

# **MTAG GROUP BERHAD**

**(Company No. 201801000029 (1262041-V))  
(Incorporated in Malaysia)**

## **Interim Financial Report**

### **30 September 2019**



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

	Note	3-MONTH ENDED		PERIOD-TO-DATE	
		30.09.2019 RM'000	30.09.2018 <sup>(2)</sup> RM'000	30.09.2019 RM'000	30.09.2018 <sup>(2)</sup> RM'000
Revenue	A9	49,079	N/A	49,079	N/A
Cost of sales		(34,250)	N/A	(34,250)	N/A
<b>Gross profit ("GP")</b>		<b>14,829</b>	<b>N/A</b>	<b>14,829</b>	<b>N/A</b>
Other income		224	N/A	224	N/A
Selling and distribution expense		(559)	N/A	(559)	N/A
Administrative expenses		(5,365)	N/A	(5,365)	N/A
Finance costs		(40)	N/A	(40)	N/A
<b>Profit before tax ("PBT")</b>	B12	<b>9,089</b>	<b>N/A</b>	<b>9,089</b>	<b>N/A</b>
Tax expenses	B6	(2,590)	N/A	(2,590)	N/A
<b>Profit after tax ("PAT")</b>		<b>6,499</b>	<b>N/A</b>	<b>6,499</b>	<b>N/A</b>
<b>Profit for the financial period attributable to:</b>					
Owners of the Company		6,499	N/A	6,499	N/A
		6,499	N/A	6,499	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		41	N/A	41	N/A
Transfer of revaluation reserve to unappropriated profit		(41)	N/A	(41)	N/A
		-	N/A	-	N/A
<b>Total comprehensive income for the financial period attributable to:</b>					
Owners of the Company		6,499	N/A	6,499	N/A
		6,499	N/A	6,499	N/A
<b>Earnings per share attributable to owners of the Company</b>					
Basic (sen) <sup>(4)</sup>	B11	0.95	N/A	0.95	N/A
Diluted (sen) <sup>(5)</sup>	B11	0.95	N/A	0.95	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 accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 30 SEPTEMBER 2019 (CONT'D)

Notes:

- (2) This interim financial report for the first (1<sup>st</sup>) quarter ended 30 September 2019 is announced in compliance with the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). As the Company was only listed on the ACE Market of Bursa Securities on 25 September 2019, 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) Administration expenses included one-off listing expenses of RM1.82 million. For illustration purposes only, the Company’s normalised financial performance after adjusting for the one-off listing expense is as follows:

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2019	30.09.2018 <sup>(2)</sup>	30.09.2019	30.09.2018 <sup>(2)</sup>
	RM'000	RM'000	RM'000	RM'000
<b>PBT</b>	9,089	N/A	9,089	N/A
Add: Listing expense	1,823	N/A	1,823	N/A
<b>Adjusted PBT</b>	<u>10,912</u>	<u>N/A</u>	<u>10,912</u>	<u>N/A</u>

- (4) Basic earnings per share (“EPS”) is calculated based on the enlarged share capital of 681,617,400 shares as at 30 September 2019.
- (5) Diluted EPS of the Company for the individual quarter ended 30 September 2019 and period-to-date ended 30 September 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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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2019<sup>(1)</sup>

	As at 30.09.2019 RM'000	As at 30.06.2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	23,383	23,180
<b>Total non-current assets</b>	<b>23,383</b>	<b>23,180</b>
<b>Current assets</b>		
Inventories	27,674	24,902
Trade receivables	51,562	54,147
Other receivables	1,644	3,502
Tax recoverable	-	738
Fixed deposits with licensed banks	78,351	3,065
Cash and bank balances	23,519	28,290
<b>Total current assets</b>	<b>182,750</b>	<b>114,644</b>
<b>TOTAL ASSETS</b>	<b>206,133</b>	<b>137,824</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	146,578	76,341
Merger deficit	(73,775)	(73,775)
Revaluation reserve	5,864	5,905
Retained earnings	97,840	91,300
<b>Total equity</b>	<b>176,507</b>	<b>99,771</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	4,011	5,669
Finance lease creditors	-	438
Deferred tax liabilities	2,353	2,353
<b>Total non-current liabilities</b>	<b>6,364</b>	<b>8,460</b>
<b>Current liabilities</b>		
Trade payables	19,221	20,379
Other payables	2,775	2,906
Borrowings	489	5,301
Finance lease creditors	-	267
Tax payable	777	740
<b>Total current liabilities</b>	<b>23,262</b>	<b>29,593</b>
<b>TOTAL LIABILITIES</b>	<b>29,626</b>	<b>38,053</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>206,133</b>	<b>137,824</b>
<b>Number of issued shares ('000)</b>	<b>681,617</b>	<b>545,294</b>
<b>NET ASSETS PER SHARE (RM)<sup>(2)</sup></b>	<b>0.26</b>	<b>0.18</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 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 the accompanying explanatory notes attached to this interim financial report.
- (2) Based on the share capital of 545,293,900 shares in issue as at 30 June 2019 and 681,617,400 shares in issue as at 30 September 2019.

*N/A – Not applicable*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 30 SEPTEMBER 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
As at 1 July 2019	76,341	(73,775)	5,905	91,300	99,771
Profit for the financial period	-	-	-	6,499	6,499
Other comprehensive income for the financial period	-	-	(41)	41	-
	<b>76,341</b>	<b>(73,775)</b>	<b>5,864</b>	<b>97,840</b>	<b>106,270</b>
<b>Transactions with owners</b>					
Issued of ordinary shares	72,251	-	-	-	72,251
Share issuance expense <sup>(3)</sup>	(2,014)	-	-	-	(2,014)
	<b>70,237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,237</b>
<b>As at 30 September 2019</b>	<b>146,578</b>	<b>(73,775)</b>	<b>5,864</b>	<b>97,840</b>	<b>176,507</b>

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.
- (2) This interim financial report for the first (1<sup>st</sup>) quarter ended 30 September 2019 is announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 25 September 2019, there are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.
- (3) Being part of the one-off listing expense.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 30 SEPTEMBER 2019<sup>(1)</sup>**

	<b>PERIOD-TO-DATE</b>	
	<b>30.09.2019</b>	<b>30.09.2018<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>9,089</b>	N/A
Adjustments for:		
Depreciation of property, plant and equipment	634	N/A
Finance costs	37	N/A
Interest income	(111)	N/A
Unrealised loss on foreign exchange	124	N/A
Operating profit before working capital changes	<u>9,773</u>	<u>N/A</u>
<b>Change in working capital</b>		
Inventories	(2,773)	N/A
Receivables	4,464	N/A
Payables	(1,427)	N/A
	<u>264</u>	<u>N/A</u>
Cash generated from operations	10,037	N/A
Tax paid	(1,816)	N/A
Net cash from operating activities	<u>8,221</u>	<u>N/A</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(837)	N/A
Placement of fixed deposits with a licensed bank	(75,286)	N/A
Interest received	111	N/A
Net cash used in investing activities	<u>(76,012)</u>	<u>N/A</u>
<b>Cash Flows From Financing Activities</b>		
Interest paid	(37)	N/A
Proceeds from issuance of shares	72,251	N/A
Payment of share issuance expense	(2,014)	N/A
Repayment of finance lease creditors	(704)	N/A
Repayment of term loans	(1,639)	N/A
Repayment of short-term borrowings	(4,831)	N/A
Net cash from financing activities	<u>63,026</u>	<u>N/A</u>
<b>Net increase in cash and cash equivalents</b>	<b>(4,765)</b>	N/A
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>28,290</b>	N/A
<b>Effect of exchange translation differences on cash and cash equivalents</b>	<b>(6)</b>	N/A
<b>Cash and cash equivalents at the end of the financial period</b>	<u><b>23,519</b></u>	<u>N/A</u>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 30 SEPTEMBER 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 the accompanying explanatory notes attached to this interim financial report.
- (2) This interim financial report for the first (1<sup>st</sup>) quarter ended 30 September 2019 is announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 25 September 2019, 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.

*N/A – Not applicable*

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**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 interim financial statements on the Company’s unaudited condensed consolidated financial results for the first (1<sup>st</sup>) quarter ended 30 September 2019 is announced by the Company in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 25 September 2019, there are no comparative figures for the preceding year’s corresponding period.

This interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 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 audited financial statements for the financial year ended 30 June 2019 except for the adoption of the following MFRSs, Amendments to MFRSs and new interpretations.

**Adoption of new and amended standard and interpretations**

		<b>Effective dates for financial periods <u>beginning on or after</u></b>
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
MFRS 16	Leases	
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
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

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

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

**Standards and interpretations issued but not yet effective**

At the date of authorisation of these interim financial statements, the followings standards and interpretations were issued but not yet effective and have not been applied by the Group:

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>Striping 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	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	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.

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

The auditors' report on the financial statements of the Group for the financial year ended 30 June 2019 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.

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

**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.

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.

Thereafter, the Company's enlarged issued share capital comprising 681,617,400 shares was listed on the ACE Market of Bursa Securities on 25 September 2019.

**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 September 2019 is as follows:

(a) Analysis of revenue by business segments

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2019	30.09.2018 <sup>(1)</sup>	30.09.2019	30.09.2018 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Converting	43,824	N/A	43,824	N/A
Distribution	5,255	N/A	5,255	N/A
<b>Total</b>	<b>49,079</b>	<b>N/A</b>	<b>49,079</b>	<b>N/A</b>

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

**A9. Segmental information**

(b) Analysis of revenue by geographical markets

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2019	30.09.2018 <sup>(1)</sup>	30.09.2019	30.09.2018 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Northern region	1	N/A	1	N/A
Central region	48	N/A	48	N/A
Southern region	48,101	N/A	48,101	N/A
Overseas (outside Malaysia)	929	N/A	929	N/A
<b>Total</b>	<b>49,079</b>	<b>N/A</b>	<b>49,079</b>	<b>N/A</b>

**Notes:**

- (1) This interim financial report for the first (1<sup>st</sup>) quarter ended 30 September 2019 is announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 25 September 2019, 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.

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

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.

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

There were no material changes in the composition of the Group for the current financial quarter under review.

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

**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 30.09.2019 RM'000</b>	<b>As at 30.09.2018<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

**Notes:**

- (1) This interim financial report for the first (1st) quarter ended 30 September 2019 is announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 25 September 2019, 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*

**A14. Capital commitments**

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

	<b>As at 30.09.2019 RM'000</b>	<b>As at 30.09.2018<sup>(1)</sup> RM'000</b>
Authorised and contracted for: -		
-Plant and machineries	2,021	N/A

**Notes:**

- (1) This interim financial report for the first (1<sup>st</sup>) quarter ended 30 September 2019 is announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 25 September 2019, 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*

**A15. Related party transactions**

There were no material related party transactions during the current financial quarter under review.

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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 RM49.08 million for the current financial quarter ended 30 September 2019.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 89.29% of the total revenue for the current financial quarter ended 30 September 2019. The Malaysian market remain the largest market contributing to the Group's revenue accounting to approximately 98.11% of the total revenue for the current financial quarter ended 30 September 2019.

The Group registered a PBT of RM9.09 million in the current financial quarter under review. During the current financial quarter under review, the Group has recognised a one-off listing expenses amounting to RM1.82 million.

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

For the financial year-to-date, the Group recorded revenue of RM49.08 million.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 89.29% of the total revenue for the financial period-to-date. The Malaysian market remain the largest market contributing to the Group's revenue accounting to approximately 98.11% of the total revenue for the current financial period-to-date.

This interim financial report for the first (1<sup>st</sup>) quarter ended 30 September 2019 is announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 25 September 2019, 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.

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

	3-MONTH ENDED		CHANGES	
	30.09.2019 RM'000	30.06.2019 RM'000	RM'000	%
Revenue	49,079	53,912	4,833	8.96
PBT <sup>(1)</sup>	9,089	11,944	2,855	23.91
Listing expense	1,823	-		
Adjusted PBT <sup>(2)</sup>	10,912	11,944	1,032	8.64
Adjusted PBT (%)	22.2%	22.2%		

**Notes:**

(1) Included in the PBT is one-off listing expenses of RM1.82 million.

(2) For illustration purposes only, the Company's normalised financial performance after adjusting for the one-off listing expense.

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

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

The Group recorded a higher revenue of RM53.91 million and PBT of RM11.94 million in the preceding quarter ended 30 June 2019 as compared to RM49.08 million and RM9.09 million respectively in the current quarter ended 30 September 2019 which was mainly due to sales ramp up in the preceding quarter for some of the major customers from converting business.

**B3. Prospects and outlook**

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

Premised on the future plans above and with the outlook for the label printing and converting industry remains positive, sustainable demand of label printing and converting services which 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, the Board of directors is of the opinion that, barring any unforeseen circumstances, the prospects and outlook of the Group for 2020 will remain favourable.

**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**

There were no corporate proposals announced but not completed as at the date of this interim report.

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

**B6. Income tax expenses**

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2019	30.09.2018 <sup>(1)</sup>	30.09.2019	30.09.2018 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Current tax expense	2,590	N/A	2,590	N/A
Deferred tax expense				
<b>Total tax expense</b>	<b>2,590</b>	<b>N/A</b>	<b>2,590</b>	<b>N/A</b>
Effective tax rate (%)	28.5%	N/A	28.5%	N/A

**Notes:**

- (1) This interim financial report for the first (1<sup>st</sup>) quarter ended 30 September 2019 is announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 25 September 2019, 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 current financial quarter is higher than statutory income tax rate due to certain expenses not allowed for tax deduction purpose.
- (3) Income tax expense is recognised based on management's best estimate.

*N/A – Not applicable*

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

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 19 August 2019. The gross proceeds raised from the Public issue of RM72.251 million and status of utilisation as at 30 September 2019 is disclosed in the following table: -

<u>Details of utilisation</u>	<u>Proposed utilisation</u>	<u>Actual utilisation<sup>(1)</sup></u>	<u>Estimated timeframe for utilisation upon listing</u>
	RM'000	RM'000	
Land acquisition and construction of manufacturing plant	33,000	-	36 months
Capital expenditure	13,000	787	36 months
Repayment of bank borrowings	10,000	5,500	12 months
Working capital	12,451	-	18 months
Listing expenses	3,800	3,800	1 month
	<u>72,251</u>	<u>10,087</u>	

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

**B8. Bank borrowings**

The Group's bank borrowings were as follows:

	As at 30.09.2019 RM'000	As at 30.09.2018 <sup>(1)</sup> RM'000
<b><u>Current:</u></b>		
Term loans	489	N/A
	<u>489</u>	<u>N/A</u>
<b><u>Non-current:</u></b>		
Term loans	4,011	N/A
	<u>4,011</u>	<u>N/A</u>
<b>Total bank borrowings</b>	<u>4,500</u>	<u>N/A</u>

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

**Notes:**

- (1) This interim financial report for the first (1<sup>st</sup>) quarter ended 30 September 2019 is announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 25 September 2019, 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*

**B9. Material litigation**

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

**B10. Dividend**

The Board of Directors has declared a single tier interim dividend of 1 sen per ordinary share each for the financial year ending 30 June 2020.

The dividend will be paid on 18 December 2019 in respect of deposited securities as at 6 December 2019.

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

**B11. Earnings per share**

The basic 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>PERIOD-TO-DATE</b>	
	<b>30.09.2019</b>	<b>30.09.2018<sup>(1)</sup></b>	<b>30.09.2019</b>	<b>30.09.2018<sup>(1)</sup></b>
Profit attributable to ordinary owners of the Company (RM'000)	6,499	N/A	6,499	N/A
Number of ordinary shares ('000)	681,617	N/A	681,617	N/A
Basic EPS (sen) <sup>(2)</sup>	0.95	N/A	0.95	N/A
Diluted EPS (sen) <sup>(3)</sup>	0.95	N/A	0.95	N/A

**Notes:**

- (1) This interim financial report for the first (1<sup>st</sup>) quarter ended 30 September 2019 is announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 25 September 2019, 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 share capital of 681,617,400 shares in issue after IPO.
- (3) Diluted EPS of the Company for the individual quarter ended 30 September 2019 and period-to-date ended 30 September 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):

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2019 RM'000	30.09.2018 <sup>(1)</sup> RM'000	30.09.2019 RM'000	30.09.2018 <sup>(1)</sup> RM'000
Depreciation of property, plant and equipment	634	N/A	634	N/A
Gain on foreign exchange				
• Realised	(96)	N/A	(96)	N/A
• Unrealised	(19)	N/A	(19)	N/A
Loss on foreign exchange				
• Realised	42	N/A	42	N/A
• Unrealised	143	N/A	143	N/A
Rental expenses	4	N/A	4	N/A
Interest income	(111)	N/A	(111)	N/A
Interest expense	37	N/A	37	N/A

**Note:**

- (1) This interim financial report for the first (1<sup>st</sup>) quarter ended 30 September 2019 is announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 25 September 2019, 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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