

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINAL QUARTER ENDED 30 JUNE 2019<sup>(1)</sup>**

	Note	3-MONTH ENDED		YEAR-TO-DATE	
		30.06.2019 RM'000	30.06.2018 <sup>(2)</sup> RM'000	30.06.2019 RM'000	30.06.2018 <sup>(2)</sup> RM'000
Revenue	A9	53,912	N/A	190,021	N/A
Cost of sales		(38,009)	N/A	(133,272)	N/A
<b>Gross profit ("GP")</b>		<b>15,903</b>	<b>N/A</b>	<b>56,749</b>	<b>N/A</b>
Other income		296	N/A	2,367	N/A
Selling and distribution expense		(612)	N/A	(2,345)	N/A
Administrative expenses		(3,556)	N/A	(12,722)	N/A
Finance costs		(87)	N/A	(274)	N/A
<b>Profit before tax ("PBT")</b>	B12	<b>11,944</b>	<b>N/A</b>	<b>43,775</b>	<b>N/A</b>
Tax expenses	B6	(2,702)	N/A	(10,824)	N/A
<b>Profit after tax ("PAT")</b>		<b>9,242</b>	<b>N/A</b>	<b>32,951</b>	<b>N/A</b>
<b>Profit for the financial period attributable to:</b>					
• Owners of the Company		9,242	N/A	32,951	N/A
		9,242	N/A	32,951	N/A
<b>Other comprehensive income, net of tax: -</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Realisation of revaluation reserve upon depreciation of revalued assets		30	N/A	119	N/A
Transfer of revaluation reserve to unappropriated profit		(30)	N/A	(119)	N/A
		-	N/A	-	N/A
<b>Total comprehensive income for the financial period attributable to:</b>					
• Owners of the Company		9,242	N/A	32,951	N/A
		9,242	N/A	32,951	N/A
<b>Earnings per share attributable to owners of the Company</b>					
• Basic (sen) <sup>(3)</sup>	B11	1.36	N/A	4.83	N/A
• Diluted (sen) <sup>(4)</sup>	B11	1.36	N/A	4.83	N/A

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 19 August 2019 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINAL QUARTER ENDED 30 JUNE 2019 (CONT'D)**

**Note:**

- (2) This is the first interim financial report announced in compliance with the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). There are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (3) Basic earnings per share (“EPS”) is calculated based on the pro forma enlarged share capital of 681,617,400 shares in issue after IPO.
- (4) Diluted EPS of the Company for the individual quarter ended 30 June 2019 and year-to-date ended 30 June 2019 is equivalent to the basic EPS as the Company does not have any convertible options as at the end of the reporting period.

*N/A – Not applicable*

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**MTAG GROUP BERHAD (1262041-V)**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019<sup>(1)</sup>**

	As at 30.06.2019 RM'000	As at 30.06.2018 <sup>(2)</sup> RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	23,180	N/A
<b>Total non-current assets</b>	<b>23,180</b>	<b>N/A</b>
<b>Current assets</b>		
Inventories	24,902	N/A
Trade receivables	54,147	N/A
Other receivables	3,502	N/A
Tax recoverable	738	N/A
Fixed deposits with licensed banks	3,065	N/A
Cash and bank balances	28,290	N/A
<b>Total current assets</b>	<b>114,644</b>	<b>N/A</b>
<b>TOTAL ASSETS</b>	<b>137,824</b>	<b>N/A</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	76,341	N/A
Merger deficit	(73,775)	N/A
Revaluation reserve	5,905	N/A
Retained earnings	91,300	N/A
<b>Total equity</b>	<b>99,771</b>	<b>N/A</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	5,669	N/A
Finance lease creditors	438	N/A
Deferred tax liabilities	2,353	N/A
<b>Total non-current liabilities</b>	<b>8,460</b>	<b>N/A</b>
<b>Current liabilities</b>		
Trade payables	20,379	N/A
Other payables	2,906	N/A
Borrowings	5,301	N/A
Finance lease creditors	267	N/A
Tax payable	740	N/A
<b>Total current liabilities</b>	<b>29,593</b>	<b>N/A</b>
<b>TOTAL LIABILITIES</b>	<b>38,053</b>	<b>N/A</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>137,824</b>	<b>N/A</b>
<b>Weighted Average number of ordinary shares ('000)</b>	<b>681,617</b>	<b>N/A</b>
<b>NET ASSETS PER SHARE (RM)<sup>(3)</sup></b>	<b>0.15</b>	<b>N/A</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2019<sup>(1)</sup> (CONT'D)**

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 19 August 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.
- (3) Based on the pro forma enlarged share capital of 681,617,400 shares in issue after IPO.

*N/A – Not applicable*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY  
FOR THE FINAL (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2019<sup>(1)(2)</sup>**

	Share capital RM'000	Merger deficit RM'000	Revaluation reserve RM'000	Unappropriated profit RM'000	Total equity RM'000
<b>As at 1 July 2018</b>	<b>2,566</b>	-	<b>6,024</b>	<b>67,730</b>	<b>76,320</b>
Profit for the financial period	-	-	-	32,951	<b>32,951</b>
Other comprehensive income for the financial period	-	-	(119)	119	-
	<b>2,566</b>		<b>5,905</b>	<b>100,800</b>	<b>109,271</b>
<b>Transactions with owners</b>					
Issued of ordinary shares	*	-	-	-	*
Issuance of shares pursuant to acquisition of subsidiary companies	76,341	-	-	-	<b>76,341</b>
Acquisition of subsidiary companies	(2,566)	(73,775)	-	-	<b>(76,341)</b>
Interim single tier dividend	-	-	-	(9,500)	<b>(9,500)</b>
	<b>73,775</b>	<b>(73,775)</b>	-	<b>(9,500)</b>	<b>(9,500)</b>
<b>As at 30 June 2019</b>	<b>76,341</b>	<b>(73,775)</b>	<b>5,905</b>	<b>91,300</b>	<b>99,771</b>

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 19 August 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.

\* Less than RM1,000

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINAL (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2019<sup>(1)</sup>**

	<b>YEAR-TO-DATE</b>	
	<b>30.06.2019</b>	<b>30.06.2018<sup>(2)</sup></b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
<b>Profit before tax</b>	<b>43,775</b>	<b>N/A</b>
Adjustments for:		
Bad debts written off	3	N/A
Depreciation of property, plant and equipment	2,416	N/A
Finance costs	274	N/A
Loss on disposal of property, plant and equipment	1	N/A
Interest income	(220)	N/A
Unrealised gain on foreign exchange	(312)	N/A
Operating profit before working capital changes	<u>45,937</u>	<u>N/A</u>
<b>Change in working capital</b>		
Inventories	(5,294)	N/A
Receivables	(10,153)	N/A
Payables	8,435	N/A
Directors' related companies	20	N/A
	<u>(6,992)</u>	<u>N/A</u>
Cash generated from operations	38,945	N/A
Tax paid	(12,795)	N/A
Tax refund	110	N/A
Net cash from operating activities	<u><b>26,260</b></u>	<u>N/A</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	33	N/A
Purchase of property, plant and equipment	(1,093)	N/A
Placement of fixed deposits with a licensed bank	(3,065)	N/A
Interest received	221	N/A
Net cash used in investing activities	<u><b>(3,904)</b></u>	<u>N/A</u>
<b>Cash Flows From Financing Activities</b>		
Dividends paid	(10,520)	N/A
Interest paid	(275)	N/A
Proceeds from issuance of shares	*	N/A
Repayment of finance lease creditors	(251)	N/A
Repayment of term loans	(658)	N/A
Repayment of short-term borrowings	(4,632)	N/A
Net cash used in financing activities	<u><b>(16,336)</b></u>	<u>N/A</u>
<b>Net increase in cash and cash equivalents</b>	<b>6,020</b>	<b>N/A</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>22,311</b>	<b>N/A</b>
<b>Effect of exchange translation differences on cash and cash equivalents</b>	<b>(41)</b>	<b>N/A</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<u><b>28,290</b></u>	<u>N/A</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINAL (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2019<sup>(1)</sup> (CONT'D)**

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 19 August 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding period-to-date available as no interim financial report was prepared for the comparative financial period concerned.

\* Less than RM1,000

*N/A – Not applicable*

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## MTAG GROUP BERHAD (1262041-V)

### A. NOTES TO THE INTERIM FINANCIAL REPORT

#### A1. Basis of preparation

The interim financial report of MTAG Group Berhad (“**MTAG**” or “**the Company**”) and its subsidiaries (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) No. 134: Interim Financial Reporting and Rule 9.22 of Listing Requirements of Bursa Securities.

This is the first interim financial statements on the Company’s unaudited condensed consolidated financial results for the final (4<sup>TH</sup>) quarter ended 30 June 2019 announced by the Company in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year’s corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 19 August 2019 and the accompanying notes attached to this interim financial report.

#### A2. Summary of Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the Accountants’ Report in the Prospectus of the Group dated 19 August 2019. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

##### Adoption of new and amended standard

During the financial period, the Group has adopted the following amendments for MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial period.

- MFRS 9 Financial Instruments,
- MFRS 15 Revenue from Contracts with Customers
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Adoption of the above standards and interpretations did not have any material impact to the financial statements of the Group.

##### Standards issued but not yet effective

		<b>Effective dates for financial periods beginning on or after</b>
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long Term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019



NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

Standards issued but not yet effective (cont'd)

	<u>Effective dates for financial periods beginning on or after</u>
Annual Improvements to MFRSs 2015 - 2017 Cycle:	
• Amendments to MFRS 3	1 January 2019
• Amendments to MFRS 11	1 January 2019
• Amendments to MFRS 112	1 January 2019
• Amendments to MFRS 123	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	
• Amendments to MFRS 2 <i>Share-Based Payment</i>	1 January 2020
• Amendments to MFRS 3 <i>Business Combination</i>	1 January 2020
• Amendments to MFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2020
• Amendments to MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2020
• Amendments to MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2020
• Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
• Amendments to MFRS 134 <i>Interim Financial Reporting</i>	1 January 2020
• Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
• Amendments to MFRS 138 <i>Intangible Assets</i>	1 January 2020
• Amendments to IC Interpretation 12 <i>Service Concession Arrangements</i>	1 January 2020
• Amendments to IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2020
• Amendments to IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2020
• Amendments to IC Interpretation 22 <i>Foreign Currency Transactions and Advances Consideration</i>	1 January 2020
• Amendments to IC Interpretation 123 <i>Intangible Assets – Website Costs</i>	1 January 2020
MFRS 17	Insurance Contracts
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture
	1 January 2021
	Deferred until further notice

\* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until the earlier of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

MFRS 16 Leases – effective 1 January 2019

MFRS 16 ‘Leases’ supersedes MFRS 117 ‘Leases’ and the related interpretations.

MFRS 16 introduces a single accounting model for a lessee and eliminates the distinction between finance lease and operating lease. Lessee is now required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**Standards issued but not yet effective (cont'd)**

Upon adoption of MFRS 16, the Group is required to account for major part of their operating leases in the statement of financial position by recognising the 'right-of-use' assets and the lease liability, thus increasing the assets and liabilities of the Group.

The Group applied the simplified retrospective approach. Under this approach, the Group is not required to restate the comparatives and the MFRS 16 adjustments will be reflected in the opening retained earnings at 1 July 2019, being the date of initial application. The Group expects no material impact to the financial statements of the Group.

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

MTAG was incorporated on 2 January 2018 and acquisition was completed on 28 June 2019, as such, there was no auditors' report on the preceding annual group financial statements. However, the auditors' report for the financial year ended 30 June 2018 of MTAG Group Sdn Bhd was not subject to any qualification.

**A4. Seasonal or cyclical factors**

The business operations of the Group were not materially affected by seasonal and cyclical effects.

**A5. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial period-to-date.

**A6. Material changes in estimates**

There were no material changes in the estimates in the current financial quarter under review.

**A7. Debt and equity securities**

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayment of debts and equity during the financial quarter under review.

On 24 October 2018, the Company had entered into a conditional Share Sale Agreement ("SSA") with the vendors of Toyosho Industrial Products Sdn Bhd ("Toyosho"), Intag Industrial Supplies Sdn Bhd ("Intag Industrial") and Intag Steel Hardware Sdn Bhd ("Intag Steel") to acquire the entire equity interest in Toyosho, Intag Industrial and Intag Steel for a total purchase consideration of RM76,341,150. The purchase consideration was satisfied by the issuance of 545,293,898 new shares of the Company to the vendors of Toyosho, Intag Industrial and Intag Steel at an issue price of RM0.14 each. The acquisition of Toyosho, Intag Industrial and Intag Steel was completed on 28 June 2019. Thereafter, Toyosho, Intag Industrial and Intag Steel became wholly-owned subsidiaries of the Company.

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**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

In conjunction with the Company's listing on the ACE Market of Bursa Securities, the Company has undertaken an initial public offering ("IPO") comprising:

- (i) Public issue of 136,323,500 new ordinary shares in the Company at an issue price of RM0.53 per share ("IPO Price") allocated in the following manner: -
- 34,081,000 new shares available for application by the Malaysian Public;
  - 14,006,700 new shares available for application by the eligible directors, employees and persons who have contributed to the success of the Group;
  - 68,161,500 new shares by way of private placement to bumiputera investors approved by Ministry of International Trade and Industry; and
  - 20,074,300 new shares by way of private placement to selected investors.
- and
- (ii) Offer for sale of 68,161,500 existing shares by way of private placement to selected investors at the IPO Price.

**A8. Dividends paid**

There was no dividend paid by MTAG during the current financial quarter under review.

**A9. Segmental information**

The Group's segmental information for the current financial year ended 30 June 2019 is as follows:

Analysis of revenue by business segments

	<b>3-MONTH ENDED</b>		<b>YEAR-TO-DATE</b>	
	<b>30.06.2019</b>	<b>30.06.2018<sup>(1)</sup></b>	<b>30.06.2019</b>	<b>30.06.2018<sup>(1)</sup></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Converting	49,133	N/A	167,138	N/A
Distribution	4,779	N/A	22,883	N/A
<b>Total</b>	<b>53,912</b>	<b>N/A</b>	<b>190,021</b>	<b>N/A</b>

**Notes:**

- (1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.

*N/A – Not applicable*

**A10. Valuation of property, plant and equipment**

There was no valuation of the property, plant and equipment in the current financial quarter under review.

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**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**A11. Material events subsequent to the end of the current financial quarter**

Save as disclosed below, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

On 19 August 2019, the Company issued its Prospectus and undertook an IPO comprising: -

- (i) Public issue of 136,323,500 new ordinary shares in the Company allocated in the following manner: -
- 34,081,000 new shares available for application by the Malaysian Public;
  - 14,006,700 new shares available for application by the eligible directors, employees and persons who have contributed to the success of the Group;
  - 68,161,500 new shares by way of private placement to bumiputera investors approved by Ministry of International Trade and Industry; and
  - 20,074,300 new shares by way of private placement to selected investors.

And

- (ii) Offer for sale of 68,161,500 existing shares by way of private placement to selected investors at the IPO Price.

Thereafter, the listing of and quotation for the Company's enlarged issued share capital comprising 681,617,400 shares on the ACE Market of Bursa Securities is expected to be on 25 September 2019.

**A12. Changes in the composition of the Group**

Save as disclosed in Note A11, there were no material changes in the composition of the Group for the current financial period-to-date under review.

**A13. Contingent assets and contingent liabilities**

Save as disclosed below, there were no other contingent assets and contingent liabilities as at the date of this interim report.

	<b>As at 30.06.2019 RM'000</b>	<b>As at 30.06.2018<sup>(1)</sup> RM'000</b>
<b>Secured</b>		
Bank guarantee given to		
-Royal Malaysian Customs Department	560	N/A
-Tenaga Nasional Berhad	20	N/A
-3M Malaysia Sdn Bhd	50	N/A
	<hr/>	<hr/>

**Notes:**

- (1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.

*N/A – Not applicable*

**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**A14. Capital commitments**

Capital commitments during the current financial quarter under review are as follows: -.

	<b>As at 30.06.2019 RM'000</b>	<b>As at 30.06.2018<sup>(1)</sup> RM'000</b>
Authorised and contracted for: -		
-Plant and machineries	<u>188</u>	<u>N/A</u>

**Notes:**

(1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.

*N/A – Not applicable*

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**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of Performance**

**(a) Results for current quarter**

The Group recorded revenue of RM53.91 million for the current financial quarter ended 30 June 2019.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 91.1% of the total revenue for the current financial quarter ended 30 June 2019.

The Group registered a PBT of RM11.94 million in the current financial quarter under review.

**(b) Results for financial year-to-date**

For the financial year-to-date, the Group recorded revenue of RM190.02 million.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 88.0% of the total revenue for the financial period-to-date.

There are no comparative figures for the preceding year available as this is the first interim financial report being announced by the Group in compliance with the Listing Requirements.

**B2. Comparison with immediate preceding quarter's results**

There are no comparative figures for the preceding quarter available as this is the first interim financial report for the final quarter ended 30 June 2019 announcement in compliance with the Listing Requirements.

**B3. Prospects and outlook**

As disclosed in the Prospectus of the Company dated 19 August 2019, the Group has put in place a series of future plans as follows to cater to the demand of existing customers and to capture a larger share of the label printing and converting industry, aim to expand converting capabilities and to adopt new printing technology for future growth and expansion of business:

- (i) Land acquisition and construction of manufacturing plant
- (ii) Purchase of new machineries

The outlook for the label printing and converting industry remains positive. Sustainable demand of label printing and converting services is expected to come from factors such as the broad range of end-user markets, the sustained growth in the global and Malaysian economy, as well as the growth of electrical and electronic industry that is an important subsector of the Malaysian manufacturing sector.

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**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**

**B4. Profit forecast or profit guarantee**

The Group did not issue any profit forecast or profit guarantee during the current financial quarter under review.

**B5. Status of corporate proposals**

Save as disclosed in A11, there were no corporate proposals announced but not completed as at the date of this interim report.

**B6. Income tax expenses**

	3-MONTH ENDED		YEAR-TO-DATE	
	30.06.2019	30.06.2018 <sup>(1)</sup>	30.06.2019	30.06.2018 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Current tax expense	2,942	N/A	10,753	N/A
Under provision of tax expense in prior financial year	3	N/A	31	N/A
Deferred tax expense	(234)	N/A	125	N/A
(Over)/under provision of deferred tax liabilities in prior financial	-	N/A	(47)	N/A
Realisation of deferred tax liabilities upon depreciation of revalued assets	(9)	N/A	(38)	N/A
<b>Total tax expense</b>	<b>2,702</b>	<b>N/A</b>	<b>10,824</b>	<b>N/A</b>
Effective tax rate (%)	22.6%	N/A	24.7%	N/A

**Notes:**

- (1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.
- (2) The Group's effective tax rate for the financial period ended 30 June 2019 is 24.7% which is slightly higher than statutory income tax rate of 24% was mainly due to certain expense not allowed for tax deduction purpose.
- (3) Income tax expense is recognised based on management's best estimate.

*N/A – Not applicable*

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**

**B7. Utilisation of proceeds from the IPO**

Based on the IPO Price, the gross proceeds arising from the Public issue amounting to RM72.251 million is intended to be utilised in the following manner: -

Details of utilisation	Proposed utilisation RM'000	Actual utilisation <sup>(1)</sup> RM'000	Estimated timeframe for utilisation upon listing
Land acquisition and construction of manufacturing plant	33,000	N/A	36 months
Capital expenditure	13,000	N/A	36 months
Repayment of bank borrowings	10,000	N/A	12 months
Working capital	12,451	N/A	18 months
Listing expenses	3,800	N/A	1 month
	72,251	N/A	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 19 August 2019.

The proceeds will be received only upon listing which is targeted on 25 September 2019. The proceeds can only be utilised once received.

**B8. Bank borrowings**

The Group's bank borrowings were as follows:

	As at 30.06.2019 RM'000	As at 30.06.2018 <sup>(1)</sup> RM'000
<b><u>Current:</u></b>		
Finance lease creditors	267	N/A
Term loans	470	N/A
Banker's acceptance	4,831	N/A
	5,568	N/A
<b><u>Non-current:</u></b>		
Finance lease creditors	438	N/A
Term loans	5,669	N/A
	6,107	N/A
<b>Total bank borrowings</b>	<b>11,675</b>	<b>N/A</b>

All the Group's borrowings are secured and denominated in Ringgit Malaysia.

**Notes:**

(1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.

*N/A – Not applicable*



**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**

**B9. Material litigation**

There were no material litigation involving the Group as at 30 June 2019.

**B10. Dividend**

The Board of Directors does not recommend any dividend for the current financial quarter under review.

**B11. Earnings per share**

The basic earnings per share (“EPS”) are calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of ordinary shares of the Company during the financial period as follows:

	<b>3-MONTH ENDED</b>		<b>YEAR-TO-DATE</b>	
	<b>30.06.2019</b>	<b>30.06.2018<sup>(1)</sup></b>	<b>30.06.2019</b>	<b>30.06.2018<sup>(1)</sup></b>
Profit attributable to ordinary owners of the Company (RM'000)	9,242	N/A	32,951	N/A
Number of ordinary shares ('000)	681,617	N/A	681,617	N/A
Basic EPS (sen) <sup>(2)</sup>	1.36	N/A	4.83	N/A
Diluted EPS (sen) <sup>(3)</sup>	1.36	N/A	4.83	N/A

**Notes:**

- (1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.
- (2) Basic EPS is calculated based on the pro forma enlarged share capital of 681,617,400 shares in issue after IPO.
- (3) Diluted EPS of the Company for the individual quarter ended 30 June 2019 and period-to-date ended 30 June 2019 is equivalent to the basic EPS as the Company does not have any convertible options as at the end of the reporting period.

*N/A – Not applicable*

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**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**

**B12. Disclosure on selected expense/income items as required by the Listing Requirements**

Profit before tax is arrived after charging/(crediting):

	<b>3-MONTH ENDED</b>		<b>YEAR-TO-DATE</b>	
	<b>30.06.2019</b>	<b>30.06.2018<sup>(1)</sup></b>	<b>30.06.2019</b>	<b>30.06.2018<sup>(1)</sup></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Bad debts written off	-	N/A	3	N/A
Depreciation of property, plant and equipment	608	N/A	2,416	N/A
Gain on foreign exchange				
• Realised	(409)	N/A	(1,749)	N/A
• Unrealised	(858)	N/A	(312)	N/A
Rental expenses	4	N/A	14	N/A
Loss on disposal of property, plant and equipment	1	N/A	1	N/A
Interest income	(123)	N/A	(220)	N/A
Interest expense	87	N/A	274	N/A

**Note:**

(1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.

*N/A – Not applicable*

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements of Bursa Securities are not applicable.

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