

MTAG GROUP BERHAD

(Company No. 201801000029 (1262041-V))

(Incorporated in Malaysia)

Unaudited Financial Statements

For the Financial Period Ended

30 September 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2021⁽¹⁾

	Note	3-MONTH ENDED		PERIOD-TO-DATE	
		30.9.2021 RM'000	30.9.2020 ⁽²⁾ RM'000	30.9.2021 RM'000	30.9.2020 ⁽²⁾ RM'000
Revenue	A9	37,949	55,265	37,949	55,265
Cost of sales		(28,105)	(38,944)	(28,105)	(38,944)
Gross profit ("GP")		9,844	16,321	9,844	16,321
Other income		1,265	1,428	1,265	1,428
Allowance for impairment loss of trade receivables		-	-	-	-
Selling and distribution expense		(462)	(550)	(462)	(550)
Administrative expenses		(2,923)	(2,786)	(2,923)	(2,786)
Finance costs		(6)	(10)	(6)	(10)
Profit before tax ("PBT")	B12	7,718	14,403	7,718	14,403
Tax expenses	B6	(1,985)	(3,607)	(1,985)	(3,607)
Profit after tax ("PAT")		5,733	10,796	5,733	10,796
Profit for the financial period attributable to:					
Owners of the Company		5,733	10,796	5,733	10,796
		5,733	10,796	5,733	10,796
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		30	30	30	30
Transfer of revaluation reserve to unappropriated profit		(30)	(30)	(30)	(30)
		-	-	-	-
Total comprehensive income for the financial period attributable to:					
Owners of the Company		5,733	10,796	5,733	10,796
		5,733	10,796	5,733	10,796
Earnings per share attributable to owners of the Company					
Basic (sen) ⁽³⁾	B11	0.84	1.58	0.84	1.58
Diluted (sen) ⁽⁴⁾	B11	0.84	1.58	0.84	1.58

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 FIRST QUARTER (1ST) ENDED 30 SEPTEMBER 2021⁽¹⁾ (CONT'D)

Notes:

- (2) This interim financial report for the first (1st) quarter ended 30 September 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 30 September 2021.
- (4) Diluted EPS of the Company for the individual quarter ended 30 September 2021 and period-to-date ended 30 September 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 30 SEPTEMBER 2021⁽¹⁾

	As at 30.9.2021 RM'000	As at 30.06.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment ⁽²⁾	25,539	22,398
Total non-current assets	25,539	22,398
Current assets		
Inventories	31,471	25,168
Trade receivables	38,688	43,857
Other receivables	901	2,830
Tax recoverable	-	-
Fixed deposits with licensed banks	99,086	92,854
Cash and bank balances	29,123	27,159
Total current assets	199,269	191,868
TOTAL ASSETS	224,808	214,266
EQUITY AND LIABILITIES		
Equity		
Share capital	146,566	146,566
Merger deficit	(73,775)	(73,775)
Revaluation reserve	5,637	5,667
Retained earnings	120,213	114,450
Total equity	198,641	192,908
Liabilities		
Non-current liabilities		
Borrowings	-	-
Finance lease creditors	-	-
Lease Liability	42	30
Deferred tax liabilities	2,443	2,443
Total non-current liabilities	2,485	2,473
Current liabilities		
Trade payables	19,009	13,366
Other payables	3,562	3,751
Borrowings	-	-
Finance lease creditors	-	-
Lease Liability	32	23
Tax payable	1,079	1,745
Total current liabilities	23,682	18,885
TOTAL LIABILITIES	26,167	21,358
TOTAL EQUITY AND LIABILITIES	224,808	214,266
Number of issued shares ('000)	681,617	681,617
NET ASSETS PER SHARE (RM)⁽³⁾	0.29	0.28

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021⁽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 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 September 2021 is right-of-use assets amounting to RM7.99 million for leasehold land and buildings.
- (3) Based on the share capital of 681,617,400 shares in issue as at 30 September 2021 and 30 June 2021.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2021⁽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 2021	146,566	(73,775)	5,667	114,450	192,908
Profit for the financial period	-	-	-	5,733	5,733
Other comprehensive income for the financial period	-	-	(30)	30	-
	146,566	(73,775)	5,637	120,213	198,641
Transactions with owners					
Issued of ordinary shares	-	-	-	-	-
Share issuance expense	-	-	-	-	-
Interim dividend	-	-	-	-	-
	-	-	-	-	-
As at 30 September 2021	146,566	(73,775)	5,637	120,213	198,641

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 first (1st) quarter ended 30 September 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 FOURTH (4TH) QUARTER ENDED 30 SEPTEMBER 2021^{(1) (2)}

	PERIOD-TO-DATE	
	30.9.2021	30.9.2020
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	7,718	14,403
Adjustments for:		
Bad debts written off	-	-
Allowance for impairment loss of trade receivables	-	-
Depreciation of right-of-use assets	50	14
Depreciation of property, plant and equipment	652	742
Property, plant and equipment written off	-	-
(Gain)/Loss on disposal of property, plant and equipment	(16)	4
Interest Expense	6	10
Interest income	(618)	(438)
Unrealised (Gain) /Loss on foreign exchange	(211)	(57)
Operating profit before working capital changes	<u>7,581</u>	<u>14,678</u>
Change in working capital		
Inventories	(6,302)	5,401
Receivables	7,084	(23,015)
Payables	5,672	614
	<u>6,454</u>	<u>(17,000)</u>
Cash generated from operations	14,035	(2,322)
Tax paid	(2,651)	(2,285)
Tax refunded	-	-
Net cash from operating activities	<u>11,384</u>	<u>(4,607)</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	16	125
Purchase of property, plant and equipment	(3,843)	(946)
Addition to right-of-use assets in exchange for increased lease liabilities	29	-
Placement of fixed deposits with a licensed bank	(6,231)	(14,055)
Interest received	618	438
Net cash used in investing activities	<u>(9,411)</u>	<u>(14,438)</u>
Cash Flows From Financing Activities		
Interest paid	(6)	(10)
Proceeds from issuance of shares	-	-
Payment of share issuance expense	-	-
Dividend paid	-	-
Repayment of lease liabilities	(8)	(13)
Repayment of term loans	-	-
Repayment of short-term borrowings	-	-
Net cash from financing activities	<u>(14)</u>	<u>(23)</u>
Net decrease in cash and cash equivalents	1,959	(19,068)
Cash and cash equivalents at the beginning of the financial period	27,159	32,289
Effect of exchange translation differences on cash and cash equivalents	5	(4)
Cash and cash equivalents at the end of the financial period	<u>29,123</u>	<u>13,217</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2021⁽¹⁾⁽²⁾ (CONT'D)

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

	PERIOD-TO-DATE	
	30.9.2021	30.9.2020
	RM'000	RM'000
Fixed deposits with licensed banks	99,086	91,491
Cash and bank balances	29,123	13,217
	<hr/>	<hr/>
	128,209	104,708
Less: Fixed deposits with licensed banks	(99,086)	(91,491)
Cash and cash equivalents at the end of the financial period	<hr/> 29,123 <hr/>	<hr/> 13,217 <hr/>

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 first (1st) quarter ended 30 September 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 2021 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 2021.

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 2021 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**

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 *
and MFRS 16 Leases – Interest Rate Benchmark Reform – Phase 2

1 January 2021

* Not applicable to the Group’s operations.

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:

Standards and interpretations issued but not yet effective

**Effective dates for
financial periods
beginning on or after**

- Amendments to MFRS 3 Business Combinations- Reference to the Conceptual Framework
- Amendments to MFRS 116- Property, Plant and Equipment-Proceeds before Intended Use
- Amendments to MFRS 137- Provisions, Contingent Liabilities and Contingent Assets-Onerous Contract-Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018-2020

1 January 2022

1 January 2022

1 January 2022

1 January 2022

A. NOTES TO THE INTERIM FINANCIAL REPORT

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

Standards and interpretations issued but not yet effective (cont'd)	Effective dates for financial periods beginning on or after
<ul style="list-style-type: none">• Amendments to MFRS 17- Insurance Contracts *	1 January 2023
<ul style="list-style-type: none">• Amendments to MFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9 *	1 January 2023
<ul style="list-style-type: none">• Amendments to MFRS 17- Insurance Contracts *	
<ul style="list-style-type: none">• Amendments to MFRS 101- Classification of Liabilities as Current or Non-current	
<ul style="list-style-type: none">• Amendments to MFRS 101 – Presentation of Financial Statements – Disclosure of Accounting Policies	1 January 2023
<ul style="list-style-type: none">• Amendments to MFRS 108 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
<ul style="list-style-type: none">• Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
<ul style="list-style-type: none">• 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

* Not applicable to the Group's operations.

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 2021 was not subject to any qualification.

A4. Seasonal or cyclical factors

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

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

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

A6. Material changes in estimates

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

A. NOTES TO THE INTERIM FINANCIAL REPORT

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

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

A9. Segmental information

The Group's segmental information for the current financial period ended 30 September 2021 is as follows:

(a) Analysis of revenue by business segments

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Converting	29,432	44,753	29,432	44,753
Distribution	8,517	10,512	8,517	10,512
Total	37,949	55,265	37,949	55,265

(b) Analysis of revenue by geographical markets

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Northern region	-	-	-	-
Central region	1	-	1	-
Southern region	34,318	53,342	34,318	53,342
Overseas (Outside Malaysia)	3,630	1,923	3,630	1,923
Total	37,949	55,265	37,949	55,265

A10. Valuation of property, plant and equipment

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

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A. NOTES TO THE INTERIM FINANCIAL REPORT

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 November 2020. The Court has fixed the Case Management date on 3 December 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. However, the Court has postponed the trial to 21 February 2022. 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. The additional record of appeal was filed on 31 May 2021. During the case management on 16 June 2021, the High Court directed parties to file written submission by 23 July 2021 and reply to submission by 16 August 2021.

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

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

The case management was held on 24 August 2021 whereby the Court has fixed the hearing date for the appeal on 28 October 2021. The court has however postponed the hearing date to 30 November 2021.

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.

	As at 30.9.2021 RM'000	As at 30.9.2020 RM'000
Secured		
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: -

	30.9.2021 RM'000	30.6.2021 RM'000
Authorised and contracted for: -		
-Motor Vehicles	-	-
-Plant and machineries	-	2,567
	<hr/>	<hr/>

A15. Corporate Guarantee

MTAG has provided corporate guarantees for banking facilities granted to its subsidiaries by financial institution amounting to RM20.6 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.

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

B1. Review of Performance

	FINANCIAL PERIOD (FIRST QUARTER) ENDED		CHANGES Increase/ (Decrease)	
	30.9.2021	30.9.2020	RM'000	%
	RM'000	RM'000		
Revenue	37,949	55,265	(17,316)	-31.3
Profit Before Tax (PBT)	7,718	14,403	(6,685)	-46.4

The Group recorded revenue of RM37.9 million for the current financial period ended 30 September 2021 compared with RM55.3 million for the same financial period in the preceding year ended 30 September 2020, a decrease of RM17.3 million or 31.3%.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 77.6% of the total revenue for the current financial period ended 30 September 2021.

The Group's revenue from the converting business and distribution business segments decreased from RM44.8 million and RM10.5 million respectively for the same financial quarter in the preceding year ended 30 September 2020 to RM29.4 million and RM8.5 million respectively in the current financial quarter ended 30 September 2021. The decrease in revenue was mainly attributed to decrease in revenue from mesh and distribution of adhesive tapes. The lower revenue was mainly due to the restricted operating conditions imposed by the regulators under the National Recovery Plans (Phase 1 to Phase 4) imposed since 1 June 2021. The Group faced disruption and received lower orders from customers during these periods. Nonetheless, the Group resumed operation at normalcy on 1 October 2021.

The Malaysian market remains the largest market contributing to the Group's revenue, accounting for approximately 90.4% of the total revenue for the current financial period ended 30 September 2021.

The Group registered a PBT of RM7.7 million in the current financial period under review compared with RM14.4 million for the same financial period in the preceding year ended 30 September 2020, a decrease of RM6.7 million or 46.4%. The decrease in PBT was mainly due to the decreased in revenue, less favourable margins due to different product sales mix and higher administration expenses due to Covid-19.

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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	
	30.9.2021	30.6.2021	Increase/ (Decrease)	
	RM'000	RM'000	RM'000	%
Revenue	37,949	40,989	(3,040)	-7.4
PBT	7,718	8,958	(1,240)	-13.8

The Group recorded revenue of RM37.9 million for the current quarter ended 30 September 2021 compared with RM40.9 million for the preceding quarter ended 30 Jun 2021, a decrease of RM3.0 million (or 7.4%). This was mainly due to lower revenue in the current financial quarter ended 30 September 2021. The decrease was mainly due to restricted operating conditions imposed by the regulators under the National Recovery Plans (Phase 1 to Phase 4) imposed since 1 June 2021 until the Group resumed operation at normalcy on 1 October 2021.

The Group's PBT decreased by RM1.2 million (or 13.8%) from RM8.9 million in the preceding quarter ended 30 September 2021 to RM7.7 million in the current quarter ended 30 September 2021. The decrease in PBT was mainly attributed to decrease in revenue.

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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

During the Full MCO (FMCO) since 28 May 2021, the Group's factory was allowed to operate at 60% capacity. The Group continued to abide by Ministry of International Trade and Industry (MITI)'s directives to ensure regular sanitization of premises, Covid-19 test screening and shall adhere to the quarantine period recommended by MOH (if required), to mitigate the risk of contamination of its plant from Covid-19 disease. The Group resumed operation at normalcy since 1 October 2021. Although the Group experienced disruptions, there were no job losses or salary adjustments due to Covid-19 despite the challenging economic climate.

The Group is mindful of the risk of Covid-19 disruption and global supply chains issue. With the rising vaccination rate, improving consumer sentiment and business outlook, the Board remain optimistic that the Group's performance will regain some momentum towards the end of the year. The Group has maintained a healthy balance sheet and sufficient liquidity position facing the challenges ahead. The Group has cash and bank balances and fixed deposits amounting to RM128.2 million and zero borrowings as of 30 September 2021.

The Board and management expect the situation to remain challenging for year 2022 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.

B4. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee 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 (CONT'D)

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

	<u>3-MONTH ENDED</u>		<u>PERIOD-TO-DATE</u>	
	<u>30.9.2021</u>	<u>30.9.2020</u>	<u>30.9.2021</u>	<u>30.9.2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax expense	1,985	3,607	1,985	3,607
Deferred tax expense	-	-	-	-
Total tax expense	<u>1,985</u>	<u>3,607</u>	<u>1,985</u>	<u>3,607</u>
Effective tax rate (%)	25.7%	25.0%	25.7%	25.0%

Notes:

- (1) The Group's effective tax rate for the current financial period ended 30 September 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.

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

B7. Utilisation of proceeds from the IPO

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 30 September 2021 are disclosed as below:

<u>Details of utilisation</u>	<u>Proposed utilisation</u> RM'000	<u>Actual utilisation</u> RM'000	<u>Estimated timeframe for utilisation upon listing</u>
Land acquisition and construction of manufacturing plant	33,000	264	36 months
Capital expenditure	13,000	8,010	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
	<u>72,251</u>	<u>34,525</u>	

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

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 30 September 2021.

B10. Dividend

The Board of Directors had declared a single tier interim dividend of 1 sen per ordinary share each for the current financial quarter ending 30 September 2021 (2020: 1 sen per ordinary share each).

The dividend will be paid on 22 December 2021 in respective of deposited securities as at 9 December 2021.

As at the date of this report, the total dividend declared for the current financial year ending 30 June 2022 is 1 sen per ordinary share amounting to RM6,816,174.

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

B11. Earnings per share

The basic EPS are calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of ordinary shares of the Company during the financial period as follows:

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.9.2021	30.9.2020	30.6.2021	30.6.2020
Profit attributable to ordinary owners of the Company (RM'000)	5,733	10,796	5,733	10,796
Number of ordinary shares ('000)	681,617	681,617	681,617	681,617
Basic EPS (sen) ⁽¹⁾	0.84	1.58	0.84	1.58
Diluted EPS (sen) ⁽²⁾	0.84	1.58	0.84	1.58

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 September 2021 and period-to-date ended 30 September 2021 is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the reporting period.

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

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

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.9.2021	30.9.2020⁽¹⁾	30.9.2021	30.9.2020⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Bad Debts written off	-	-	-	-
Allowance for impairment loss of trade receivables	-	-	-	-
Depreciation of property, plant and equipment	652	742	652	742
Depreciation of right-of-use assets	50	14	50	14
Foreign exchange				
Realised (Gain)/Loss	(214)	(877)	(214)	(877)
Unrealised (Gain)/Loss	(211)	(57)	(211)	(57)
Rental expenses	-	-	-	-
(Gain)/ Loss on disposal of property, plant and equipment	(16)	4	(16)	4
Property, plant and equipment written off	-	-	-	-
Interest income	(618)	(438)	(618)	(438)
Interest expense	6	10	6	10

Notes:

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