

MTAG GROUP BERHAD

(Company No. 201801000029 (1262041-V))

(Incorporated in Malaysia)

Interim Financial Report

31 December 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER (2ND) ENDED 31 DECEMBER 2019⁽¹⁾

	Note	3-MONTH ENDED		PERIOD-TO-DATE	
		31.12.2019 RM'000	31.12.2018 ⁽²⁾ RM'000	31.12.2019 RM'000	31.12.2018 ⁽²⁾ RM'000
Revenue	A9	45,811	N/A	94,890	N/A
Cost of sales		(30,581)	N/A	(64,831)	N/A
Gross profit ("GP")		15,230	N/A	30,059	N/A
Other income		1,762	N/A	1,986	N/A
Selling and distribution expense		(630)	N/A	(1,189)	N/A
Administrative expenses		(2,877)	N/A	(8,242)	N/A
Finance costs		(4)	N/A	(44)	N/A
Profit before tax ("PBT")	B12	13,481	N/A	22,570	N/A
Tax expenses	B6	(2,941)	N/A	(5,531)	N/A
Profit after tax ("PAT")		10,540	N/A	17,039	N/A
Profit for the financial period attributable to:					
Owners of the Company		10,540	N/A	17,039	N/A
		10,540	N/A	17,039	N/A
Other comprehensive income, net of tax: -					
Items that will not be reclassified subsequently to profit or loss					
Realisation of revaluation reserve upon depreciation of revalued assets		41	N/A	82	N/A
Transfer of revaluation reserve to unappropriated profit		(41)	N/A	(82)	N/A
		-	N/A	-	N/A
Total comprehensive income for the financial period attributable to:					
Owners of the Company		10,540	N/A	17,039	N/A
		10,540	N/A	17,039	N/A
Earnings per share attributable to owners of the Company					
Basic (sen) ⁽⁴⁾	B11	1.55	N/A	2.50	N/A
Diluted (sen) ⁽⁵⁾	B11	1.55	N/A	2.50	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 SECOND (2ND) QUARTER ENDED 31 DECEMBER 2019 (CONT'D)

Notes:

- (2) This interim financial report for the second (2nd) 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 RM1.87 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	
	31.12.2019	31.12.2018⁽²⁾	31.12.2019	31.12.2018⁽²⁾
	RM'000	RM'000	RM'000	RM'000
PBT	13,481	N/A	22,570	N/A
Add: Listing expense	50	N/A	1,873	N/A
Adjusted PBT	13,531	N/A	24,443	N/A

- (4) Basic earnings per share (“EPS”) is calculated based on the enlarged share capital of 681,617,400 shares as at 31 December 2019.
- (5) Diluted EPS of the Company for the individual quarter ended 31 December 2019 and period-to-date ended 31 December 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 31 DECEMBER 2019⁽¹⁾

	As at 31.12.2019 RM'000	As at 30.06.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,462	23,180
Total non-current assets	25,462	23,180
Current assets		
Inventories	27,864	24,902
Trade receivables	47,411	54,147
Other receivables	1,532	3,502
Tax recoverable	-	738
Fixed deposits with licensed banks	86,393	3,065
Cash and bank balances	11,062	28,290
Total current assets	174,262	114,644
TOTAL ASSETS	199,724	137,824
EQUITY AND LIABILITIES		
Equity		
Share capital	146,566	76,341
Merger deficit	(73,775)	(73,775)
Revaluation reserve	5,823	5,905
Retained earnings	101,605	91,300
Total equity	180,219	99,771
Liabilities		
Non-current liabilities		
Borrowings	-	5,669
Finance lease creditors	-	438
Deferred tax liabilities	2,353	2,353
Total non-current liabilities	2,353	8,460
Current liabilities		
Trade payables	14,070	20,379
Other payables	1,765	2,906
Borrowings	-	5,301
Finance lease creditors	-	267
Tax payable	1,317	740
Total current liabilities	17,152	29,593
TOTAL LIABILITIES	19,505	38,053
TOTAL EQUITY AND LIABILITIES	199,724	137,824
Number of issued shares ('000)	681,617	545,294
NET ASSETS PER SHARE (RM)⁽²⁾	0.29	0.18

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS
AT 31 DECEMBER 2019⁽¹⁾ (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 31 December 2019.

N/A – Not applicable

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2019⁽¹⁾⁽²⁾

	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	-	-	-	17,039	17,039
Other comprehensive income for the financial period	-	-	(82)	82	-
	76,341	(73,775)	5,823	108,421	116,810
Transactions with owners					
Issued of ordinary shares	72,251	-	-	-	72,251
Share issuance expense ⁽³⁾	(2,026)	-	-	-	(2,026)
Interim dividend	-	-	-	(6,816)	(6,816)
	70,225	-	-	(6,816)	63,409
As at 31 December 2019	146,566	(73,775)	5,823	101,605	180,219

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 second (2nd) quarter ended 31 December 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 SECOND (2ND) QUARTER ENDED 31 DECEMBER 2019⁽¹⁾

	PERIOD-TO-DATE	
	31.12.2019 RM'000	31.12.2018 ⁽²⁾ RM'000
Cash Flows From Operating Activities		
Profit before tax	22,570	N/A
Adjustments for:		
Depreciation of property, plant and equipment	1,399	N/A
Finance costs	40	N/A
Interest income	(342)	N/A
Unrealised loss on foreign exchange	12	N/A
Operating profit before working capital changes	23,679	N/A
Change in working capital		
Inventories	(2,962)	N/A
Receivables	8,665	N/A
Payables	(7,413)	N/A
	(1,710)	N/A
Cash generated from operations	21,969	N/A
Tax paid	(4,216)	N/A
Net cash from operating activities	17,753	N/A
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(3,681)	N/A
Placement of fixed deposits with a licensed bank	(83,328)	N/A
Interest received	342	N/A
Net cash used in investing activities	(86,667)	N/A
Cash Flows From Financing Activities		
Interest paid	(40)	N/A
Proceeds from issuance of shares	72,251	N/A
Payment of share issuance expense	(2,026)	N/A
Dividend paid	(6,816)	N/A
Repayment of finance lease creditors	(704)	N/A
Repayment of term loans	(6,139)	N/A
Repayment of short-term borrowings	(4,831)	N/A
Net cash from financing activities	51,695	N/A
Net decrease in cash and cash equivalents	(17,219)	N/A
Cash and cash equivalents at the beginning of the financial period	28,290	N/A
Effect of exchange translation differences on cash and cash equivalents	(9)	N/A
Cash and cash equivalents at the end of the financial period	11,062	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2019⁽¹⁾ (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 second (2nd) quarter ended 31 December 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 second (2nd) quarter ended 31 December 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

		Effective dates for financial periods beginning on or after
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>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	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 materiality 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

Other than the issuance of new shares pursuant to the Company's Initial Public Offering and listing on the ACE Market of Bursa Securities on 25 September 2019 as disclosed below, there were no issuances, cancellations, repurchases, resale and repayment of debts and equity for the current financial quarter under review.

	Number of Shares	
	'000	RM'000
Issued and Fully Paid-Up		
At 1 July 2019	545,294	76,341
Issuance of new shares	136,323	72,251
Share issuance expense	-	(2,026)
At 31 December 2019	681,617	146,566

A8. Dividends paid

During the financial period ended 31 December 2019, the Company has paid a single tier interim dividend of 1 sen per ordinary share in respect of financial year ending 30 June 2020, amounting to RM6.816 million on 18 December 2019.

A9. Segmental information

The Group's segmental information for the current financial period ended 31 December 2019 is as follows:

(a) Analysis of revenue by business segments

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.12.2019	31.12.2018 ⁽¹⁾	31.12.2019	31.12.2018 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Converting	38,296	N/A	82,120	N/A
Distribution	7,515	N/A	12,770	N/A
Total	45,811	N/A	94,890	N/A

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	
	31.12.2019	31.12.2018 ⁽¹⁾	31.12.2019	31.12.2018 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Northern region	1	N/A	2	N/A
Central region	75	N/A	123	N/A
Southern region	44,243	N/A	92,344	N/A
Overseas (outside Malaysia)	1,492	N/A	2,421	N/A
Total	45,811	N/A	94,890	N/A

Notes:

- (1) This interim financial report for the second (2nd) quarter ended 31 December 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

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.

MTAG proposes to undertake the acquisition of 2 pieces of vacant freehold industrial land held under title documents, GM 372 Lot 291 and GM 373 Lot 292, both at Mukim Plentong, District of Johor Bahru, Johor (“Land”) from Brilliant Propel Sdn Bhd (“Vendor”) for a cash consideration of RM24,559,567 (“Proposed Acquisition”).

On 9 December 2019, Chaw Kam Shiang (the Company’s Managing Director) was granted an option to purchase the Land by the Vendor (“Option”), for a cash consideration of RM24,559,567 (“Purchase Consideration”). The Option may be exercised by Chaw Kam Shiang or his nominee. On the same day, Chaw Kam Shiang entered into a letter of assignment to assign all his rights under the Option to MTAG. Based on the terms of the Option, MTAG paid RM491,191.34, being the earnest deposit representing 2% of the Purchase Consideration to the Vendor.

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

A11. Material events subsequent to the end of the current financial quarter (cont'd)

MTAG expects to execute the sale and purchase agreement for the Proposed Acquisition (“SPA”) before the expiry of Option on 31 March 2020. If MTAG does not exercise the Option before the expiry date, the earnest deposit of RM245,595.67, being 1% of the Purchase Consideration will be forfeited to the Vendor. Details of the SPA will be announced upon execution.

The Purchase Consideration shall be satisfied by proceeds raised from the initial public offering of MTAG (“IPO”), internally generated funds and/or external borrowings.

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.

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.

	As at 31.12.2019 RM'000	As at 31.12.2018 ⁽¹⁾ RM'000
Secured		
Bank guarantee given to		
-Royal Malaysian Customs Department	560	N/A
-Tenaga Nasional Berhad	20	N/A
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Notes:

(1) This interim financial report for the second (2nd) quarter ended 31 December 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 :-

	As at 31.12.2019 RM'000	As at 31.12.2018 ⁽¹⁾ RM'000
Authorised and contracted for :-		
-Plant and machineries	39	N/A
	<hr/>	<hr/>
Approved and not contracted for :-		
-Land Cost	24,068	N/A
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A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A14. Capital commitments (cont'd)

Notes:

- (1) This interim financial report for the second (2nd) quarter ended 31 December 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. Corporate Guarantee

MTAG Group Berhad provides corporate guarantee for banking facilities granted to its subsidiaries by financial institution amounting to RM11.8 million, of which RM580,000 have been utilised to issue bank guarantee.

A16. 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 RM45.81 million for the current financial quarter ended 31 December 2019.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 83.60% of the total revenue for the current financial quarter ended 31 December 2019. The Malaysian market remain the largest market contributing to the Group's revenue accounting to approximately 96.74% of the total revenue for the current financial quarter ended 31 December 2019.

The Group registered a PBT of RM13.48 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 RM94.89 million.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 86.54% 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 97.45% of the total revenue for the current financial period-to-date.

The Group registered a PBT of RM22.57 million in the current financial period under review. During the current financial period under review, the Group has recognised a one-off listing expenses amounting to RM1.87 million.

This interim financial report for the second (2nd) quarter ended 31 December 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.

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

B2. Comparison with immediately preceding quarter's results

	3-MONTH ENDED		CHANGES	
	31.12.2019 RM'000	30.09.2019 RM'000	RM'000	%
Revenue	45,811	49,079	(3,268)	(6.66)
PBT ⁽¹⁾	13,481	9,089	4,392	48.32
PBT (%)	29.43%	18.52%		
Listing expense	50	1,823		
Adjusted PBT ⁽²⁾	13,531	10,912	2,619	24.00
Adjusted PBT (%)	29.54%	22.23%		

Notes:

- (1) Included in the PBT is one-off listing expenses of RM1.87 million.
- (2) For illustration purposes only, the Company's normalised financial performance after adjusting for the one-off listing expense.

The Group's revenue decreased by RM3.27 million (or 6.66%) from RM49.08 million in the preceding quarter ended 30 September 2019 to RM45.81 million in the current quarter ended 31 December 2019 which was mainly due to revenue from converting business decreasing by RM5.53 million offset by increase in revenue by RM2.26 million from distribution business.

The Group's adjusted PBT after excluding one-off IPO expenses increased by RM2.62 million (or 24.00%) from RM10.91 million in the preceding quarter ended 30 September 2019 to RM13.53 million in the current quarter ended 31 December 2019. This was mainly attributed to fixed deposit interest income earned from surplus internal generated fund and IPO proceeds, realised gain on foreign currency arising from strengthening RM against other foreign currencies, higher profit margin as well as over provision of expenses in the preceding quarter.

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

B3. Prospects and outlook

While the outlook for the label printing and converting industry appears to still be largely positive for now, we note there could be some uncertainties arising from the current Covid-19 outbreak. Given the extent and timing of the outbreak, the economic activities in the first quarter in 2020 may somewhat be affected. There could potentially be some disruptions to our customers' supply chain and this in turn, may affect performance of the Group. Meanwhile, at this juncture, demand for our products remains stable. Management is monitoring the outbreak closely, as well as staying in touch diligently with our suppliers and customers to keep abreast with the latest development. Management shall take necessary precautions and proactive steps to manage any situation that may arise from this incident.

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 other 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	
	31.12.2019	31.12.2018 ⁽¹⁾	31.12.2019	31.12.2018 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Current tax expense	2,941	N/A	5,531	N/A
Deferred tax expense	-	N/A	-	N/A
Total tax expense	2,941	N/A	5,531	N/A
Effective tax rate (%)	21.8%	N/A	24.5%	N/A

Notes:

- (1) This interim financial report for the second (2nd) 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 lower than statutory income tax rate is mainly due to initial allowance from new additions of machineries.
- (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 31 December 2019 is disclosed in the following table: -

Details of utilisation	Proposed utilisation	Actual utilisation	Estimated timeframe for utilisation upon listing
	RM'000	RM'000	
Land acquisition and construction of manufacturing plant	33,000	491	36 months
Capital expenditure	13,000	2,808	36 months
Repayment of bank borrowings	10,000	10,000	12 months
Working capital	12,451	-	18 months
Listing expenses	3,800	3,800	1 month
	72,251	17,099	

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 fully settled as at 31 December 2019.

B9. Material litigation

There were no material litigation involving the Group as at 31 December 2019.

B10. Dividend

The Board of Directors had declared a single tier interim dividend of 1 sen per ordinary share each (2018: nil) for the financial year ending 30 June 2020. The interim dividend was paid on 18 December 2019 to depositors registered in the Register of Depositors at the close of business on 6 December 2019.

The total dividend for the current financial year ending 30 June 2020 is 1 sen per ordinary share.

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:

	<u>3-MONTH ENDED</u>		<u>PERIOD-TO-DATE</u>	
	<u>31.12.2019</u>	<u>31.12.2018⁽¹⁾</u>	<u>31.12.2019</u>	<u>31.12.2018⁽¹⁾</u>
Profit attributable to ordinary owners of the Company (RM'000)	10,540	N/A	17,039	N/A
Number of ordinary shares ('000)	681,617	N/A	681,617	N/A
Basic EPS (sen) ⁽²⁾	1.55	N/A	2.50	N/A
Diluted EPS (sen) ⁽³⁾	1.55	N/A	2.50	N/A

Notes:

- (1) This interim financial report for the second (2nd) quarter ended 31 December 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 31 December 2019 and period-to-date ended 31 December 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

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	
	31.12.2019	31.12.2018⁽¹⁾	31.12.2019	31.12.2018⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	765	N/A	1,399	N/A
Gain on foreign exchange				
• Realised	(816)	N/A	(870)	N/A
• Unrealised	(112)	N/A	-	N/A
Loss on foreign exchange				
• Unrealised	-	N/A	12	N/A
Rental expenses	4	N/A	8	N/A
Interest income	(864)	N/A	(1,027)	N/A
Interest expense	3	N/A	40	N/A

Note:

- (1) This interim financial report for the second (2nd) quarter ended 31 December 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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