

# **MTAG GROUP BERHAD**

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

**(Incorporated in Malaysia)**

**Unaudited Financial Statements**

**For the Financial Period Ended**

**30 June 2022**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2022<sup>(1)</sup>**

|   | Note | 6-MONTH ENDED        |                                     | PERIOD-TO-DATE       |                                     |
|---|------|----------------------|-------------------------------------|----------------------|-------------------------------------|
|   |      | 30.06.2022<br>RM'000 | 30.06.2021 <sup>(2)</sup><br>RM'000 | 30.06.2022<br>RM'000 | 30.06.2021 <sup>(2)</sup><br>RM'000 |
| Revenue   | A9   | 50,615               | 40,989                              | 180,163              | 193,637                             |
| Cost of sales   |      | (36,555)             | (29,270)                            | (129,219)            | (139,767)                           |
| <b>Gross profit ("GP")</b>  |      | <b>14,060</b>        | <b>11,719</b>                       | <b>50,944</b>        | <b>53,870</b>                       |
| Other income  |      | 857                  | 1,455                               | 3,108                | 5,729                               |
| Write back/ (Allowance) for impairment loss of trade receivables            |      | 45                   | (120)                               | 45                   | (120)                               |
| Selling and distribution expense  |      | (679)                | (504)                               | (2,230)              | (2,113)                             |
| Administrative expenses   |      | (3,336)              | (3,585)                             | (12,065)             | (12,506)                            |
| Finance costs   |      | (13)                 | (7)                                 | (29)                 | (33)                                |
| <b>Profit before tax ("PBT")</b>  | B12  | <b>10,934</b>        | <b>8,958</b>                        | <b>39,773</b>        | <b>44,827</b>                       |
| Tax expenses  | B6   | (3,222)              | (1,868)                             | (9,691)              | (11,211)                            |
| <b>Profit after tax ("PAT")</b>   |      | <b>7,712</b>         | <b>7,090</b>                        | <b>30,082</b>        | <b>33,616</b>                       |
| <b>Profit for the financial period attributable to:</b>                     |      |                      |                                     |                      |                                     |
| Owners of the Company   |      | 7,712                | 7,090                               | 30,082               | 33,616                              |
|   |      | 7,712                | 7,090                               | 30,082               | 33,616                              |
| <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                   | 30                                  | 119                  | 119                                 |
| Transfer of revaluation reserve to unappropriated profit                    |      | (30)                 | (30)                                | (119)                | (119)                               |
|   |      | -                    | -                                   | -                    | -                                   |
| <b>Total comprehensive income for the financial period attributable to:</b> |      |                      |                                     |                      |                                     |
| Owners of the Company   |      | 7,712                | 7,090                               | 30,082               | 33,616                              |
|   |      | 7,712                | 7,090                               | 30,082               | 33,616                              |
| <b>Earnings per share attributable to owners of the Company</b>             |      |                      |                                     |                      |                                     |
| Basic (sen) <sup>(3)</sup>  | B11  | 1.13                 | 1.04                                | 4.41                 | 4.93                                |
| Diluted (sen) <sup>(4)</sup>  | B11  | 1.13                 | 1.04                                | 4.41                 | 4.93                                |

**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 2022<sup>(1)</sup> (CONT'D)**

**Notes:**

- (2) This interim financial report for the fourth (4<sup>th</sup>) quarter ended 30 June 2022 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 2022.
- (4) Diluted EPS of the Company for the individual quarter ended 30 June 2022 and period-to-date ended 30 June 2022 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 2022<sup>(1)</sup>

|  | As at<br>30.06.2022<br>RM'000 | As at<br>30.06.2021<br>RM'000 |
|--|-------------------------------|-------------------------------|
| <b>ASSETS</b>                                  |                               |                               |
| <b>Non-current assets</b>                      |                               |                               |
| Property, plant and equipment <sup>(2)</sup>   | 23,978                        | 22,398                        |
| <b>Total non-current assets</b>                | <b>23,978</b>                 | <b>22,398</b>                 |
| <b>Current assets</b>                          |                               |                               |
| Inventories                                    | 27,430                        | 25,168                        |
| Trade receivables                              | 53,473                        | 43,857                        |
| Other receivables                              | 1,437                         | 2,830                         |
| Current Tax Assets                             | 18                            | -                             |
| Other investment                               | 22,770                        | -                             |
| Fixed deposits with licensed banks             | 84,831                        | 92,854                        |
| Cash and bank balances                         | 19,972                        | 27,159                        |
| <b>Total current assets</b>                    | <b>209,931</b>                | <b>191,868</b>                |
| <b>TOTAL ASSETS</b>                            | <b>233,909</b>                | <b>214,266</b>                |
| <b>EQUITY AND LIABILITIES</b>                  |                               |                               |
| <b>Equity</b>                                  |                               |                               |
| Share capital                                  | 146,566                       | 146,566                       |
| Merger deficit                                 | (73,775)                      | (73,775)                      |
| Revaluation reserve                            | 5,548                         | 5,667                         |
| Retained earnings                              | 124,202                       | 114,450                       |
| <b>Total equity</b>                            | <b>202,541</b>                | <b>192,908</b>                |
| <b>Liabilities</b>                             |                               |                               |
| <b>Non-current liabilities</b>                 |                               |                               |
| Lease Liability                                | 269                           | 30                            |
| Deferred tax liabilities                       | 2,438                         | 2,443                         |
| <b>Total non-current liabilities</b>           | <b>2,707</b>                  | <b>2,473</b>                  |
| <b>Current liabilities</b>                     |                               |                               |
| Trade payables                                 | 23,708                        | 13,366                        |
| Other payables                                 | 3,405                         | 3,751                         |
| Amount due to related party                    | 1                             | -                             |
| Lease Liability                                | 141                           | 23                            |
| Tax payable                                    | 1,406                         | 1,745                         |
| <b>Total current liabilities</b>               | <b>28,661</b>                 | <b>18,885</b>                 |
| <b>TOTAL LIABILITIES</b>                       | <b>31,368</b>                 | <b>21,358</b>                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>            | <b>233,909</b>                | <b>214,266</b>                |
| <b>Number of issued shares ('000)</b>          | 681,617                       | 681,617                       |
| <b>NET ASSETS PER SHARE (RM)<sup>(3)</sup></b> | 0.30                          | 0.28                          |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS  
AT 30 JUNE 2022<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 2022 is right-of-use assets amounting to RM8.2 million for leasehold land and buildings.
- (3) Based on the share capital of 681,617,400 shares in issue as at 30 June 2022 and 30 June 2021.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR  
THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2022<sup>(1)(2)</sup>**

|   | Share<br>capital<br>RM'000 | Merger<br>deficit<br>RM'000 | Revaluation<br>reserve<br>RM'000 | Unappropriated<br>profit<br>RM'000 | Total<br>equity<br>RM'000 |
|---|----------------------------|-----------------------------|----------------------------------|------------------------------------|---------------------------|
| <b>As at 1 July 2021</b>                                  | <b>146,566</b>             | <b>(73,775)</b>             | <b>5,667</b>                     | <b>114,450</b>                     | <b>192,908</b>            |
| Profit for the financial period                           | -                          | -                           | -                                | 30,082                             | <b>30,082</b>             |
| Other comprehensive<br>income for the financial<br>period | -                          | -                           | (119)                            | 119                                | -                         |
|   | <b>146,566</b>             | <b>(73,775)</b>             | <b>5,548</b>                     | <b>144,651</b>                     | <b>222,990</b>            |
| <b>Transactions with owners</b>                           |                            |                             |                                  |                                    |                           |
| Issued of ordinary shares                                 | -                          | -                           | -                                | -                                  | -                         |
| Share issuance expense                                    | -                          | -                           | -                                | -                                  | -                         |
| Interim dividend  | -                          | -                           | -                                | (20,449)                           | <b>(20,449)</b>           |
|   | -                          | -                           | -                                | -                                  | -                         |
| <b>As at 30 June 2022</b>                                 | <b>146,566</b>             | <b>(73,775)</b>             | <b>5,548</b>                     | <b>124,202</b>                     | <b>202,541</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 fourth (4<sup>th</sup>) quarter ended 30 June 2022 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 (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2022<sup>(1) (2)</sup>

|  | PERIOD-TO-DATE  |                 |
|--|-----------------|-----------------|
|  | 30.06.2022      | 30.06.2021      |
|  | RM'000          | RM'000          |
| <b>Cash Flows From Operating Activities</b>                    |                 |                 |
| <b>Profit before tax</b>                                       | <b>39,773</b>   | <b>44,827</b>   |
| <b>Adjustments for:</b>  |                 |                 |
| Bad Debts written off  | 1               | 4               |
| Allowance for impairment loss of trade receivables             | (45)            | 120             |
| Depreciation of right-of-use assets                            | 201             | 224             |
| Depreciation of property, plant and equipment                  | 2,869           | 2,730           |
| (Gain)/ loss on disposal of property, plant and equipment      | (17)            | (56)            |
| Interest expense   | 20              | 33              |
| Interest income  | (2,377)         | (2,706)         |
| Fair value (gain)/Loss on other investment                     | (20)            | -               |
| (Gain)/ Loss on disposal of other investment                   | (45)            | -               |
| Unrealised (gain)/ loss on foreign exchange                    | (359)           | 204             |
| Operating profit/ (loss) before working capital changes        | 40,001          | 45,380          |
| <b>Change in working capital</b>                               |                 |                 |
| Inventories  | (2,261)         | 633             |
| Receivables  | (8,140)         | (3,745)         |
| Payables   | 10,073          | 185             |
| Related Party  | 1               | -               |
|  | (327)           | (2,927)         |
| Cash generated from operations                                 | 39,674          | 42,453          |
| Tax paid   | (10,053)        | (12,025)        |
| Tax refunded   | -               | 97              |
| <b>Net cash from/ (used in) operating activities</b>           | <b>29,621</b>   | <b>30,525</b>   |
| <b>Cash Flows From Investing Activities</b>                    |                 |                 |
| Proceeds from disposal of property, plant and equipment        | 17              | 263             |
| Purchase of property, plant and equipment                      | (4,182)         | (1,308)         |
| Withdrawal/ (Placement) of fixed deposits with a licensed bank | 8,024           | (12,952)        |
| Withdrawal/ (Placement) of other short-term investment         | (30,125)        | -               |
| Proceeds from disposal of other investment                     | 7,420           | -               |
| Interest received  | 2,377           | 1,019           |
| <b>Net cash from/ (used in) investing activities</b>           | <b>(16,469)</b> | <b>(15,016)</b> |
| <b>Cash Flows From Financing Activities</b>                    |                 |                 |
| Interest paid  | (20)            | (33)            |
| Proceeds from issuance of shares                               | -               | -               |
| Payment of share issuance expense                              | -               | -               |
| Dividend paid  | (20,449)        | (20,449)        |
| Repayment of lease liabilities                                 | (112)           | (58)            |
| Repayment of term loans  | -               | -               |
| Repayment of short-term borrowings                             | -               | -               |
| <b>Net cash from/ (used in) financing activities</b>           | <b>(20,581)</b> | <b>(20,540)</b> |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2022<sup>(1)(2)</sup> (CONT'D)**

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

|   | PERIOD-TO-DATE       |                      |
|---|----------------------|----------------------|
|   | 30.06.2022<br>RM'000 | 30.06.2021<br>RM'000 |
| Net increase/ (decrease) in cash and cash equivalents                   | (7,429)              | (5,031)              |
| Cash and cash equivalents at beginning of the financial period          | 27,159               | 32,289               |
| Effect of exchange translation differences on cash and cash equivalents | 242                  | (99)                 |
| Cash and cash equivalents at the end of the financial period            | <u>19,972</u>        | <u>27,159</u>        |
| Other Investment in unit trust  | 22,770               | -                    |
| Fixed deposits with licensed banks                                      | 84,831               | 92,854               |
| Cash and bank balances  | 19,972               | 27,159               |
|   | <u>127,573</u>       | <u>120,013</u>       |
| Less: Other Investment in unit trust                                    | (22,770)             | -                    |
| Less: Fixed deposits with licensed banks                                | (84,831)             | (92,854)             |
| Cash and cash equivalents at the end of the financial period            | <u>19,972</u>        | <u>27,159</u>        |

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 fourth (4<sup>th</sup>) quarter ended 30 June 2022 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 2022 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)**

| <b>Standards and interpretations issued but not yet effective (cont'd)</b>  | <b>Effective dates for financial periods beginning on or after</b> |
|---|--|
| • MFRS 17- Insurance Contracts *  | 1 January 2023   |
| • Amendments to MFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9 *                        | 1 January 2023   |
| • Amendments to MFRS 17- Insurance Contracts *  | 1 January 2023   |
| • Amendments to MFRS 17 – Initial Application of MFRS 17 and MFRS 9 – Comparative Information *                                 | 1 January 2023   |
| • Amendments to MFRS 101- Classification of Liabilities as Current or Non-current   | 1 January 2023   |
| • Amendments to MFRS 101 – Presentation of Financial Statements – Disclosure of Accounting Policies                             | 1 January 2023   |
| • Amendments to MFRS 108 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates | 1 January 2023   |
| • Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction        | 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                                      |

\* 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**

During the financial period ended 30 June 2022, the Company has paid a single tier second interim dividend of 2 sen per ordinary share in respect of financial year ending 30 June 2022, amounting to RM13.6 million on 21 June 2022.

**A9. Segmental information**

The Group's segmental information for the current financial period ended 30 June 2022 is as follows:

(a) Analysis of revenue by business segments

|              | <b>3-MONTH ENDED</b> |                   | <b>PERIOD-TO-DATE</b> |                   |
|--------------|----------------------|-------------------|-----------------------|-------------------|
|              | <b>30.06.2022</b>    | <b>30.06.2021</b> | <b>30.06.2022</b>     | <b>30.06.2021</b> |
|              | <b>RM'000</b>        | <b>RM'000</b>     | <b>RM'000</b>         | <b>RM'000</b>     |
| Converting   | 40,606               | 32,702            | 146,707               | 156,689           |
| Distribution | 10,009               | 8,287             | 33,456                | 36,948            |
| <b>Total</b> | <b>50,615</b>        | <b>40,989</b>     | <b>180,163</b>        | <b>193,637</b>    |

(b) Analysis of revenue by geographical markets

|                                | <b>3-MONTH ENDED</b> |                   | <b>PERIOD-TO-DATE</b> |                   |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
|                                | <b>30.06.2022</b>    | <b>30.06.2021</b> | <b>30.06.2022</b>     | <b>30.06.2021</b> |
|                                | <b>RM'000</b>        | <b>RM'000</b>     | <b>RM'000</b>         | <b>RM'000</b>     |
| Northern region                | 9                    | -                 | 9                     | -                 |
| Central region                 | 2                    | 1                 | 4                     | 2                 |
| Southern region                | 44,126               | 39,506            | 163,601               | 187,745           |
| Overseas<br>(Outside Malaysia) | 6,478                | 1,482             | 16,549                | 5,890             |
| <b>Total</b>                   | <b>50,615</b>        | <b>40,989</b>     | <b>180,163</b>        | <b>193,637</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.

**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 extended the hearing dates several times from 28 October 2021 to 30 November 2021, 23 February 2022, 27 April 2022 and 23 June 2022 respectively.

The Company wishes to announce that during the hearing held on 23 June 2022, the Court has fixed the case for Decision on 5 September 2022 via Zoom.

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<br/>30.06.2022<br/>RM'000</b> | <b>As at<br/>30.06.2021<br/>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>30.06.2022<br/>RM'000</b> | <b>30.06.2021<br/>RM'000</b> |
|----------------------------------|------------------------------|------------------------------|
| Authorised and contracted for: - |                              |                              |
| -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**

**(a) Results for current quarter**

|                                    | FINANCIAL QUARTER<br>(FOURTH QUARTER)<br>ENDED |            | CHANGES<br>Increase/ (Decrease) |      |
|------------------------------------|--|------------|---------------------------------|------|
|                                    | 30.06.2022                                     | 30.06.2021 | RM'000                          | %    |
|                                    | RM'000   | RM'000     |                                 |      |
| <b>Revenue</b>                     | 50,615   | 40,989     | 9,626                           | 23.5 |
| <b>Profit Before Tax<br/>(PBT)</b> | 10,934   | 8,958      | 1,976                           | 22.0 |

The Group recorded revenue of RM50.6 million for the current financial quarter ended 30 June 2022 compared with RM41.0 million for the same financial quarter in the preceding year ended 30 June 2021, an increase of RM9.6 million or 23.5%.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 80.2% of the total revenue for the current financial quarter ended 30 June 2022.

The Group's revenue from the converting business and distribution business segments increased from RM32.7 million and RM8.3 million respectively for the same financial quarter in the preceding year ended 30 June 2021 to RM40.6 million and RM10.0 million respectively in the current financial quarter ended 30 June 2022. The increase in revenue was mainly attributed to increase in revenue from mesh, adhesive tapes, steels and label stickers.

The Malaysian market remains the largest market contributing to the Group's revenue, accounting for approximately 87.2% of the total revenue for the current financial quarter ended 30 June 2022.

The Group registered a PBT of RM10.9 million in the current financial quarter under review compared with RM9.0 million for the same financial quarter in the preceding year ended 30 June 2022, an increase of RM2.0 million or 22.0%. The increased in PBT was mainly attributed to the increase in revenue.

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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 financial period-to-date**

|                                    | FINANCIAL PERIOD<br>(FOURTH QUARTER)<br>ENDED |            | CHANGES<br>Increase/ (Decrease) |       |
|------------------------------------|---|------------|---------------------------------|-------|
|                                    | 30.06.2022                                    | 30.06.2021 |                                 |       |
|                                    | RM'000  | RM'000     | RM'000                          | %     |
| <b>Revenue</b>                     | 180,163                                       | 193,637    | (13,474)                        | -7.0  |
| <b>Profit Before Tax<br/>(PBT)</b> | 39,773  | 44,827     | (5,054)                         | -11.3 |

The Group recorded revenue of RM180.2 million for the current financial period ended 30 June 2022 compared with RM193.6 million for the same financial period in the preceding period ended 30 June 2021, a decrease of RM13.5 million or 7.0%.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 81.4% of the total revenue for the current financial period ended 30 June 2022.

The Group's revenue from the converting business and distribution business segments decreased from RM156.7 million and RM37.0 million respectively for the same financial period in the preceding year ended 30 June 2021 to RM146.7 million and RM33.5 million respectively in the current financial period ended 30 June 2022, a decrease of RM5.0 million or 11.3%. The decrease in revenue was mainly attributed to decrease in revenue from mesh, label stickers and distribution of adhesive tapes. The lower revenue was mainly due to lower order received from customers.

The Malaysian market remains the largest market contributing to the Group's revenue, accounting for approximately 90.8% of the total revenue for the current financial period ended 30 June 2022.

The Group registered a PBT of RM39.8 million in the current financial period under review compared with RM44.8 million for the same financial period in the preceding period ended 30 June 2021, a decrease of RM5.0 million or 11.3%. The decrease in PBT was mainly due to the decrease in revenue and lower foreign exchange gain in this financial period compared to proceeding period due to strengthening of US dollar as well as provision for slow moving stocks.

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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              |     |
|---------|---------------|------------|----------------------|-----|
|         | 30.06.2022    | 31.03.2022 | Increase/ (Decrease) |     |
|         | RM'000        | RM'000     | RM'000               | %   |
| Revenue | 50,615        | 48,712     | 1,903                | 3.9 |
| PBT     | 10,934        | 10,236     | 698                  | 6.8 |

The Group recorded revenue of RM50.6 million for the current quarter ended 30 June 2022 as compared with RM48.7 million for the preceding quarter ended 31 March 2022, an increase of RM1.9 million (or 3.9%). This was mainly due to increased revenue from distribution of adhesive tapes and label stickers.

The Group's PBT increased by RM0.7 million (or 6.8%) from RM10.2 million in the preceding quarter ended 31 March 2022 to RM10.9 million in the current quarter ended 30 June 2022. The increase in PBT was mainly attributed to increase 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**

The Group is mindful of the challenges post COVID-19 pandemic, current geopolitical tensions, inflationary situation and supply chain disruption issues. The Group acknowledges the importance of being vigilant and reactive in its supply chain planning to ensure agility in this highly evolving situation. The Group is fortunate that it has the ability to adapt to its inventory stock up approach on the back of its strong level of operating cash built over the years.

The Board and management expect the situation to remain challenging for year 2022 depending on the associated risks on supply chain disruption, shortage of raw materials supply, fluctuation in raw material prices, labour shortage issue for our customers in Electronic Manufacturing Services (“EMS”) industry as well as disruption in business of our customers.

The Group has maintained a healthy balance sheet and sufficient liquidity position to face the challenges ahead. The Group has cash and bank balances, fixed deposits and other investment in unit trust amounting to RM127.6 million and zero borrowings as of 30 June 2022.

**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**

|  | <b>3-MONTH ENDED</b> |                   | <b>PERIOD-TO-DATE</b> |                   |
|--|----------------------|-------------------|-----------------------|-------------------|
|  | <b>30.06.2022</b>    | <b>30.06.2021</b> | <b>30.06.2022</b>     | <b>30.06.2021</b> |
|  | <b>RM'000</b>        | <b>RM'000</b>     | <b>RM'000</b>         | <b>RM'000</b>     |
| Current tax expense  | 3,227                | 2,003             | 9,696                 | 11,346            |
| Over/ (under) provision of tax expense in prior financial year             | -                    | 80                | -                     | 80                |
| Deferred tax expense   | 95                   | (178)             | 95                    | (178)             |
| Over/(under) provision of deferred tax liabilities in prior financial year | (100)                | -                 | (100)                 | -                 |
| Realised of deferred tax liabilities upon depreciation of revalued assets  | -                    | (37)              | -                     | (37)              |
| <b>Total tax expense</b>   | <b>3,222</b>         | <b>1,868</b>      | <b>9,691</b>          | <b>11,211</b>     |
| Effective tax rate (%)   | 29.5%                | 20.9%             | 24.4%                 | 25.0%             |

**Notes:**

- (1) The Group's effective tax rate for the current financial period ended 30 June 2022 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 RM72.3 million is intended to be utilised in the following manner and status of utilisation as at 30 June 2022 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> | <b>Revised timeframe for utilisation from 25 Aug</b> |
|--|-----------------------------|---------------------------|---|--|
|  | <b>RM'000</b>               | <b>RM'000</b>             |   |  |
| Land acquisition and construction of manufacturing plant | 33,000                      | 264                       | 36 months   | 12 months  |
| Capital expenditure                                      | 13,000                      | 7,150                     | 36 months   | 12 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>33,665</b>             |   |  |

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 June 2022.

**B10. Dividend**

Save 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 2022 is 3 sen per ordinary share amounting to RM20,449,000.

**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:

|  | <u>3-MONTH ENDED</u> |                   | <u>PERIOD-TO-DATE</u> |                   |
|--|----------------------|-------------------|-----------------------|-------------------|
|  | <u>30.06.2022</u>    | <u>30.06.2021</u> | <u>30.06.2022</u>     | <u>30.06.2021</u> |
| Profit attributable to ordinary owners of the Company (RM'000) | 7,712                | 7,090             | 30,082                | 33,616            |
| Number of ordinary shares ('000)                               | 681,617              | 681,617           | 681,617               | 681,617           |
| Basic EPS (sen) <sup>(1)</sup>                                 | 1.13                 | 1.04              | 4.41                  | 4.93              |
| Diluted EPS (sen) <sup>(2)</sup>                               | 1.13                 | 1.04              | 4.41                  | 4.93              |

**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 2022 and period-to-date ended 30 June 2022 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):

|   | 3-MONTH ENDED        |                                     | PERIOD-TO-DATE       |                                     |
|---|----------------------|-------------------------------------|----------------------|-------------------------------------|
|   | 30.06.2022<br>RM'000 | 30.06.2021 <sup>(1)</sup><br>RM'000 | 30.06.2022<br>RM'000 | 30.06.2021 <sup>(1)</sup><br>RM'000 |
| Bad Debts written off   | 1                    | 4                                   | 1                    | 4                                   |
| Allowance/(write back) for impairment loss of trade receivables | (45)                 | 120                                 | (45)                 | 120                                 |
| Depreciation of property, plant and equipment                   | 697                  | 542                                 | 2,869                | 2,730                               |
| Depreciation of right-of-use assets                             | 50                   | 181                                 | 201                  | 224                                 |
| Foreign exchange  |                      |                                     |                      |                                     |
| Realised (gain)/ loss   | 131                  | (242)                               | 92                   | (2,776)                             |
| Unrealised (gain)/ loss   | (218)                | (83)                                | (359)                | 204                                 |
| Rental expenses   | -                    | -                                   | -                    | -                                   |
| (Gain)/ Loss on disposal of property, plant and equipment       | (1)                  | -                                   | (17)                 | (56)                                |
| Property, plant and equipment written off                       | -                    | -                                   | -                    | -                                   |
| Interest income   | (546)                | (849)                               | (2,377)              | (2,706)                             |
| Interest expense  | 4                    | 7                                   | 20                   | 33                                  |
| Fair value gain on other investment                             | (20)                 | -                                   | (20)                 | -                                   |
| Gain on disposal of other investment                            | (45)                 | -                                   | (45)                 | -                                   |

**Notes:**

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