

# **MTAG GROUP BERHAD**

**(Company No. 201801000029 (1262041-V))**

**(Incorporated in Malaysia)**

**Unaudited Financial Statements**

**For the Financial Year Ended**

**30 June 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2020<sup>(1)</sup>**

	Note	3-MONTH ENDED		YEAR-TO-DATE	
		30.6.2020 RM'000	30.6.2019 <sup>(2)</sup> RM'000	30.6.2020 RM'000	30.6.2019 <sup>(2)</sup> RM'000
Revenue	A9	29,657	53,912	166,128	190,021
Cost of sales		(20,533)	(38,009)	(113,171)	(133,272)
<b>Gross profit ("GP")</b>		<b>9,124</b>	<b>15,903</b>	<b>52,957</b>	<b>56,749</b>
Other income		546	296	3,984	2,367
Selling and distribution expense		(496)	(612)	(2,280)	(2,345)
Administrative expenses		(2,571)	(3,556)	(14,282)	(12,722)
Finance costs		(29)	(87)	(78)	(274)
<b>Profit before tax ("PBT")</b>	B12	<b>6,574</b>	<b>11,944</b>	<b>40,301</b>	<b>43,775</b>
Tax expenses	B6	(1,552)	(2,702)	(10,112)	(10,824)
<b>Profit after tax ("PAT")</b>		<b>5,022</b>	<b>9,242</b>	<b>30,189</b>	<b>32,951</b>
<b>Profit for the financial period attributable to:</b>					
Owners of the Company		5,022	9,242	30,189	32,951
		5,022	9,242	30,189	32,951
<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		(4)	30	119	119
Transfer of revaluation reserve to unappropriated profit		4	(30)	(119)	(119)
		-	-	-	-
<b>Total comprehensive income for the financial period attributable to:</b>					
Owners of the Company		5,022	9,242	30,189	32,951
		5,022	9,242	30,189	32,951
<b>Earnings per share attributable to owners of the Company</b>					
Basic (sen) <sup>(3)</sup>	B11	0.74	1.36	4.43	4.83
Diluted (sen) <sup>(4)</sup>	B11	0.74	1.36	4.43	4.83

**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 the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with accompanying explanatory notes attached to this financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER (4<sup>TH</sup>) ENDED 30 JUNE 2020<sup>(1)</sup> (CONT'D)**

**Notes:**

- (2) This interim financial report for the fourth (4<sup>th</sup>) quarter ended 30 June 2020 is announced in compliance with the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).
- (3) Basic earnings per share (“**EPS**”) is calculated based on the enlarged share capital of 681,617,400 shares as at 30 June 2020.
- (4) Diluted EPS of the Company for the individual quarter ended 30 June 2020 and period-to-date ended 30 June 2020 is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the reporting period.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020<sup>(1)</sup>**

	As at 30.6.2020 RM'000	As at 30.06.2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment <sup>(2)</sup>	24,251	23,180
<b>Total non-current assets</b>	<b>24,251</b>	<b>23,180</b>
<b>Current assets</b>		
Inventories	25,802	24,902
Trade receivables	39,143	54,147
Other receivables	2,582	3,502
Tax recoverable	89	738
Fixed deposits with licensed banks	77,436	3,065
Cash and bank balances	32,289	28,290
<b>Total current assets</b>	<b>177,341</b>	<b>114,644</b>
<b>TOTAL ASSETS</b>	<b>201,592</b>	<b>137,824</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	146,566	76,341
Merger deficit	(73,775)	(73,775)
Revaluation reserve	5,786	5,905
Retained earnings	101,159	91,300
<b>Total equity</b>	<b>179,736</b>	<b>99,771</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	-	5,669
Finance lease creditors	-	438
Lease Liability	53	-
Deferred tax liabilities	2,658	2,353
<b>Total non-current liabilities</b>	<b>2,711</b>	<b>8,460</b>
<b>Current liabilities</b>		
Trade payables	11,827	20,379
Other payables	4,924	2,906
Borrowings	-	5,301
Finance lease creditors	-	267
Lease Liability	58	-
Tax payable	2,336	740
<b>Total current liabilities</b>	<b>19,145</b>	<b>29,593</b>
<b>TOTAL LIABILITIES</b>	<b>21,856</b>	<b>38,053</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>201,592</b>	<b>137,824</b>
<b>Number of issued shares ('000)</b>	681,617	545,294
<b>NET ASSETS PER SHARE (RM)<sup>(3)</sup></b>	0.26	0.18

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS  
AT 30 JUNE 2020<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 Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to this financial report.
- (2) Included in the property, plant and equipment as at 30 June 2020 is right-of-use assets amounting to RM8.26 million for leasehold land and buildings.
- (3) 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 June 2020.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2020<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 2019</b>	<b>76,341</b>	<b>(73,775)</b>	<b>5,905</b>	<b>91,300</b>	<b>99,771</b>
Profit for the financial period	-	-	-	30,189	<b>30,189</b>
Other comprehensive income for the financial period	-	-	(119)	119	-
	<b>76,341</b>	<b>(73,775)</b>	<b>5,786</b>	<b>121,608</b>	<b>129,960</b>
<b>Transactions with owners</b>					
Issued of ordinary shares	72,251	-	-	-	<b>72,251</b>
Share issuance expense <sup>(3)</sup>	(2,026)	-	-	-	<b>(2,026)</b>
Interim dividend	-	-	-	(20,449)	<b>(20,449)</b>
	<b>70,225</b>	<b>-</b>	<b>-</b>	<b>(20,449)</b>	<b>49,776</b>
<b>As at 30 June 2020</b>	<b>146,566</b>	<b>(73,775)</b>	<b>5,786</b>	<b>101,159</b>	<b>179,736</b>

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and the Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with accompanying explanatory notes attached to this financial report.
- (2) This interim financial report for the fourth (4<sup>th</sup>) quarter ended 30 June 2020 is announced in compliance with the Listing Requirements of Bursa Securities.
- (3) Being part of the one-off listing expense.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2020<sup>(1)</sup>**

	<b>YEAR-TO-DATE</b>	
	<b>30.06.2020</b>	<b>30.06.2019<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>40,301</b>	<b>43,775</b>
Adjustments for:		
Bad debts written off	3	3
Depreciation of right-of-use assets	224	-
Depreciation of property, plant and equipment	2,796	2,416
Property, plant and equipment written off	6	-
(Gain)/Loss on disposal of property, plant and equipment	(5)	1
Interest Expense	78	274
Interest income	(2,773)	(221)
Unrealised gain on foreign exchange	(136)	(311)
Operating profit before working capital changes	<u>40,494</u>	<u>45,937</u>
<b>Change in working capital</b>		
Inventories	(900)	(5,294)
Receivables	17,437	(10,153)
Payables	(6,241)	8,435
Directors' related companies	-	20
	<u>10,296</u>	<u>(6,992)</u>
Cash generated from operations	50,790	38,945
Tax paid	(8,968)	(12,795)
Tax refunded	1,406	110
<b>Net cash from operating activities</b>	<b><u>43,228</u></b>	<b><u>26,260</u></b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	5	33
Purchase of property, plant and equipment	(3,944)	(1,093)
Placement of fixed deposits with a licensed bank	(74,371)	(3,065)
Interest received	1,155	221
Net cash used in investing activities	<u>(77,155)</u>	<u>(3,904)</u>
<b>Cash Flows From Financing Activities</b>		
Interest paid	(78)	(275)
Proceeds from issuance of shares	72,251	*
Payment of share issuance expense	(2,026)	-
Dividend paid	(20,449)	(10,520)
Repayment of lease liabilities-principal portion	(747)	(251)
Repayment of term loans	(6,139)	(658)
Repayment of short-term borrowings	(4,831)	(4,632)
Net cash from financing activities	<u>37,981</u>	<u>(16,336)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>4,054</b>	<b>6,020</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>28,290</b>	<b>22,311</b>
<b>Effect of exchange translation differences on cash and cash equivalents</b>	<b>(55)</b>	<b>(41)</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b><u>32,289</u></b>	<b><u>28,290</u></b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2020<sup>(1)</sup> (CONT'D)**

**Cash and cash equivalents in the condensed consolidated statement of cash flows comprise:**

	<b>YEAR-TO-DATE</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits with licensed banks	77,436	3,065
Cash and bank balances	32,289	28,290
	<hr/>	<hr/>
	109,725	31,355
Less: Fixed deposits with licensed banks	(77,436)	(3,065)
<b>Cash and cash equivalents at the end of the financial period</b>	<hr/> <b>32,289</b> <hr/>	<hr/> <b>28,290</b> <hr/>

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and the Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to this financial report.
- (2) This interim financial report for the fourth (4<sup>th</sup>) quarter ended 30 June 2020 is announced in compliance with the Listing Requirements of Bursa Securities.

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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 (collectively “**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 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 financial report. These explanatory notes attached to the financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2019.

**A2. Summary of Significant Accounting Policies**

The significant accounting policies and methods of computation adopted by the Group in this 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 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
MFRS 16	Leases	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
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.

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

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

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

**A2. Summary of Significant Accounting Policies (cont'd)**

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

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 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</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 101	Classification of Liabilities as Current or Non-current	1 January 2022
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.

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

**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**

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 year under review.

	<b>Number of Shares</b>	
	<b>'000</b>	<b>RM'000</b>
<b>Issued and Fully Paid-Up</b>		
At 1 July 2019	545,294	76,341
Issuance of new shares	136,323	72,251
Share issuance expense	-	(2,026)
<b>At 31 June 2020</b>	<b>681,617</b>	<b>146,566</b>

**A8. Dividends paid**

A single tier second interim dividend of 2 sen per share was paid on 22 June 2020.

Single Tier (Tax Exempt) Second Interim Dividend

For the financial year	30 June 2020
Approved and declared on	20 May 2020
Dividend per share	RM0.02
Paid on	22 June 2020
Entitlement to dividend based on Record of Depositors as at	9 June 2020
Total Dividends Amount	RM13.632 million

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

**A9. Segmental information**

The Group's segmental information for the current financial period ended 30 June 2020 is as follows:

(a) Analysis of revenue by business segments

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Converting	22,601	49,133	138,015	167,138
Distribution	7,056	4,779	28,113	22,883
<b>Total</b>	<b>29,657</b>	<b>53,912</b>	<b>166,128</b>	<b>190,021</b>

(b) Analysis of revenue by geographical markets

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Northern region	2	1	14	10
Central region	2	157	4	424
Southern region	27,559	51,651	158,811	182,523
Overseas (outside Malaysia)	2,094	2,103	7,299	7,064
<b>Total</b>	<b>29,657</b>	<b>53,912</b>	<b>166,128</b>	<b>190,021</b>

**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**

Further to the announcements dated 9 December 2019 and 12 December 2019 on proposed acquisition by MTAG from Brilliant Propel Sdn. Bhd. ("Vendor") of 2 pieces of vacant freehold industrial land held under title document, GM 372 Lot 291 and GM 373 Lot 292, both in Mukim Plentong, District of Johor Bahru, Johor for a cash consideration of RM24,559,567 ("Proposed Acquisition"), the Board wishes to update an announcement made on 17 March 2020 that MTAG does not intend to exercise the option for the Proposed Acquisition ("Termination"). The Termination is due to differing soil and earth conditions on the land after conducting further inspection, which is no longer suitable for MTAG to construct its new manufacturing plant.

The Vendor refunded RM245,596 earnest deposit in accordance with the terms of the option to purchase the land. On 7 August 2020, MTAG issued a notice of demand for refund of the balance earnest deposit of RM245,596.

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

**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 financial report.

	<b>As at 30.6.2020 RM'000</b>	<b>As at 30.6.2019 RM'000</b>
<b>Secured</b>		
Bank guarantee given to		
-Royal Malaysian Customs Department	560	560
-Tenaga Nasional Berhad	20	20
-3M Malaysia Sdn Bhd	-	50
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**A14. Capital commitments**

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

	<b>30.6.2020 RM'000</b>	<b>30.6.2019 RM'000</b>
Authorised and contracted for: -		
-Plant and machineries	-	188
-Motor Vehicles	235	-
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**A15. Corporate Guarantee**

MTAG has provided corporate guarantees 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 guarantees.

**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 RM29.66 million for the current financial quarter ended 30 June 2020 compared with RM53.91 million for the preceding quarter ended 30 June 2019, a decrease of RM24.25 million or 45.0%. The decrease in revenue was mainly because the manufacturing plants were shut down on 18 March 2020 due to the Movement Control Order (MCO) implemented by the Government as a preventive measure taken in response to the pandemic Covid-19 outbreak. The revenue in the current financial quarter was affected by Movement Control Order (MCO) due to the Covid-19 outbreak.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 76.21% of the total revenue for the current financial quarter ended 30 June 2020. The Group's revenue from the converting business decreased from RM49.13 million for the preceding quarter ended 30 June 2019 to RM22.60 million in the current quarter ended 30 June 2020 mainly due to operational and supply chain disruptions during the MCO, off-set by the increased revenue from the distribution business segment from RM4.78 million for the preceding quarter ended 30 June 2019 to RM7.06 million in the current quarter ended 30 June 2020. The Malaysian market remains the largest market contributing to the Group's revenue, accounting for approximately 92.94% of the total revenue for the current financial quarter ended 30 June 2020.

The Group registered a profit before tax of RM6.57 million in the current financial quarter under review compared with RM11.94 million for the preceding quarter ended 30 June 2019, a decrease of RM5.37 million or 44.97%. The decrease in profit before taxation was mainly due to the decreased in revenue as a result of MCO.

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

	FINANCIAL YEAR ENDED		CHANGES	
	30.06.2020	30.06.2019	RM'000	%
<b>Revenue</b>	166,128	190,021	(23,893)	(12.57)
<b>PBT</b> <sup>(1)</sup>	40,301	43,775	(3,474)	(7.94)
Tax Expense	(10,112)	(10,824)	(712)	(6.58)
<b>PAT</b>	30,189	32,951	(2,762)	(8.38)
Listing expense	1,873	-	1,873	100.00
<b>Adjusted PAT</b> <sup>(2)</sup>	32,062	32,951	(889)	(2.70)

**Notes:**

- (1) Included in the Profit Before Tax ("PBT") / Profit After Tax ("PAT") 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

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

**B1. Review of Performance (cont'd)**

**(c) Results for financial year-to-date (cont'd)**

For the financial year-to-date, the Group recorded revenue of RM166.13 million compared to RM190.02 million for the preceding year ended 30 June 2019, a decrease of RM23.89 million or 12.57%. The decrease in revenue was mainly because of operational and supply chain disruptions during MCO due to the Covid-19 outbreak.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 83.08% of the total revenue for the current financial year. The Group's revenue from the converting business decreased from RM167.14 million for the preceding financial year to RM138.02 million in the current financial year mainly due to operational and supply chain disruptions during MCO, off-set the increased revenue from the distribution business segment from RM22.88 million for the preceding year ended 30 June 2019 to RM28.11 million in the current financial year ended 30 June 2020. The Malaysian market remains the largest market, contributing to the Group's revenue accounting for approximately 95.61% of the total revenue for the current financial year.

The Group registered a profit before tax of RM40.30 million in the current financial year compared to RM43.78 million for the preceding financial year, a decrease of RM3.47 million or 7.94%. The decrease in profit before taxation was mainly due to the decreased in revenue as a result of the MCO. The Group earned interest income of RM2.77 million for the current financial year compared with RM0.22 million for the preceding financial year, an increase of RM2.55 million which was generated from internal surplus funds and IPO proceeds. The low finance cost of RM0.078 million in the current financial year and RM0.27 million in the preceding financial year is attributable to borrowings that were fully settled in the current financial year. During the current financial year, the Group has recognised a one-off listing expenses amounting to RM1.87 million.

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

	3-MONTH ENDED		CHANGES	
	30.6.2020 RM'000	31.3.2020 RM'000	RM'000	%
Revenue	29,657	41,582	(11,925)	(28.68)
PBT	6,574	11,156	(4,582)	(41.07)

The Group's revenue decreased by RM11.93 million (or 28.68%) from RM41.58 million in the preceding quarter ended 31 March 2020 to RM29.66 million in the current quarter ended 30 June 2020 was mainly due to operational and supply chain disruptions during MCO resulting from the Covid-19 outbreak.

The Group's PBT decreased by RM4.58 million (or 41.07%) from RM11.16 million in the preceding quarter ended 31 March 2020 to RM6.57 million in the current quarter ended 30 June 2020. The decreased of profit was mainly attributed to the decrease in revenue which was affected by the MCO.

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

**B3. Prospects and outlook**

The Group experienced operational and supply chain disruptions due to the MCO, a preventive measure taken by the Malaysian government in response to the Covid-19 pandemic in the country. MCO commenced on 18 March 2020 and was subsequently extended three times, followed by the conditional MCO from 4 May 2020 to 9 June 2020, and the recovery MCO from 10 June 2020 till 31 August 2020. The Group resumed operation with less than 50% workforce when Ministry of International Trade and Industry (MITI) granted approval to its subsidiaries on 8 April, 21 April and 2 May 2020 respectively. MITI subsequently allowed certain economic sectors to operate at full capacity from 29 April 2020. The Group resumed operation at 100% workforce with effect from mid May 2020. The Group continues to abide to MITI's directives to ensure regular sanitization of premises and employees are strictly required to adhere to the standard operating procedures to mitigate the risk of contamination of its plants from Covid-19 disease. The Group's operations experienced disruptions but there were no job losses or salary adjustments due to Covid-19, despite the challenging economic climate.

The Group has maintained a healthy balance sheet and liquidity position facing the challenges ahead. The Group has RM109.7 million of cash and bank balances and fixed deposits as at 30 June 2020 despite dividend payment of RM20.4 million made in the financial year ended 30 June 2020. The Group is confident of having sufficient liquidity to meet the needs throughout the fiscal year 2020 and to weather through the challenging future should the pandemic continues in the coming year.

The Board and management expect the situation to remain challenging for the remaining year of 2020 depending on the scale and length of the Covid-19 pandemic. Despite all uncertainties arising from the current Covid-19 pandemic, the Group is confident that it will continue to be profitable.

**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**

	<b>3-MONTH ENDED</b>		<b>PERIOD-TO-DATE</b>	
	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax expense	1,275	2,942	9,835	10,753
(Over)/under provision of tax expense in prior financial year	(29)	3	(29)	31
Deferred tax expense	355	(234)	355	125
(Over)/under provision of deferred tax liabilities in prior financial	(12)	-	(12)	(47)
Realisation of deferred tax liabilities upon depreciation of revalued assets	(37)	(9)	(37)	(38)
<b>Total tax expense</b>	<b>1,552</b>	<b>2,702</b>	<b>10,112</b>	<b>10,824</b>
Effective tax rate (%)	23.6%	22.6%	25.1%	24.7%

**Notes:**

- (1) The Group's effective tax rate for the financial period ended 30 Jun 2020 is 25.1% which is higher than statutory income tax rate of 24% was mainly due to certain expenses not allowed for tax deduction purpose.
- (2) Income tax expense is recognised based on management's best estimate.

**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 June 2020 are disclosed in the following table: -

<b>Details of utilisation</b>	<b>Proposed utilisation</b>	<b>Actual utilisation</b>	<b>Estimated timeframe for utilisation upon listing</b>
	<b>RM'000</b>	<b>RM'000</b>	
Land acquisition and construction of manufacturing plant	33,000	264	36 months
Capital expenditure	13,000	2,810	36 months
Repayment of bank borrowings	10,000	10,000	12 months
Working capital	12,451	300	18 months
Listing expenses	3,800	3,800	1 month
	<b>72,251</b>	<b>17,174</b>	

**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 30 June 2020.

**B9. Material litigation**

There were no material litigation involving the Group as at 30 June 2020.

**B10. Dividend**

Saved as disclosed in Section A8, the Board of Directors does not recommend any dividend for the current financial quarter under review.

As at the date of this report, the total dividend declared for the current financial year ending 30 June 2020 is 3 sen per ordinary share amounting to RM 20,449,000.

**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>30.6.2020</b>	<b>30.6.2019</b>	<b>30.6.2020</b>	<b>30.6.2019</b>
Profit attributable to ordinary owners of the Company (RM'000)	5,022	9,242	30,189	32,951
Number of ordinary shares ('000)	681,617	681,617	681,617	681,617
Basic EPS (sen) <sup>(1)</sup>	0.74	1.36	4.43	4.83
Diluted EPS (sen) <sup>(2)</sup>	0.74	1.36	4.43	4.83

**Notes:**

- (1) Basic EPS is calculated based on the share capital of 681,617,400 shares in issue after IPO.
- (2) Diluted EPS of the Company for the individual quarter ended 30 June 2020 and period-to-date ended 30 June 2020 is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the reporting period.

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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>PERIOD-TO-DATE</b>	
	<b>30.6.2020</b>	<b>30.6.2019<sup>(1)</sup></b>	<b>30.6.2020</b>	<b>30.6.2019<sup>(1)</sup></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Bad Debts written off	3	-	3	3
Depreciation of property, plant and equipment	609	608	2,796	2,416
Depreciation of right-of-use assets	224	-	224	-
Foreign exchange				
Realised (Gain)/Loss	407	(409)	(964)	(1,749)
Unrealised (Gain)/Loss	(442)	(858)	(136)	(312)
Rental expenses	4	4	14	14
(Gain)/ Loss on disposal of property, plant and equipment	(5)	1	(5)	1
Property, plant and equipment written off	6	-	6	-
Interest income	(1,663)	(123)	(2,773)	(220)
Interest expense	36	87	78	274

**Notes:**

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

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