



# **MAG HOLDINGS BERHAD**

200401004611 (643114-X)  
(Incorporated in Malaysia)

**Unaudited Second Quarter  
Ended  
31 December 2022**

**Interim Financial Statements  
Announcement**



## MAG Holdings Berhad

200401004611 (643114-X)

(Incorporated in Malaysia)

### Condensed Consolidated Statement of Profit or Loss

|   | 3 months   |  | 6 months  |   |
|---|--|--|---|---|
|   | 1.10.2022<br>to<br>31.12.2022<br>RM'000<br>(Unaudited) | 1.10.2021<br>to<br>31.12.2021<br>RM'000<br>(Unaudited) | 1.7.2022<br>to<br>31.12.2022<br>RM'000<br>(Unaudited) | 1.7.2021<br>to<br>31.12.2021<br>RM'000<br>(Unaudited) |
| Revenue                                       | 43,256   | 14,616   | 73,617  | 32,697  |
| Cost of sales                                 | <u>(29,264)</u>  | <u>(6,500)</u>   | <u>(48,042)</u>                                       | <u>(17,113)</u>                                       |
| <b>Gross profit</b>                           | 13,992   | 8,116  | 25,575  | 15,584  |
| Other income                                  | 3,087  | 1,883  | 6,342   | 3,852   |
| Operating expenses                            | (3,714)  | (3,665)  | (7,710)   | (7,642)   |
| Finance costs                                 | (3,269)  | (1,508)  | (5,366)   | (3,011)   |
| Unrealised foreign exchange gain/(loss)       | (1,258)  | 2,346  | (2,412)   | 3,277   |
| Realised foreign exchange gain                | 52   | -  | 210   | -   |
|   | <u>          </u>                                      | <u>          </u>                                      | <u>          </u>                                     | <u>          </u>                                     |
| <b>Profit before taxation</b>                 | 8,890  | 7,172  | 16,639  | 12,060  |
| Taxation                                      | <u>326</u>   | <u>484</u>   | <u>1,050</u>  | <u>(432)</u>  |
| <b>Profit for the period</b>                  | <u><b>8,564</b></u>                                    | <u><b>6,688</b></u>                                    | <u><b>15,589</b></u>                                  | <u><b>12,492</b></u>                                  |
| (Loss)/profit for the period attributable to: |  |  |   |   |
| -Owners of the Company                        | 8,567  | 6,689  | 15,592  | 12,495  |
| -Non-controlling interests                    | <u>(3)</u>   | <u>(1)</u>   | <u>(3)</u>  | <u>(3)</u>  |
|   | <u><b>8,564</b></u>                                    | <u><b>6,688</b></u>                                    | <u><b>15,589</b></u>                                  | <u><b>12,492</b></u>                                  |
| Basic earnings per share (sen)                | <u>0.59</u>  | <u>0.48</u>  | <u>1.08</u>   | <u>0.92</u>   |
| Diluted earnings per share (sen)              | <u>0.57</u>  | <u>0.46</u>  | <u>1.04</u>   | <u>0.91</u>   |

Notes:

n/a - Not applicable

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 2022 and the accompanying explanatory notes attached to these interim financial statements.



## MAG Holdings Berhad

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(Incorporated in Malaysia)

### Condensed Consolidated Statement of Profit or Loss

|   | 3 months   |  | 6 months  |   |
|---|--|--|---|---|
|   | 1.10.2022<br>to<br>31.12.2022<br>RM'000<br>(Unaudited) | 1.10.2021<br>to<br>31.12.2021<br>RM'000<br>(Unaudited) | 1.7.2022<br>to<br>31.12.2022<br>RM'000<br>(Unaudited) | 1.7.2021<br>to<br>31.12.2021<br>RM'000<br>(Unaudited) |
| <b>Profit for the period</b>  | 8,564  | 6,688  | 15,589  | 12,492  |
| <b>Other comprehensive income, net of tax:</b><br>Items that may be reclassified<br>subsequently to profit or loss: |  |  |   |   |
| Foreign currency translations   | (8,041)  | 2,663  | (11,067)  | 9,814   |
| <b>Total other comprehensive income<br/>for the period, net of tax</b>  | 523  | 9,351  | 4,522   | 22,306  |
| <b>Total comprehensive income<br/>for the period, net of tax</b>  | 523  | 9,351  | 4,522   | 22,306  |
| Total comprehensive income attributable to:   |  |  |   |   |
| Owners of the Company   | 526  | 9,352  | 4,525   | 22,309  |
| Non-controlling interests   | (3)  | (1)  | (3)   | (3)   |
|   | <b>523</b>   | <b>9,351</b>   | <b>4,522</b>  | <b>22,306</b>   |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 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<br>31.12.2022<br>RM'000<br>(Unaudited) | As at<br>30.6.2022<br>RM'000<br>(Audited) |
|--|--|---|
| <b>ASSETS</b>                                      |  |   |
| <b>NON-CURRENT ASSETS</b>                          |  |   |
| Property, plant and equipment                      | 280,896                                      | 277,167                                   |
| Intangible assets                                  | 57,883                                       | 58,484                                    |
| Loan to a former subsidiary company                | 265,796                                      | 270,461                                   |
| Goodwill   | 87,839                                       | 87,839                                    |
|  | <u>692,414</u>                               | <u>693,951</u>                            |
| <b>CURRENT ASSETS</b>                              |  |   |
| Biological assets                                  | 14,102                                       | 14,100                                    |
| Inventories  | 7,941  | 5,051                                     |
| Short term investment                              | 50,800                                       | 50,800                                    |
| Trade and other receivables                        | 85,982                                       | 76,712                                    |
| Tax recoverable                                    | 143  | 333                                       |
| Cash and bank balances                             | 158,496                                      | 163,346                                   |
|  | <u>317,464</u>                               | <u>310,342</u>                            |
| <b>TOTAL ASSETS</b>                                | <u><b>1,009,878</b></u>                      | <u><b>1,004,293</b></u>                   |
| <b>EQUITY AND LIABILITIES</b>                      |  |   |
| <b>EQUITY</b>                                      |  |   |
| Share capital                                      | 507,672                                      | 508,386                                   |
| Reserves   | 202,214                                      | 197,689                                   |
| Total equity attributable to owners of the Company | 709,886                                      | 706,075                                   |
| Non-controlling interests                          | 1,659  | 1,662                                     |
| <b>TOTAL EQUITY</b>                                | <u>711,545</u>                               | <u>707,737</u>                            |
| <b>NON-CURRENT LIABILITIES</b>                     |  |   |
| Deferred tax liabilities                           | 30,252                                       | 29,899                                    |
| Borrowings   | 92,776                                       | 94,653                                    |
| Lease liabilities                                  | 1,947  | 2,139                                     |
| Redeemable preference shares (RPS)                 | 37,736                                       | 37,736                                    |
|  | <u>162,711</u>                               | <u>164,427</u>                            |
| <b>CURRENT LIABILITIES</b>                         |  |   |
| Trade and other payables                           | 78,661                                       | 75,142                                    |
| Bank borrowings                                    | 19,847                                       | 19,807                                    |
| Lease liabilities                                  | 525  | 591                                       |
| Redeemable preference shares (RPS)                 | 36,589                                       | 36,589                                    |
|  | <u>135,622</u>                               | <u>132,129</u>                            |
| <b>TOTAL LIABILITIES</b>                           | <u>298,333</u>                               | <u>296,556</u>                            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                | <u><b>1,009,878</b></u>                      | <u><b>1,004,293</b></u>                   |
| <b>Net assets per share (Sen)</b>                  | <u>49</u>                                    | <u>49</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 2022 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

|  | <-----Non-distributable-----> |  | Distributable                  |                 |                               |                           |
|--|-------------------------------|--|--------------------------------|-----------------|-------------------------------|---------------------------|
|  | Share<br>Capital<br>RM'000    | Exchange<br>Translation<br>Reserve<br>RM'000 | Retained<br>Earnings<br>RM'000 | Total<br>RM'000 | Non-<br>Controlling<br>RM'000 | Total<br>Equity<br>RM'000 |
| <b>At 1 July 2022</b>                          | 508,386                       | 44,694                                       | 152,995                        | 706,075         | 1,662                         | 707,737                   |
| <b>Total comprehensive income</b>              |                               |  |                                |                 |                               |                           |
| Profit/(loss) for the period                   | -                             | -  | 15,592                         | 15,592          | (3)                           | 15,589                    |
| Foreign currency translations                  | -                             | (11,067)                                     | -                              | (11,067)        | -                             | (11,067)                  |
|  | -                             | (11,067)                                     | 15,592                         | 4,525           | (3)                           | 4,522                     |
| <b>Transactions with owners of the Company</b> |                               |  |                                |                 |                               |                           |
| Amortisation of RCN transaction costs          | (714)                         | -  | -                              | (714)           | -                             | (714)                     |
|  | (714)                         | -  | -                              | (714)           | -                             | (714)                     |
| <b>At 31 December 2022</b>                     | <b>507,672</b>                | <b>33,627</b>                                | <b>168,587</b>                 | <b>709,886</b>  | <b>1,659</b>                  | <b>711,545</b>            |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year 30 June 2022 and the accompanying explanatory notes attached to these interim financial statements.



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Condensed Consolidated Statement of Cash Flows

|   | 1.7.2022<br>to<br>31.12.2022<br>RM'000<br>(Unaudited) | 1.7.2021<br>to<br>31.12.2021<br>RM'000<br>(Unaudited) |
|---|---|---|
| <b>Cash Flows from Operating Activities</b>                   |   |   |
| Profit before taxation  | 16,639  | 12,060  |
| Adjustment for:   |   |   |
| Depreciation  | 6,131   | 4,792   |
| Finance costs   | 5,366   | 3,011   |
| Interest income   | (2,717)   | (142)   |
| Unrealised and realised foreign exchange loss                 | (210)   | (3,256)   |
| Fair value adjustment on loan to a former subsidiary          | (3,625)   | (3,710)   |
| Operating profit before working capital changes               | <u>21,584</u>   | <u>12,755</u>   |
| Changes in working capital:                                   |   |   |
| Inventories   | (2,890)   | (1,094)   |
| Receivables   | (12,554)  | 10,150  |
| Payables  | 3,639   | 3,245   |
| Cash flows generated from operations                          | <u>9,779</u>  | <u>25,056</u>   |
| <br>  |   |   |
| Interest paid   | (5,366)   | (3,011)   |
| Tax paid  | (508)   | (157)   |
| <b>Net cash generated from operating activities</b>           | <u>3,905</u>  | <u>21,888</u>   |
| <br>  |   |   |
| <b>Cash Flows from Investing Activities</b>                   |   |   |
| Interest Income   | 2,717   | 140   |
| Purchase of property, plant and equipment                     | (9,260)   | (25,652)  |
| Acquisition of a subsidiary                                   | -   | (196,973)   |
| Fair Value adjustment from RPS                                | 7   | -   |
| <b>Net cash used in investing activities</b>                  | <u>(6,536)</u>  | <u>(222,485)</u>                                      |
| <br>  |   |   |
| <b>Cash Flows from Financing Activities</b>                   |   |   |
| Proceed from issuance of ordinary shares                      | -   | 137,343   |
| Proceed from issuance of preference share                     | -   | 80,000  |
| Repayment of bank borrowings, net                             | (1,836)   | (948)   |
| Repayment to director   | (125)   | (8,257)   |
| Repayment of lease liability, net                             | (258)   | 169   |
| <b>Net cash (used in)/generated from financing activities</b> | <u>(2,219)</u>  | <u>208,307</u>  |
| <br>  |   |   |
| Net (decrease)/ increase in cash and cash equivalents         | (4,850)   | 7,710   |
| Cash and cash equivalents at beginning of period              | <u>163,346</u>  | <u>153,401</u>  |
| Cash and cash equivalents at end of period                    | <u>158,496</u>  | <u>161,111</u>  |
| Cash and cash equivalents comprise of:                        |   |   |
| <br>  |   |   |
| Cash and bank balances  | <u>158,496</u>  | <u>161,111</u>  |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 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 2022 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 2022.

#### 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 2022, except for the adoption of the following accounting standards:

Amendments to MFRS 3 Reference to the Conceptual Framework  
Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use  
Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract  
Annual Improvements to MFRSs 2018 – 2020

*Effective for financial periods beginning on or after 1 January 2023 but are not yet effective and have not been adopted by the Group*

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  
Amendment to MFRS 10 and 128 – Sale or Contribution of Assets and Liabilities arising from a Single Transaction

The Group will adopt the above accounting pronouncements when they become effective in the respective financial period. 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.



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### **A3. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 30 June 2022 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**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period ended 31 December 2022.

### **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 31 December 2022.

### **A7. Seasonality or cyclicity of operations**

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

### **A8. Dividends paid**

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





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### **A9. Changes in debt and equity securities**

There was no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the financial period ended 31 December 2022.

Subsequent to the financial period ended 31 December 2022,

1. Pursuant to the Proposed Private Placement announced on 3 January 2023, the Company had:-

- a. on 10 Feb 2023, issued 120,001,300 ordinary shares at issued price of RM0.175 per share for total cash proceeds of RM21.0 million
- b. on 16 Feb 2023, issued 24,331,000 ordinary shares at issued price of RM0.175 per share for total cash proceeds of RM4.26 million

Following the above issuance of new shares, the Company has 1,587,655,765 ordinary shares in issue as at the date of this report.

### **A10. Change in the composition of the Group**

The Group has no changes in the composition of the Group during the current quarter and the financial period ended 31 December 2022.

### **A11. Contingent assets or liabilities**

The Group 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**

On 3 Jan 2023, the Company proposed a private placement of up to 10% of its total issued shares to partly fund for the expansion of its existing prawn farming business and working capital ("Proposed Private Placement")

Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 19 January 2023, resolved to approve the listing and quotation of up to 212,879,000 new shares to be issued pursuant to the Proposed Private Placement. The Proposed Private Placement maybe implemented in multiple tranches.

Save as disclosed above, there was no other material event subsequent to current quarter ended 31 December 2022.



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### 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. The list below are the significant transactions with related party:

|   | 3 Months    |             | 6 Months    |             |
|---|-------------|-------------|-------------|-------------|
|   | 1.10.2022   | 1.10.2021   | 1.7.2022    | 1.7.2021    |
|   | to          | to          | to          | to          |
|   | 31.12.2022  | 31.12.2021  | 31.12.2022  | 31.12.2021  |
|   | RM'000      | RM'000      | RM'000      | RM'000      |
|   | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| With companies in which a Director who is also a substantial shareholder of the Company, has interests: |             |             |             |             |
| - Rental of office space  | 38          | 38          | 75          | 75          |

### A14. Fair value of financial instruments

Save for the fair value adjustment of the RM3.63 million 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 financial quarter and the financial period ended 31 December 2022.



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### B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

#### B1. Review of performance

##### 3 months ended 31 December 2022 (“3M2023”)

Revenue for the current financial quarter ended 31 December 2022 increased by 195.90% to RM43.26 million compared with RM14.62 million in the previous year’s corresponding quarter. Higher revenue was mainly due to increased sales from the aquaculture business.

The Group recorded profit before taxation of RM8.89 million for the current quarter ended 31 December 2022 compared with RM7.17 million in the previous year corresponding quarter, mainly due to higher revenue.

##### 6 months ended 31 December 2022 (“6M2023”)

The Group recorded revenue RM73.62 million and profit before tax of RM16.64 million; compared with RM32.70 million and RM12.06 million respectively in the previous year corresponding period. This was mainly due to higher revenue for 6M2023.

The other income of RM 6.34 million derived largely from the fair value gain of RM 3.63 million on loan to former subsidiary company and interest income of RM2.72 million from the loan to former subsidiary company.

#### B2. Comparison with immediately preceding quarter’s results

|  | Current<br>quarter<br>1.10.2022<br>to<br>31.12.2022<br>RM'000 | Preceding<br>quarter<br>1.7.2022<br>to<br>30.9.2022<br>RM'000 |
|--|---|---|
| Revenue                                    | 43,256  | 30,361  |
| Cost of sales                              | (29,264)  | (18,778)  |
| Gross profit                               | 13,992  | 11,583  |
| Other income                               | 3,087   | 3,255   |
| Operating expenses                         | (3,714)   | (3,996)   |
| Finance costs                              | (3,269)   | (2,097)   |
| Unrealised foreign exchange<br>(loss)/gain | (1,258)   | (1,154)   |
| Foreign exchange (loss)/gain               | 52  | 158   |
| Profit/(loss) before taxation              | 8,890   | 7,749   |



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### **B2. Comparison with immediately preceding quarter's results (cont'd)**

The revenue for the current financial quarter increased by 42.47 % mainly due to high demand for trading products, gross profit for the current financial quarter increased to RM13.99 million compared with RM 11.58 million in preceding quarter.

The Group recorded profit before taxation of RM8.89 million compare with the profit before taxation RM7.75 million in the preceding quarter mainly due to the increased in sales.

The unrealized foreign exchange loss mainly due to the depreciated value of Renminbi against Hong Kong Dollar.

### **B3. Commentary on prospects**

The Group will continue to focus on prawn aquaculture as the main business driver. The Group believes in the long-term sustainability of the food industry and will continue to strengthen the Group's position as a leading prawn aquaculture player in the industry.

The expansion of Wakuba Farm in Tawau will be partly funded by the proceeds from the Proposed Private Placement and expected to contribute positively to the financial performance of the Group moving forward.

Premised on the above and barring any unforeseen circumstances, the Group will continue to undertake cost control measures and improve the productivity and efficiency to enhance the profitability of the Group. In addition, the Group will also closely monitor the challenging external factors due to foreign exchange fluctuations, raw material price fluctuations, increase in the interest rate and transportation costs.

### **B4. Profit forecast or profit guarantee**

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



## MAG Holdings Berhad

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### B5. Taxation

|                                      | 3 Months   |  | 6 Months  |   |
|--------------------------------------|--|--|---|---|
|                                      | 1.10.2022<br>to<br>31.12.2022<br>RM'000<br>(Unaudited) | 1.10.2021<br>to<br>31.12.2021<br>RM'000<br>(Unaudited) | 1.7.2022<br>to<br>31.12.2022<br>RM'000<br>(Unaudited) | 1.7.2021<br>to<br>31.12.2021<br>RM'000<br>(Unaudited) |
| <u>Income tax:</u>                   |  |  |   |   |
| Malaysian income tax:                |  |  |   |   |
| - Current year                       | -  | 228  | -   | 736   |
| - Overprovision in prior year        | -  | -  | -   | -   |
|                                      | -  | 228  | -   | 736   |
| <u>Deferred tax:</u>                 |  |  |   |   |
| Origination of temporary differences | 326  | 256  | 1,050   | (1,168)   |
|                                      | 326  | 484  | 1,050   | (432)   |

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

- a) Status of utilization proceed raised as at 31 December 2022.  
i. Proceed raised from RCN

| <u>Purpose</u>   | <u>Proposed<br/>Utilisation<br/>RM'000</u> | <u>Drawdown<br/>RM'000</u> | <u>Utilisation<br/>RM'000</u> | <u>Estimated<br/>timeframe*</u> |
|--|--|----------------------------|-------------------------------|---------------------------------|
| Financing the acquisition of Wakuba prawn farming      | 101,000                                    | 79,609                     | 75,409                        | 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                  |
|  | 120,000                                    | 98,000                     | 93,800                        |                                 |



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### B7. Borrowings and debt securities

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

|                         | <b>As at</b><br><b>31.12.2022</b><br><b>RM'000</b><br>(Unaudited) | <b>As at</b><br><b>31.12.2021</b><br><b>RM'000</b><br>(Unaudited) |
|-------------------------|---|---|
| <b>Current:</b>         |   |   |
| Trade working capital-i | 11,553  | 5,844   |
| Term financing -i       | 7,792   | 4,473   |
| Cashline-i              | 502   | 1,419   |
|                         | <hr/> 19,847  | <hr/> 11,736  |
| <b>Non-current:</b>     |   |   |
| Term financing -i       | 92,776  | 101,372   |
|                         | <hr/> 92,776  | <hr/> 101,372   |
| Total                   | <hr/> <hr/> 112,623   | <hr/> <hr/> 113,108   |

### B8. Material litigations

The Group has no material litigation pending as at 25 November 2022 (the "LPD") except the following:-

- i) *High Court of Kuala Lumpur Case No. WA-22NCC-437-09/2020. Ng Min Lin ("1<sup>st</sup> Plaintiff") and North Cube Sdn Bhd ("NCSB or 2<sup>nd</sup> Plaintiff") v Reymee Bin Mohamed Hussein ("Reymee or 1<sup>st</sup> Defendant") and Wondeux (M) Sdn Bhd ("WMSB or 2<sup>nd</sup> Defendant")*

1<sup>st</sup> Plaintiff and NCSB are claiming for compensation amounting to RM2,000,000 arising from the alleged breaches by Reymee and WMSB of the terms of the Funding Agreement dated 8 January 2019 entered into between NCSB and WMSB ("Funding Agreement"). 1<sup>st</sup> Plaintiff and NCSB further seek a series of declarations, inter alia that the Funding Agreement has lapsed, and that Reymee is not the Chief Corporate Officer of NCSB.

The trial came up on 23 August 2021 to 27 August 2021, 4 to 8 April 2022, 12 to 14 April 2022 and 5 to 9 September 2022 before the Judge. The decision of this matter which has been delivered on 5 January 2023 is summarised in item (ii).



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### B8. Material litigations (cont'd)

- (ii) *High Court of Kuala Lumpur Case No. WA-22NCC-43-01/2021. Reymee Bin Mohamed Hussein (“Reymee or 1<sup>st</sup> Plaintiff”) v Ng Min Lin (“1<sup>st</sup> Defendant”) and North Cube Sdn Bhd (“NCSB or 2<sup>nd</sup> Defendant”)*

Reymee is seeking for declarations that the validity period of the Funding Agreement was mutually extended, and there was an oral collateral contract between Reymee and 1<sup>st</sup> Defendant and NCSB that 3% of the NCSB’s shares have been assigned to Reymee. Reymee is further seeking a declaration that he is the Chief Corporate Officer of NCSB and 1<sup>st</sup> Defendant and NCSB are jointly and severally liable to him for the sum of RM2,700,000, being the value of 3% of NCSB’s shares.

The matter has undergone a joint trial on 23 August 2021 to 27 August 2021, 4 to 8 April 2022, 12 to 14 April 2022 and 5 to 9 September 2022 before the Judge.

On 5 January 2023, the learned High court Judge delivered a joint Judgement for both cases listed in item (i) & item (ii). The Court dismissed Reymee’s claim in case No WA-22NCC-43-01/2021 (item (ii)) with costs of RM75,000 to be paid by Reymee and Wondeux. By virtue of dismissal of item (ii), it was no longer necessary for the Court to deal with Case No. WA-22NCC-437-09/2020 (item (i)) and therefore, item (i) was also dismissed with costs of RM 15,000.

- (iii) *High Court of Kuala Lumpur Case No. WA-22IP-38-07/2020. Ng Min Lin (“1<sup>st</sup> Plaintiff”) and North Cube Sdn Bhd (“NCSB or 2<sup>nd</sup> Plaintiff”) v Steven Mak (“Steven or 1<sup>st</sup> Defendant”) and Wondeux (M) Sdn Bhd (“WMSB or 2<sup>nd</sup> Defendant”)*

1<sup>st</sup> Plaintiff and NCSB are claiming for compensation amounting to RM2,000,000 arising from the alleged breaches by Steven and WMSB of the terms of the

Funding Agreement. 1<sup>st</sup> Plaintiff and NCSB further seek a series of declarations, *inter alia* that the Funding Agreement has lapsed, that Steven is not the Chief Marketing Officer of NCSB, and further that Steven does not own the copyrights and trademarks of NCSB.

The matter has been consolidated with WA-22IP-43-08/2020 under item (iv). The joint trial before the Judge on 20 to 22 February 2023 has been postponed to 2,6,9 & 28 March 2023.

- (iv) *High Court of Kuala Lumpur Case No. WA-22IP-43-08/2020. Steven Mak (“Steven or 1<sup>st</sup> Plaintiff”) v Ng Min Lin (“1<sup>st</sup> Defendant”) and North Cube Sdn Bhd (“NCSB or 2<sup>nd</sup> Defendant”)*



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### B8. Material litigations (cont'd)

Steven is seeking for declarations that the validity period of the Funding Agreement was mutually extended, and that Steven is owed the sum of RM405,900 (payment order) being works done for NCSB. Steven is further seeking a declaration that he is the Chief Marketing Officer or an employee of NCSB, and that Steven owns the copyrights and trademarks of 'North Cube', and is further claiming damages of RM5,000,000 from 1<sup>st</sup>

Defendant and NCSB for breach of his intellectual property's trademarks and copyrights. In addition, Steven is also seeking an injunction to prohibit NCSB from using his copyright and trademarks, a mandatory injunction for NCSB to produce NCSB's book of accounts. 1<sup>st</sup> Defendant and NCSB's interlocutory application for interrogatories against Steven was allowed on 9 February 2021. Steven has responded to the interrogatories.

The matter has been consolidated with WA-22IP-38-07/2020 under item (iii). The joint trial before the Judge on 20 to 22 February 2023 has been postponed to 2,6,9 & 28 March 2023.

1st Defendant's and NCSB's lawyer are of the view that there is a good chance of successfully defending the claim by Steven.

### B9. Proposal dividends

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

### B10. Basic and diluted earnings per share

#### Basic earnings per share

|   | 3 months                                     |  | 6 months                                    |   |
|---|--|--|---|---|
|   | 1.10.2022<br>to<br>31.12.2022<br>(Unaudited) | 1.10.2021<br>to<br>31.12.2021<br>(Audited) | 1.7.2022<br>to<br>31.12.2022<br>(Unaudited) | 1.7.2021<br>to<br>31.12.2021<br>(Audited) |
| Profit attributable to owners of the Company (RM'000) | 8,567  | 6,689                                      | 15,592                                      | 12,495                                    |
| Weighted average number of shares in issue ('000)     | 1,443,323                                    | 1,404,628                                  | 1,443,323                                   | 1,353,323                                 |
| Basic earnings per share (Sen)                        | 0.59   | 0.48                                       | 1.08  | 0.92                                      |





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### B10. Basic and diluted earnings per share (cont'd)

#### Diluted earnings per share

|   | 3 months                                     |  | 6 months                                    |   |
|---|--|--|---|---|
|   | 1.10.2022<br>to<br>31.12.2022<br>(Unaudited) | 1.10.2021<br>to<br>31.12.2021<br>(Audited) | 1.7.2022<br>to<br>31.12.2022<br>(Unaudited) | 1.7.2021<br>to<br>31.12.2021<br>(Audited) |
| Profit attributable to owners of the Company (RM'000) | 8,567  | 6,689                                      | 15,592                                      | 12,495                                    |
| Weighted average number of shares in issue ('000)     | 1,502,003                                    | 1,448,690                                  | 1,502,003                                   | 1,372,307                                 |
| Diluted earnings/(loss) per share (sen)               | 0.57   | 0.46                                       | 1.04  | 0.91                                      |

Diluted earnings per share for the previous year was not disclosed as the effect was anti-dilutive.

### B11. Notes to statement of comprehensive income

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

|  | 3 months   |  | 6 months  |   |
|--|--|--|---|---|
|  | 1.10.2022<br>to<br>31.12.2022<br>RM'000<br>(Unaudited) | 1.10.2021<br>to<br>31.12.2021<br>RM'000<br>(Unaudited) | 1.7.2022<br>to<br>31.12.2022<br>RM'000<br>(Unaudited) | 1.7.2021<br>to<br>31.12.2021<br>RM'000<br>(Unaudited) |
| Depreciation of property, plant and equipment                | 2,728  | 2,346  | 5,434   | 4,695   |
| Depreciation of rights-of-use assets                         | 48   | 53   | 96  | 97  |
| Amortisation of intangible assets                            | 301  | -  | 601   | -   |
| Fair value adjustment on loan to a former subsidiary company | (1,764)  | (1,877)  | (3,625)   | (3,710)   |
| Finance costs  | 3,269  | 1,508  | 5,366   | 3,011   |
| Interest income  | (1,323)  | (6)  | (2,717)   | (142)   |
| Rental of office space                                       | 38   | 39   | 75  | 93  |
| Realised foreign exchanges (gain)/loss                       | (52)   | 7  | (210)   | (20)  |
| Unrealised foreign exchanges (gain)/loss                     | 1,258  | (2,353)  | 2,412   | (3,256)   |



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### **B11. Notes to statement of comprehensive income (cont'd)**

The following items which were not disclosed were not applicable:

- (a) Allowance and write off of receivables
- (b) Allowance and write off of inventories
- (c) Gain or loss on disposal of quoted or unquoted investments or properties
- (d) Impairment of assets
- (e) Gain or loss derivatives
- (f) Exceptional item (with details)

### **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**  
**28 February 2023**

**By order of the Board**  
**Wong Yuet Chyn**  
**Company Secretary**