

# **MTAG GROUP BERHAD**

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

**(Incorporated in Malaysia)**

**Unaudited Financial Statements**

**For the Financial Period Ended**

**31 March 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 31 MARCH 2021<sup>(1)</sup>**

	Note	3-MONTH ENDED		PERIOD-TO-DATE	
		31.3.2021 RM'000	31.3.2020 <sup>(2)</sup> RM'000	31.3.2021 RM'000	31.3.2020 <sup>(2)</sup> RM'000
Revenue	A9	43,461	41,582	152,648	136,472
Cost of sales		(33,049)	(27,806)	(110,497)	(92,637)
<b>Gross profit ("GP")</b>		<b>10,412</b>	<b>13,776</b>	<b>42,151</b>	<b>43,834</b>
Other income		786	1,451	4,275	3,437
Selling and distribution expense		(489)	(597)	(1,609)	(1,785)
Administrative expenses		(2,841)	(3,469)	(8,915)	(11,711)
Finance costs		(14)	(5)	(33)	(49)
<b>Profit before tax ("PBT")</b>	B12	<b>7,854</b>	<b>11,156</b>	<b>35,869</b>	<b>33,726</b>
Tax expenses	B6	(2,555)	(3,028)	(9,343)	(8,560)
<b>Profit after tax ("PAT")</b>		<b>5,299</b>	<b>8,128</b>	<b>26,526</b>	<b>25,166</b>
<b>Profit for the financial period attributable to:</b>					
Owners of the Company		5,299	8,128	26,526	25,166
		5,299	8,128	26,526	25,166
<b>Other comprehensive income, net of tax: -</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Realisation of revaluation reserve upon depreciation of revalued assets		30	41	90	122
Transfer of revaluation reserve to unappropriated profit		(30)	(41)	(90)	(122)
		-	-	-	-
<b>Total comprehensive income for the financial period attributable to:</b>					
Owners of the Company		5,299	8,128	26,526	25,166
		5,299	8,128	26,526	25,166
<b>Earnings per share attributable to owners of the Company</b>					
Basic (sen) <sup>(3)</sup>	B11	0.78	1.19	3.89	3.69
Diluted (sen) <sup>(4)</sup>	B11	0.78	1.19	3.89	3.69

**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 THIRD QUARTER (3<sup>RD</sup>) ENDED 31 MARCH 2021<sup>(1)</sup> (CONT'D)**

**Notes:**

- (2) This interim financial report for the third (3<sup>rd</sup>) quarter ended 31 March 2021 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 31 March 2021.
- (4) Diluted EPS of the Company for the individual quarter ended 31 March 2021 and period-to-date ended 31 March 2021 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 31 MARCH 2021<sup>(1)</sup>

	As at 31.3.2021 RM'000	As at 30.06.2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment <sup>(2)</sup>	22,822	24,251
<b>Total non-current assets</b>	<b>22,822</b>	<b>24,251</b>
<b>Current assets</b>		
Inventories	23,031	25,802
Trade receivables	45,248	39,143
Other receivables	1,741	2,582
Tax recoverable	-	89
Fixed deposits with licensed banks	100,842	77,436
Cash and bank balances	29,937	32,289
<b>Total current assets</b>	<b>200,799</b>	<b>177,341</b>
<b>TOTAL ASSETS</b>	<b>223,621</b>	<b>201,592</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	146,566	146,566
Merger deficit	(73,775)	(73,775)
Revaluation reserve	5,696	5,786
Retained earnings	120,959	101,159
<b>Total equity</b>	<b>199,446</b>	<b>179,736</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	-	-
Finance lease creditors	-	-
Lease Liability	53	53
Deferred tax liabilities	2,658	2,658
<b>Total non-current liabilities</b>	<b>2,711</b>	<b>2,711</b>
<b>Current liabilities</b>		
Trade payables	15,999	11,827
Other payables	2,596	4,924
Borrowings	-	-
Finance lease creditors	-	-
Lease Liability	16	58
Tax payable	2,853	2,336
<b>Total current liabilities</b>	<b>21,464</b>	<b>19,145</b>
<b>TOTAL LIABILITIES</b>	<b>24,175</b>	<b>21,856</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>223,621</b>	<b>201,592</b>
<b>Number of issued shares ('000)</b>	681,617	681,617
<b>NET ASSETS PER SHARE (RM)<sup>(3)</sup></b>	0.29	0.26

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS  
AT 31 MARCH 2021<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 31 March 2021 is right-of-use assets amounting to RM8.09 million for leasehold land and buildings.
- (3) Based on the share capital of 681,617,400 shares in issue as at 30 June 2020 and 31 March 2021.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 31 MARCH 2021<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 2020</b>	<b>146,566</b>	<b>(73,775)</b>	<b>5,786</b>	<b>101,159</b>	<b>179,736</b>
Profit for the financial period	-	-	-	26,526	<b>26,526</b>
Other comprehensive income for the financial period	-	-	(90)	90	-
	<b>146,566</b>	<b>(73,775)</b>	<b>5,696</b>	<b>127,775</b>	<b>206,262</b>
<b>Transactions with owners</b>					
Issued of ordinary shares	-	-	-	-	-
Share issuance expense	-	-	-	-	-
Interim dividend	-	-	-	(6,816)	<b>(6,816)</b>
	-	-	-	-	-
<b>As at 31 March 2021</b>	<b>146,566</b>	<b>(73,775)</b>	<b>5,696</b>	<b>120,959</b>	<b>199,446</b>

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with accompanying explanatory notes attached to this financial report.
- (2) This interim financial report for the third (3<sup>rd</sup>) quarter ended 31 March 2021 is announced in compliance with the Listing Requirements of Bursa Securities.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 31 MARCH 2021<sup>(1) (2)</sup>

	PERIOD-TO-DATE	
	31.3.2021	31.3.2020
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
<b>Profit before tax</b>	<b>35,869</b>	<b>33,726</b>
Adjustments for:		
Bad debts written off	-	-
Depreciation of right-of-use assets	43	-
Depreciation of property, plant and equipment	2,188	2,187
Property, plant and equipment written off	-	-
(Gain)/Loss on disposal of property, plant and equipment	(56)	-
Interest Expense	27	42
Interest income	(1,857)	(1,795)
Unrealised (Gain) /Loss on foreign exchange	286	306
Operating profit before working capital changes	<u>36,500</u>	<u>34,466</u>
<b>Change in working capital</b>		
Inventories	2,770	(2,581)
Receivables	(5,258)	4,541
Payables	1,622	(4,749)
	<u>(866)</u>	<u>(2,789)</u>
Cash generated from operations	35,634	31,677
Tax paid	(8,737)	(6,928)
Tax refunded	-	-
<b>Net cash from operating activities</b>	<b><u>26,897</u></b>	<b><u>24,749</u></b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	185	-
Purchase of property, plant and equipment	(930)	(3,910)
Placement of fixed deposits with a licensed bank	(23,406)	(85,124)
Interest received	1,857	1,795
Net cash used in investing activities	<u>(22,294)</u>	<u>(87,239)</u>
<b>Cash Flows From Financing Activities</b>		
Interest paid	(27)	(42)
Proceeds from issuance of shares	-	72,251
Payment of share issuance expense	-	(2,026)
Dividend paid	(6,816)	(6,816)
Repayment of lease liabilities	(42)	(704)
Repayment of term loans	-	(6,139)
Repayment of short-term borrowings	-	(4,831)
Net cash from financing activities	<u>(6,885)</u>	<u>51,693</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,282)</b>	<b>(10,797)</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>32,289</b>	<b>28,290</b>
<b>Effect of exchange translation differences on cash and cash equivalents</b>	<b>(70)</b>	<b>(2)</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b><u>29,937</u></b>	<b><u>17,491</u></b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 31 MARCH 2021<sup>(1)(2)</sup> (CONT'D)**

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

	<b>PERIOD-TO-DATE</b>	
	<b>31.3.2021</b>	<b>31.3.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits with licensed banks	100,842	88,189
Cash and bank balances	29,937	17,491
	<u>130,779</u>	<u>105,680</u>
Less: Fixed deposits with licensed banks	(100,842)	(88,189)
<b>Cash and cash equivalents at the end of the financial period</b>	<b><u>29,937</u></b>	<b><u>17,491</u></b>

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this financial report.
- (2) This interim financial report for the third (3<sup>rd</sup>) quarter ended 31 March 2021 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 2020 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 2020.

**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 2020 except for the adoption of the following MFRSs, Amendments to MFRSs and new interpretations.

<b>Adoption of new and amended standard and interpretations</b>	<b>Effective dates for financial periods beginning on or after</b>
• 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 <i>Financial Instruments</i> , MFRS 139 <i>Financial Instruments: Recognition and Measurement</i> 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
• Amendments to MFRS 16- <i>Leases for Covid 19-Related Rent concessions</i>	1 June 2020

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

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

**Adoption of new and amended standard and interpretations (cont'd)**

Adoption of the above standards and interpretations whichever applicable 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:

<b>Standards and interpretations issued but not yet effective</b>	<b>Effective dates for financial periods beginning on or after</b>
• Amendments to MFRS 4 Insurance Contracts- Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020
• Amendments to MFRS 101- Classification of Liabilities as Current or Non-current—Deferral of Effective Date	17 August 2020
• Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases – Interest Rate Benchmark Reform – Phase 2	1 January 2021
• Amendments to MFRS 3 Business Combinations- Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116- Property, Plant and Equipment-Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137- Provisions, Contingent Liabilities and Contingent Assets-Onerous Contract-Cost of Fulfilling a Contract	1 January 2022
• Annual Improvements to MFRS Standards 2018-2020	1 January 2022
• MFRS 17- Insurance Contracts	1 January 2023
• Amendments to MFRS 17- Insurance Contracts	1 January 2023
• Amendments to MFRS 101- Classification of Liabilities as Current or Non-current	1 January 2023
• 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

The initial application of these MFRSs, amendments to the published standards and interpretations is not expected to have any material impact on the financial statements of the Group.

**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 2020 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**

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity for the current financial period under review.

**A8. Dividends paid**

During the financial period ended 31 March 2021, the Company had paid a single tier interim dividend of 1 Sen per ordinary share in respect of financial year ending 30 June 2021, amounting to RM6.816 million on 21 December 2020.

**A9. Segmental information**

The Group's segmental information for the current financial period ended 31 March 2021 is as follows:

(a) Analysis of revenue by business segments

	<b>3-MONTH ENDED</b>		<b>PERIOD-TO-DATE</b>	
	<b>31.3.2021</b>	<b>31.3.2020</b>	<b>31.3.2021</b>	<b>31.3.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Converting	34,809	33,295	123,987	115,414
Distribution	8,652	8,287	28,661	21,058
<b>Total</b>	<b>43,461</b>	<b>41,582</b>	<b>152,648</b>	<b>136,472</b>

(b) Analysis of revenue by geographical markets

	<b>3-MONTH ENDED</b>		<b>PERIOD-TO-DATE</b>	
	<b>31.3.2021</b>	<b>31.3.2020</b>	<b>31.3.2021</b>	<b>31.3.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Northern region	-	11	-	12
Central region	1	51	2	2
Southern region	42,303	38,736	148,238	131,253
Overseas (outside Malaysia)	1,157	2,784	4,408	5,205
<b>Total</b>	<b>43,461</b>	<b>41,582</b>	<b>152,648</b>	<b>136,472</b>

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

**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**

Pursuant to the announcements dated 9 December 2019 and 12 December 2019, MTAG had announced the proposal 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 ("Defendant") for a cash consideration of RM24,559,567 ("Proposed Acquisition") and paid RM491,191.34, being the earnest deposit.

Due to the material changes in the condition in the said properties, MTAG had demanded for a full refund of the deposit from the Defendant, informing that the said properties had been prejudiced due to the earthworks on Lot 292, causing part of the said properties unsuitable for use and had restricted MTAG's intended development on the said properties. The Defendant however via its email dated 17 March 2020 informed that they will only refund RM245,595.67 to MTAG.

As such, MTAG issued a Writ of Summons and Statement of Claim ("SOC") to the Defendant through its Solicitors on 23 October 2020. The Defendant has entered appearance on 3.11.2020. The Court has fixed the Case Management date on 3.12.2020 which was conducted by way of E-review.

The Company in the SOC has made the following claims: -

1. The outstanding sum of RM245,595.67 being the balance of the deposit (equivalent to 1% of the purchase price);
2. Interest at the rate of 5% per annum on the outstanding sum of RM245,595.67 from the date of judgment until the date of full settlement;
3. Costs of this action; and
4. Any other reliefs which this Court thinks fit to grant.

The Court has initially fixed the hearing date on 14 January 2021 at 9 am for Summary Judgement Application which was subsequently adjourned to 29 March 2021 for decision. In the meantime, the parties were required to file their submissions prior to the decision date and the hearing will be conducted by E-review. In the absence of an award of summary judgment (or pre-trial issues), the lawsuit would proceed to trial, which has been fixed by the Court on 21 June 2021. MTAG received the Affidavit in Reply for the Summary Judgment from the Defendant on 12 January 2021. MTAG filed reply to the Affidavit in Reply on 11 February 2021.

On 29 March 2021, the Sessions Court Judge dismissed MTAG's summary judgement application with cost of RM2,000.00 to be paid to the Defendant. The Court has fixed the full hearing on 21 February 2022 requiring witnesses to appear before the Court to give their evidence. The Court also directed the parties to file the Agreed Bundle of Documents within 1 month before the hearing (i.e., 21 January 2022) and Witness Statements within 2 weeks before the hearing (i.e. 7 February 2022).

On 6 April 2021, MTAG filed appeal to the High Court against the Sessions Court's decision for the Summary Judgement. High Court fixed case management on 16 June 2021 for MTAG to file an additional record of appeal upon receipt of the grounds of judgment from the Sessions Court.

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

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

As at the date of this announcement, there is no material financial impact arising from this SOC on the Company.

**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 31.3.2021 RM'000</b>	<b>As at 30.6.2020 RM'000</b>
<b>Secured</b>		
Bank guarantee given to		
-Royal Malaysian Customs Department	560	560
-Tenaga Nasional Berhad	20	20
	<hr/>	<hr/>

**A14. Capital commitments**

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

	<b>31.3.2021 RM'000</b>	<b>30.6.2020 RM'000</b>
Authorised and contracted for: -		
-Motor Vehicles	-	235
	<hr/>	<hr/>

**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**

	FINANCIAL QUARTER (Second Quarter)		CHANGES Increase/ (Decrease)	
	Ended		RM'000	%
	31.3.2021 RM'000	31.3.2020 RM'000		
<b>Revenue</b>	43,461	41,582	1,879	4.5
<b>Profit Before Tax (PBT)</b>	7,854	11,156	(3,302)	-29.6

The Group recorded revenue of RM43.5 million for the current financial quarter ended 31 March 2021 compared with RM41.6 million for the same financial quarter in the preceding year ended 31 March 2020, an increase of RM1.9 million or 4.5%.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 80.1% of the total revenue for the current financial quarter ended 31 March 2021.

The Group's revenue from the converting business and distribution business segments increased from RM33.3 million and RM8.3 million respectively for the same financial quarter in the preceding year ended 31 March 2020 to RM34.8 million and RM8.7 million respectively in the current financial quarter ended 31 March 2021. The increase in revenue was mainly attributed to increase in revenue from mesh and distribution of adhesive tapes.

The Malaysian market remains the largest market contributing to the Group's revenue, accounting for approximately 97.3% of the total revenue for the current financial quarter ended 31 March 2021.

The Group registered a PBT of RM7.9 million in the current financial quarter under review compared with RM11.2 million for the same financial quarter in the preceding year ended 31 March 2020, a decrease of RM3.3 million or 29.6%. The decrease in PBT despite an increase in revenue in the current financial quarter under review was mainly attributed to the rising cost of raw materials during the pandemic due to supply woes as a result of Covid-led lockdowns and international logistics disruptions eroded the Group's margins in the first quarter of 2021.

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

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

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

	FINANCIAL PERIOD		CHANGES	
	Ended		Increase/ (Decrease)	
	31.3.2021	31.3.2020	RM'000	%
	RM'000	RM'000		
Revenue	152,648	136,472	16,176	11.9
Profit Before Tax ("PBT") <sup>(1)</sup>	35,869	33,726	2,143	6.4
Listing Expense	-	1,874	(1,874)	100.0
Adjusted PBT <sup>(2)</sup>	35,869	35,600	269	0.8

**Notes:**

- (1) Included in the **Profit Before Tax ("PBT")** for the preceding financial period ended 31 March 2020 was a one-off listing expenses of RM1.87 million.
- (2) For illustration purposes only, the Company's normalised financial performance in the preceding financial period after adjusting for the one-off listing expense

The Group recorded revenue of RM152.6 million for the current financial period ended 31 March 2021 compared with RM136.5 million for the preceding financial period ended 31 March 2020, an increase of RM16.2 million or 11.9%.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 81.2% of the total revenue for the current financial period ended 31 March 2021.

The Group's revenue from the converting business and distribution business segments increased from RM115.4 million and RM21.1 million respectively for the preceding financial period ended 31 March 2020 to RM124.0 million and RM28.7 million respectively in the current financial period ended 31 March 2021. The increase in revenue was mainly attributed to increase in revenue from mesh and distribution of adhesive tapes.

The Malaysian market remains the largest market contributing to the Group's revenue, accounting for approximately 97.1% of the total revenue for the current financial period ended 31 March 2021.

The Group registered a PBT of RM35.9 million in the current financial period under review compared with RM35.6 million for the preceding financial period ended 31 March 2020, normalised PBT after adjusted one-off listing expenses of RM1.87 million incurred in the last financial period due to MTAG's listing in ACE market on 25 September 2019. The PBT for the current financial period ended 31 March 2021 was affected by the rising cost of raw materials during the pandemic due to supply woes as a result of Covid-led lockdowns and international logistics disruptions eroded the Group's margins in the first quarter of 2021.

**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	
	31.3.2021	31.12.2020	Increase/ (Decrease)	
	RM'000	RM'000	RM'000	%
Revenue	43,461	53,921	(10,460)	-19.4
PBT	7,854	13,613	(5,759)	-42.3

The Group recorded revenue of RM43.5 million for the current quarter ended 31 March 2021 compared with RM53.9 million for the preceding quarter ended 30 December 2020, a decrease of RM10.5 million (or 19.4%). This was mainly due to lower revenue in the current financial quarter ended 31 March 2021 as the Group experienced business disruption in the current quarter as some of our Group's customers were affected by Covid-19 outbreak at their work place.

The Group's PBT decreased by RM5.8 million (or 42.3%) from RM13.6 million in the preceding quarter ended 30 December 2020 to RM7.9 million in the current quarter ended 31 March 2021. The decrease in profit was mainly attributed to the decrease in revenue and rising cost of raw materials during the pandemic due to supply woes as a result of Covid-led lockdowns and international logistics disruptions eroded the Group's margins in the first quarter of 2021.

**B3. Prospects and outlook**

The uncertain factor affecting the Group would be the unprecedented coronavirus disease (Covid-19) pandemic which is felt worldwide causing disruption to global supply chains, businesses, manpower and society.

During the MCO 3.0 period which commenced with effect from 7 May 2021, the Group continued to abide to Ministry of International Trade and Industry (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 plant from Covid-19 disease.

The Group has maintained a healthy balance sheet and liquidity position facing the challenges ahead. The Group has cash and bank balances and fixed deposits amounting to RM130.8 million and zero borrowings as at 31 March 2021. The Group is confident of having sufficient liquidity to meet the needs throughout the fiscal year 2021 and to weather through the challenging future should the pandemic continue in 2021.

The Board and management expect the situation to remain challenging for year 2021 depending on the scale and length of the Covid-19 pandemic and government policy in managing the pandemic. Despite all uncertainties arising from the current Covid-19 pandemic, the Group is confident that it will continue to be profitable.



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

**B4. Profit forecast or profit guarantee**

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

**B5. Status of corporate proposals**

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

**B6. Income tax expenses**

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
	RM'000	RM'000	RM'000	RM'000
Current tax expense	2,555	3,028	9,343	8,560
Deferred tax expense	-	-	-	-
<b>Total tax expense</b>	<b>2,555</b>	<b>3,028</b>	<b>9,343</b>	<b>8,560</b>
Effective tax rate (%)	32.5%	27.1%	26.0%	25.4%

**Notes:**

- (1) The Group's effective tax rate for the current financial quarter ended 31 March 2021 is higher than statutory income tax rate of 24% is mainly due to certain expenses not allowed for tax deduction purposes.
- (2) Income tax expense is recognised based on management's best estimate.

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

The gross proceeds raised from the Public issue amounting to RM72.251 million is intended to be utilised in the following manner and status of utilisation as at 31 March 2021 are disclosed as below:

<b>Details of utilisation</b>	<b>Proposed utilisation</b>	<b>Actual utilisation</b>	<b>Estimated timeframe for utilisation upon listing</b>
	RM'000	RM'000	
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	12,451	18 months
Listing expenses	3,800	3,800	1 month
	<b>72,251</b>	<b>29,325</b>	

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

**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 since 30 June 2020.

**B9. Material litigation**

Save as disclosed in Section A11, there were no material litigation involving the Group as at 31 March 2021.

**B10. Dividend**

The Board of Directors declared a second single tier interim dividend of 2 sen per ordinary share each for financial year ending 30 June 2021 (30 June 2020: total 3 sen per ordinary share each).

The second interim dividend is payable on 25 June 2021 to depositors registered in the Register of Depositors at the close of business on 15 June 2021.

As at the date of this report, the total dividend declared for the current financial year ending 30 June 2021 is 3 sen per ordinary share amounting to RM20,448,522.

**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>31.3.2021</b>	<b>31.3.2020</b>	<b>31.3.2021</b>	<b>31.3.2020</b>
Profit attributable to ordinary owners of the Company (RM'000)	5,299	8,128	26,526	25,166
Number of ordinary shares ('000)	681,617	681,617	681,617	681,617
Basic EPS (sen) <sup>(1)</sup>	0.78	1.19	3.89	3.69
Diluted EPS (sen) <sup>(2)</sup>	0.78	1.19	3.89	3.69

**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 31 March 2021 and period-to-date ended 31 March 2021 is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the reporting period.

**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	
	31.3.2021	31.3.2020 <sup>(1)</sup>	31.3.2021	31.3.2020 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	726	788	2,188	2,187
Depreciation of right-of-use assets	14	-	43	-
Foreign exchange				
Realised (Gain)/Loss	(967)	(501)	(2,535)	(1,371)
Unrealised (Gain)/Loss	793	294	286	306
Rental expenses	-	4	-	12
(Gain)/ Loss on disposal of property, plant and equipment	-	-	(56)	-
Interest income	(523)	(768)	(1,857)	(1,795)
Interest expense	8	2	27	42

**Notes:**

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