners of the Company	12,957	-	12,957	-
Non-controlling interests	(2)	-	(2)	-
	12,955	-	12,955	-

As announced on 6 October 2020, the financial year end of the Group has been changed from 31 December to 30 June. As such, there will be no comparative financial information available for the preceding year corresponding period.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to these interim financial statements.



MAG Holdings Berhad

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Condensed Consolidated Statement of Financial Position

	As at 30.9.2021 RM'000 (Unaudited)	As at 30.6.2021 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	205,780	124,749
Loan to a former subsidiary company	265,258	258,343
Goodwill	165,629	1,388
	<u>636,667</u>	<u>384,480</u>
CURRENT ASSETS		
Biological assets	16,640	6,718
Inventories	6,490	1,202
Short term investment	50,800	50,800
Trade and other receivables	63,021	27,084
Tax recoverable	10	10
Cash and bank balances	154,767	153,402
	<u>291,728</u>	<u>239,216</u>
TOTAL ASSETS	<u>928,395</u>	<u>623,696</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	509,208	374,361
Redeemable convertible notes ("RCN") – equity component	-	360
Preference share	80,000	-
Reserves	175,189	162,232
Total equity attributable to owners of the Company	764,397	536,953
Non-controlling interests	1,666	1,668
TOTAL EQUITY	<u>766,063</u>	<u>538,621</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	1,521	1,269
Borrowings	103,666	46,424
Lease liabilities	287	366
Amount due to directors	6,053	-
	<u>111,527</u>	<u>48,059</u>
CURRENT LIABILITIES		
Trade and other payables	39,458	28,581
Bank borrowings	10,239	6,642
Lease liabilities	201	153
Redeemable convertible notes ("RCN") – liability component	-	1,640
Taxation	907	-
	<u>50,805</u>	<u>37,016</u>
TOTAL LIABILITIES	<u>162,331</u>	<u>85,075</u>
TOTAL EQUITY AND LIABILITIES	<u>928,395</u>	<u>623,696</u>
Net assets per share (Sen)	<u>67</u>	<u>83</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to these interim financial statements.



MAG Holdings Berhad

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Condensed Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to owners of the Company							Total Equity RM'000
	<-----Non-distributable----->			Distributable				
	Share Capital RM'000	Preference Shares RM'000	Equity portion of RCN RM'000	Exchange Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	
At 1 July 2021	374,361		360	26,963	135,269	536,953	1,668	538,621
Total comprehensive income								
Profit/(loss) for the period	-	-	-	-	5,806	5,806	(2)	5,804
Foreign currency translations	-	-	-	7,151	-	7,151	-	7,151
	-	-	-	7,151	5,806	12,957	(2)	12,955
Transactions with owners of the Company								
Issuance of redeemable convertible notes ("RCN")	-	-	-	-	-	-	-	-
Issuance of new shares	134,487	80,000	-	-	-	214,487	-	214,487
Conversion of RCN into ordinary shares	360	-	(360)	-	-	-	-	-
RCN - liability portion	-	-	-	-	-	-	-	-
Amortisation of RCN transaction costs	-	-	-	-	-	-	-	-
	134,847	80,000	(360)	-	-	214,487	-	214,487
At 30 September 2021	509,208	80,000	-	34,114	141,075	764,397	1,666	766,063

As announced on 6 October 2020, the financial year end of the Group has been changed from 31 December to 30 June. As such, there will be no comparative financial information available for the preceding year corresponding period.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year 30 June 2021 and the accompanying explanatory notes attached to these interim financial statements.



MAG Holdings Berhad

200401004611 (643114-X)

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Condensed Consolidated Statement of Cash Flows

	1.7.2021	1.7.2020
	to	to
	30.9.2021	30.9.2020
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Cash Flows from Operating Activities		
Profit before taxation	4,888	-
Adjustments for:		
Depreciation	2,393	-
Finance costs	1,503	-
Interest income	(135)	-
Unrealised foreign exchange gain	(903)	-
Fair value adjustment on loan to a former subsidiary	(1,833)	-
Operating profit before working capital changes	<u>5,913</u>	-
Changes in working capital:		
Inventories	(365)	-
Receivables	(8,187)	-
Payables	(1,162)	-
Cash flows generated from operations	<u>(3,801)</u>	-
Interest paid	(1503)	-
Tax paid	(96)	-
Net cash used in operating activities	<u>(5,400)</u>	-
Cash Flows from Investing Activities		
Interest Income	135	-
Purchase of property, plant and equipment	(506)	-
Acquisition of a subsidiary	(197,238)	-
Proceed from issuance of ordinary shares	132,847	-
Proceed from issuance of preference shares	80,000	-
Net cash from investing activities	<u>15,238</u>	-
Cash Flows from Financing Activities		
Repayment of bank borrowings, net	(153)	-
Repayment to director	(8,289)	-
Repayment of lease liability, net	(31)	-
Net cash used in financing activities	<u>(8,473)</u>	-
Net increase in cash and cash equivalents	1,365	-
Cash and cash equivalents at beginning of period	<u>153,402</u>	-
Cash and cash equivalents at end of period	<u><u>154,767</u></u>	<u><u>-</u></u>
Cash and cash equivalents comprise of:		
Cash and bank balances	<u><u>154,767</u></u>	<u><u>-</u></u>

As announced on 6 October 2020, the financial year end of the Group has been changed from 31 December to 30 June. As such, there will be no comparative financial information available for the preceding year corresponding period.

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to these interim financial statements.



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A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: *Interim Financial Reporting* and Rule 9.22 of the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the explanatory notes attached to this interim financial report. The explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2021.

A2 Significant accounting policies

The accounting policies and methods of computation adopted by the Group in the preparation of the interim financial statements are consistent with those adopted in the preparation of the Group's financial statements for the year ended 30 June 2021, except for the adoption of the following accounting standards:

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 – Insurance Contracts

Amendment to MFRS 17 – Insurance Contracts

Amendment to MFRS 101 – Classification of Liabilities as Current or Non-Current

Amendment to MFRS 101 and MFRS Practice Statement 2 – Disclosure of Accounting Policies

Amendments to MFRS 108 - Definition of Accounting Estimates

Amendment to MFRS 112 – Deferred Tax related to Assets and Liabilities Arising from a Single Transaction

The adoption of the above new standards, amendments to published standards and interpretation, where relevant, did not have any significant impact on the financial results of the Group.

A3 Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements for the financial year ended 30 June 2021 was not qualified.

A4 Segment information

The Group is primarily involved in one business segment which is in the business of prawn aquaculture and seafood processing. The business is entirely operated in Malaysia and therefore segment information based on geographical location is not presented. Further, the Group's assets and liabilities are managed on a group wide basis and the chief decision maker relies on internal reports which is similar to those currently disclosed externally and therefore no further segment analysis is presented.

A5 Unusual items due to their nature, size or incidence

Save for the business being affected by the lockdowns on movement control orders due to Covid-19 pandemic, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period ended 30 September 2021.

A6 Changes in estimates

There were no changes in estimates of amounts reported in the prior financial year that have a material effect on the current quarter and financial period ended 30 September 2021.

A7 Seasonality or cyclicity of operations

Live prawn aquaculture are generally affected by rainy season where prawn fries supply is disrupted by the lower productivity of suppliers' broodstock. In addition, the quality of prawn fries supplied is usually lower and the growth rate of prawn fries is also diminished during rainy season.

A8 Dividends paid

No dividends were paid by the Company during the current quarter.

A9 Changes in debt and equity securities

During the financial period ended 30 September 2021, the Company:

- (a) Issued 300 million ordinary shares at an issue price of RM0.20 each and 400 million redeemable preference shares of RM0.20 each to the vendors of North Cube Sdn Bhd ("**North Cube**") as part of the purchase consideration for the acquisition of 100% equity interest in North Cube ("**Acquisition**").
- (b) Completed a private placement of 331,548,600 ordinary shares for a total cash proceeds of RM64.60 million primarily to raise funds to finance the cash portion of the purchase consideration of the Acquisition.
- (c) Issued 10 million ordinary shares pursuant to the conversion of RM2 million worth of RCN at a conversion price of RM0.20 per share.

Subsequent to the financial period ended 30 September 2021, the Company:

- (a) Issued RM3 million worth of RCN at a conversion price of RM0.20 per share and subsequently convert to 15 million of ordinary shares.
- (b) Issued of 352,080,075 free warrants ("**Warrant C**") on the basis of one Warrant C for every four existing ordinary shares of the Company.

Following the above issuance of new shares, the Company has 1,408,323,465 ordinary shares in issue as at the date of this report. Save as disclosed above, there were no other issuances, cancellations, repurchases, resales and repayments of debt and equity securities.

A10 Changes in the composition of the Group

As announced on 15 July 2021, the Company completed the acquisition of 100% equity interest in North Cube for a total purchase consideration of RM200 million via a combination of cash consideration of RM60 million, issuance of 300 million new ordinary shares in MAG Holdings Berhad and issuance of 400 million new redeemable preference shares.

The fair value of the identifiable net assets acquired and the goodwill as disclose below are based on provisional figure which all will be finalised within twelve months after the acquisition date. The provisional effect of the acquisition is as follows:

	<u>Fair values</u> RM'000
<u>Identifiable assets and liabilities:</u>	
<u>Non-current assets</u>	
Property, plant and equipment	82,918
<u>Current assets</u>	
Biological assets	9,922
Inventories	4,922
Trade and other receivables	24,779
Cash and bank balances	2,762
	<u>125,303</u>
<u>Non-current liabilities</u>	
Deferred taxation	(1,677)
Borrowings	(57,594)
Amount due to directors	(14,341)
<u>Current liabilities</u>	
Trade and other payables	(12,041)
Borrowings	(3,397)
Taxation	(495)
	<u>(89,545)</u>
Fair value of identifiable net assets acquired	35,758
Less: Purchase consideration	<u>200,000</u>
Provisional goodwill on acquisition	<u><u>(164,242)</u></u>

Details of cash flows arising from the acquisition date are as follows:

	Group RM'000
Total purchase consideration by cash	(60,000)
Less: Cash and cash equivalents of a subsidiary acquired	<u>2,762</u>
Cash outflow to the Group on acquisition	<u>(57,238)</u>

Save as disclosed above, there were no changes in the composition of the Group during the current quarter and financial period ended 30 September 2021.



A11 Contingent assets or liabilities

The Groups has no material contingent assets or liabilities since the end of the previous financial year.

A12 Material events subsequent to the end of current quarter

There was no material event subsequent to current period ended 30 September 2021, except the following: -

- (a) Issued RM3 million worth of RCN at a conversion price of RM0.20 per share and subsequently convert to 15 million of ordinary shares.

- (b) Issued of 352,080,075 free warrants ("**Warrant C**") on the basis of one Warrant C for every four existing ordinary shares of the Company.

A13 Significant related party transactions

The related party transactions of the Group have been entered into in the normal course of business and were carried out on normal commercial terms. List below are the significant transactions with related party :

	Individual Quarter	
	1.7.2021	1.7.2020
	to	to
	30.9.2021	30.9.2020
	RM'000	RM'000
	(Unaudited)	(Unaudited)
With companies in which a Director who is also a substantial shareholder of the Company, has interests:		
- Rental of office space	38	22

A14 Fair value of financial instruments

Save for the fair value adjustment of RM1.83 million on a loan to a former subsidiary company, there was no gain or loss arising from fair value changes on financial assets and liabilities for the current quarter and financial period ended 30 September 2021.

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1 Review of performance

3 months ended 30 September 2021 ("3M2022")

Revenue for the current financial quarter ended 30 September 2021 recorded at RM18.08 million mainly from aquaculture business, including aquaculture business from the newly acquired subsidiary, North Cube Sdn Bhd.

The Group recorded a profit before taxation of RM4.89 million for the current quarter ended 30 September 2021, mainly contributed by the aquaculture business

Other income of RM1.97 million in 3M2022 was derived largely from the fair value gain of RM1.83 million on a loan to a former subsidiary company.

The financial year end of the Group has been changed from 31 December to 30 June. As such, there will be no comparative financial information available for the preceding year corresponding period.

B2 Comparison with immediate preceding quarter's results

	Current Quarter 1.7.2021 to 30.9.2021 RM'000 (Unaudited)	Preceding Quarter 1.4.2021 to 30.6.2021 RM'000 (Unaudited)
Revenue	18,081	25,584
Cost of sales	<u>(10,613)</u>	<u>(21,010)</u>
Gross profit	7,468	4,574
Other income	1,969	1,162
Operating expenses	(3,977)	(5,028)
Finance costs	(1,503)	(902)
Foreign exchange (loss)/gain	931	(2,232)
Share of profit/(loss) of an associate	<u>-</u>	<u>280</u>
Profit/(loss) before taxation	<u><u>4,888</u></u>	<u><u>(2,146)</u></u>

Lower revenue for the current quarter was mainly due to reduced sale order during this Enhanced Movement Control Order (EMCO) / Phase 1 period where the Covid-19 cases numbers was at it's peak during current quarter.

Gross profit increased to RM7.47 million for the current quarter as compared to RM4.57 million in preceding quarter mainly due to higher gross margin from North Cube Sdn Bhd.

The Group recorded Profit before taxation of RM4.89 million as compared to Loss before taxation of RM2.15 million mainly due to higher gross margin, lower operating expenses and foreign exchange gain for the current quarter.

B3 Commentary on prospects

Going forward, the Group will focus on aquaculture business as the main business driver. The acquisition of North Cube in July 2021 boosts the prawn production capacity of the Group with a combined strength of 235 cultivation ponds and a processing plant that is capable of processing the harvests from both North Cube Farm and Wakuba Farm into finished products.

The combined strength of Wakuba Farm and North Cube Farm creates economies of scale and synergy from cultivation to producing the finished products. The Group therefore expects to gain cost efficiency and higher production volumes which would further strengthen the Group's position as a leading prawn aquaculture player in the industry.

The prawn aquaculture business is expected to contribute meaningfully to the Group's financial performance going forward. This is premised on the facts that the marine shrimp aquaculture business is projected to grow, supported by a resilient demand from global and local markets amid a declining level of capture fisheries and a growing world population which will increase demand for food commodities, including shrimp.

Nevertheless, in the near-term, as the Covid-19 pandemic is on-going, the Group remains mindful of the potential impact it will continue to have on the Group's operations.

B4 Profit forecast or profit guarantee

Not applicable to the Group as no profit forecast was published.

B5 Taxation

	Individual Quarter	
	1.7.2021 to 30.9.2021 RM'000 (Unaudited)	1.7.2020 to 30.9.2020 RM'000 (Unaudited)
<u>Income tax:</u>		
Malaysian income tax:		
- Current year	508	-
- Overprovision in prior year	-	-
	508	-
<u>Deferred tax:</u>		
Origination of temporary differences	(1,424)	-
	(916)	-

The effective tax rate of the Group for the financial period to-date is lower than the statutory tax rate mainly due to non-taxable gains.

B6 Corporate proposals

On 29 July 2021, the Company proposed to undertake a bonus issue of warrants (“**Warrant C**”) of up to 471,677,652 Warrant C on the basis of one Warrant C for every four existing ordinary shares held by the entitled shareholders on an entitlement date to be determined and announced later (“**Proposal**”). The Proposal is subject to shareholders' approval at an extraordinary general meeting scheduled on 15 October 2021.

The Company had completed the issuance of 352,080,075 free warrants (“**Warrant C**”) on the basis of one Warrant C for every four existing ordinary shares of the Company. The Warrants were listed on the ACE Market of Bursa Securities on 16 November 2021.

(a) Status of utilization of proceeds raised as at 30 September 2021

(i) Proceeds raised from RCN

Purpose	Proposed Utilisation RM'000	Drawdown RM'000	Utilisation RM'000	Estimated timeframe*
Financing the acquisition of Wakuba prawn farm	101,000	69,609	53,602	within 3 years
Working capital for the prawn farm	9,000	8,421	8,421	within 6 months
Estimated expenses in relation to the issuance of RCN:				
-Setting up costs	1,600	1,600	1,600	within 1 month
-Implementation costs	8,400	8,370	8,370	within 3 years
	<u>120,000</u>	<u>88,000</u>	<u>71,993</u>	

*The estimated timeframe for the utilisation is from the date of issue of the respective sub-tranches of the RCN.

(ii) Proceeds raised from private placement

Purpose	Proposed Utilisation RM'000	Utilisation RM'000	Remaining Balance RM'000	Intended timeframe
Funding for the Proposal Acquisition	60,000	60,000	-	within 6 months
Working Capital	3,097	2,814	283	within 12 months
Estimate expenses for the Proposals	1,500	1,498	2	within 1 month
	<u>64,597</u>	<u>64,312</u>	<u>285</u>	

B7 Borrowings and debt securities

The Group's borrowings, all of which are secured and denominated in Ringgit Malaysia, were as follows:

	As at 30.09.2021 RM'000 (Unaudited)	As at 30.6.2021 RM'000 (Audited)
Secured Short Term Borrowings :		
Trade working capital-i	4,301	1,762
Term financing -i	4,473	4,377
Cashline-i	1,465	503
	10,239	6,642
Secured Long Term Borrowings :		
Term financing -i	103,666	46,424
	103,666	46,424
Total	113,905	53,066

B8 Material litigations

The Group has no material litigation pending as at 23 November 2021 (the "LPD"), being the latest practicable date which is not more than 7 days from the date of this quarterly report.

B9 Proposed dividends

No dividends have been declared or recommended for the current quarter and financial period to-date.

B10 Basic and diluted earnings / (loss) per share

	Individual Quarter	
	1.7.2021 to 30.9.2021 (Unaudited)	1.7.2020 to 30.9.2020 (Unaudited)
<u>Basic earnings/(loss) per share</u>		
Profit attributable to owners of the Company (RM'000)	5,806	5,073
Weighted average number of shares in issue ('000)	1,302,018	655,108
Basic earnings per share (Sen)	0.45	0.77

Diluted earnings/(loss) per share

The fully diluted earnings/(loss) per share on the basis of the assumed conversion unissued of RCN and Warrants have not been disclosed as the effect is anti-dilutive.

B11 Comparison with immediate preceding quarter's results

The profit/(loss) before tax is arrived at after charging/(crediting):

	3 months	
	1.7.2021 to 30.9.2021 RM'000 (Unaudited)	1.7.2020 to 30.9.2020 RM'000 (Unaudited)
Depreciation of property, plant and equipment	2,349	995
Depreciation of rights-of-use assets	44	-
Fair value adjustment on loan to a former subsidiary company	(1,833)	-
Finance costs	1,503	569
Interest income	(135)	(177)
Rental of office space	54	22
Realised foreign exchanges (gain)/loss	(27)	-
Unrealised foreign exchanges (gain)/loss	(903)	(4,755)

Other income and expense items required to be disclosed by the Listing Requirements are not applicable.

B12 Authorisation for issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

Kuala Lumpur
30 November 2021

By Order of the Board
Wong Yuet Chyn
Company Secretary