

MTAG GROUP BERHAD

(Company No. 201801000029 (1262041-V))

(Incorporated in Malaysia)

Unaudited Financial Statements

For the Financial Period Ended

30 September 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾

	Note	3-MONTH ENDED		PERIOD-TO-DATE	
		30.09.2022 RM'000	30.09.2021 ⁽²⁾ RM'000	30.09.2022 RM'000	30.09.2021 ⁽²⁾ RM'000
Revenue	A9	56,687	37,949	56,687	37,949
Cost of sales		(36,550)	(28,105)	(36,550)	(28,105)
Gross profit ("GP")		20,137	9,844	20,137	9,844
Other income		401	1,265	401	1,265
Write back/ (Allowance) for impairment loss of trade receivables		-	-	-	-
Selling and distribution expense		(835)	(462)	(835)	(462)
Administrative expenses		(2,787)	(2,923)	(2,787)	(2,923)
Finance costs		(6)	(6)	(6)	(6)
Profit before tax ("PBT")	B12	16,910	7,718	16,910	7,718
Tax expenses	B6	(4,385)	(1,985)	(4,385)	(1,985)
Profit after tax ("PAT")		12,525	5,733	12,525	5,733
Profit for the financial period attributable to:					
Owners of the Company		12,525	5,733	12,525	5,733
		12,525	5,733	12,525	5,733
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		12,525	5,733	12,525	5,733
		12,525	5,733	12,525	5,733
Earnings per share attributable to owners of the Company					
Basic (sen) ⁽³⁾	B11	1.84	0.84	1.84	0.84
Diluted (sen) ⁽⁴⁾	B11	1.84	0.84	1.84	0.84

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 (4TH) ENDED 30 JUNE 2022⁽¹⁾ (CONT'D)

Notes:

- (2) This interim financial report for the first (1st) quarter ended 30 September 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 September 2022.
- (4) Diluted EPS of the Company for the individual quarter ended 30 September 2022 and period-to-date ended 30 September 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 SEPTEMBER 2022⁽¹⁾

	As at 30.09.2022 RM'000	As at 30.06.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment ⁽²⁾	23,450	23,978
Total non-current assets	23,450	23,978
Current assets		
Inventories	28,780	27,430
Trade receivables	61,108	53,473
Other receivables	502	1,437
Current Tax Assets	18	18
Other investment	32,287	22,770
Fixed deposits with licensed banks	81,263	84,831
Cash and bank balances	15,262	19,972
Total current assets	219,220	209,931
TOTAL ASSETS	242,670	233,909
EQUITY AND LIABILITIES		
Equity		
Share capital	146,566	146,566
Merger deficit	(73,775)	(73,775)
Revaluation reserve	5,518	5,548
Retained earnings	136,757	124,202
Total equity	215,066	202,541
Liabilities		
Non-current liabilities		
Lease Liability	259	269
Deferred tax liabilities	2,438	2,438
Total non-current liabilities	2,697	2,707
Current liabilities		
Trade payables	17,659	23,708
Other payables	4,018	3,405
Amount due to related party	-	1
Lease Liability	130	141
Tax payable	3,100	1,406
Total current liabilities	24,907	28,661
TOTAL LIABILITIES	27,604	31,368
TOTAL EQUITY AND LIABILITIES	242,670	233,909
Number of issued shares ('000)	681,617	681,617
NET ASSETS PER SHARE (RM)⁽³⁾	0.32	0.30

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS
AT 30 SEPTEMBER 2022⁽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 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 September 2022 and 30 June 2022.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2022⁽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 2022	146,566	(73,775)	5,548	124,202	202,541
Profit for the financial period	-	-	-	12,525	12,525
Other comprehensive income for the financial period	-	-	(30)	30	-
	146,566	(73,775)	5,518	136,757	215,066
Transactions with owners					
Issued of ordinary shares	-	-	-	-	-
Share issuance expense	-	-	-	-	-
Interim dividend	-	-	-	-	-
	146,566	(73,775)	5,518	136,757	215,066
As at 30 September 2022	146,566	(73,775)	5,518	136,757	215,066

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 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 FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2022^{(1) (2)}

	PERIOD-TO-DATE	
	30.09.2022	30.09.2021
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	16,910	7,718
Adjustments for:		
Bad Debts written off	-	-
Allowance for impairment loss of trade receivables	-	-
Depreciation of right-of-use assets	36	50
Depreciation of property, plant and equipment	705	652
(Gain)/ loss on disposal of property, plant and equipment	-	(16)
Interest expense	6	6
Interest income	(550)	(618)
Fair value (gain)/Loss on other investment	(151)	-
(Gain)/ Loss on disposal of other investment	(10)	-
Unrealised (gain)/ loss on foreign exchange	99	(211)
Operating profit/ (loss) before working capital changes	<u>17,045</u>	<u>7,581</u>
Change in working capital		
Inventories	(1,351)	(6,302)
Receivables	(6,325)	(7,084)
Payables	(5,925)	5,672
Related Party	(2)	-
	<u>(13,603)</u>	<u>6,454</u>
Cash generated from operations	3,442	14,035
Tax paid	(2,691)	(2,651)
Tax refunded	-	-
Net cash from/ (used in) operating activities	<u>751</u>	<u>11,384</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	-	16
Purchase of property, plant and equipment	(213)	(3,843)
Addition to right-of-use assets in exchange for increased lease liabilities		29
Withdrawal/ (Placement) of fixed deposits with a licensed bank	3,568	(6,231)
Withdrawal/ (Placement) of other short-term investment	(9,354)	-
Proceeds from disposal of other investment	-	-
Interest received	550	618
Net cash from/ (used in) investing activities	<u>(5,449)</u>	<u>(9,411)</u>
Cash Flows From Financing Activities		
Interest paid	(6)	(6)
Proceeds from issuance of shares	-	-
Payment of share issuance expense	-	-
Dividend paid	-	-
Repayment of lease liabilities	(21)	(8)
Repayment of term loans	-	-
Repayment of short-term borrowings	-	-
Net cash from/ (used in) financing activities	<u>(27)</u>	<u>(14)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾⁽²⁾ (CONT'D)

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

	PERIOD-TO-DATE	
	30.09.2022 RM'000	30.09.2021 RM'000
Net increase/ (decrease) in cash and cash equivalents	(4,725)	(19,068)
Cash and cash equivalents at beginning of the financial period	19,972	32,289
Effect of exchange translation differences on cash and cash equivalents	15	(4)
Cash and cash equivalents at the end of the financial period	<u>15,262</u>	<u>13,217</u>
Other Investment in unit trust	32,287	-
Fixed deposits with licensed banks	81,263	91,491
Cash and bank balances	15,262	13,217
	<u>128,812</u>	<u>104,708</u>
Less: Other Investment in unit trust	(32,287)	-
Less: Fixed deposits with licensed banks	(81,263)	(91,491)
Cash and cash equivalents at the end of the financial period	<u>15,262</u>	<u>13,217</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 first (1st) quarter ended 30 September 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 2022 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 2022.

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 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

* 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:

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
• 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 2022 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 2022 is as follows:

(a) Analysis of revenue by business segments

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Converting	42,971	29,432	42,971	29,432
Distribution	13,716	8,517	13,716	8,517
Total	56,687	37,949	56,687	37,949

(b) Analysis of revenue by geographical markets

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Northern region	71	-	71	-
Central region	1	1	1	1
Southern region	48,639	34,318	48,639	34,318
Overseas (Outside Malaysia)	7,976	3,630	7,976	3,630
Total	56,687	37,949	56,687	37,949

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. During the hearing held on 23 June 2022, the Court has fixed the case for Decision on 5 September 2022 via Zoom. In view of the Decision for the Appeal is revised on 27 October 2022, the Court has postponed the full trial from 27 September 2022 to 13 March 2023.

The Company wishes to inform that the Decision date for the Appeal has been postponed by the Court several times from 5 September 2022 to 27 October 2022, 9 November 2022 and 24 November 2022 respectively.

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 30.09.2022 RM'000	As at 30.06.2022 RM'000
Secured		
Bank guarantee given to		
-Royal Malaysian Customs Department	760	560
-Tenaga Nasional Berhad	20	20
	<hr/>	<hr/>

A14. Capital commitments

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

	30.09.2022 RM'000	30.06.2022 RM'000
Authorised and contracted for: -		
-Plant and machineries	-	-
	<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 RM780,000 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 and financial period-to-date performance

	FINANCIAL QUARTER (FIRST QUARTER) ENDED		CHANGES Increase/ (Decrease)	
	30.09.2022	30.09.2021		
	RM'000	RM'000	RM'000	%
Revenue	56,687	37,949	18,738	49.4
Profit Before Tax (PBT)	16,910	7,718	9,192	119.1

The Group recorded revenue of RM56.7 million for the current financial quarter ended 30 September 2022 compared with RM37.9 million for the same financial quarter in the preceding year ended 30 September 2021, an increase of RM18.7 million or 49.4%.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 75.8% of the total revenue for the current financial quarter ended 30 September 2022.

The Group's revenue from the converting business and distribution business segments increased from RM29.4 million and RM8.5 million respectively for the same financial quarter in the preceding year ended 30 September 2021 to RM43.0 million and RM13.7 million respectively in the current financial quarter ended 30 September 2022. The increase in revenue was mainly attributed to increase in revenue from mesh, adhesive tapes and label stickers.

The Malaysian market remains the largest market contributing to the Group's revenue, accounting for approximately 85.9% of the total revenue for the current financial quarter ended 30 September 2022.

The Group registered a PBT of RM16.9 million in the current financial quarter under review compared with RM7.7 million in the preceding quarter ended 30 September 2021, an increase of RM9.2 million or 119.1%. The increased in PBT was mainly attributed to the increase in revenue due to higher sales from increased customer orders and favourable margins from different product sales mix. The significant increased in this quarter as compared to the preceding quarter ended 30 September 2021 is due to the restricted operating conditions imposed by the Malaysia Government under the National Recovery Plans (Phase 1 to Phase 4) from 1 June 2021 to 30 September 2021 resulted lower revenue due to lower customer orders in the preceding quarter ended 30 September 2021.

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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	
	30.09.2022	30.06.2022	Increase/ (Decrease)	
	RM'000	RM'000	RM'000	%
Revenue	56,687	50,615	6,072	12.0
PBT	16,910	10,934	5,976	54.7

The Group recorded revenue of RM56.7 million for the current quarter ended 30 September 2022 as compared with RM50.6 million for the preceding quarter ended 30 June 2022, an increase of RM6.1 million (or 12.0%). This was mainly due to increased revenue from distribution of adhesive tapes, mesh and label stickers.

The Group's PBT increased by RM6.0 million (or 54.7%) from RM10.9 million in the preceding quarter ended 31 June 2022 to RM16.9 million in the current quarter ended 30 September 2022. The increase in PBT was mainly attributed to increase in revenue due to higher sales from increased customer orders and favourable margins from different product sales mix.

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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 Malaysian economy registered stronger growth in the second quarter of 2022, boosted by expansion in domestic demand and resilient exports. The World Bank raised Malaysia's 2022 economic growth forecast, supported by solid fundamentals and domestic demand underpinned by continued improvements in labour market conditions. Despite Malaysia's prospects for a more robust economic recovery, the outlook is still subject to significant uncertainty of the global economic slowdown, tightening of monetary policy and inflationary pressures. However, the Group will remain vigilant and prudent in managing operating costs, business growth and the risk profile of our business portfolio. Our solid financial fundamentals and strong operational resilience have enabled us to continue with satisfactory business performance during and after the pandemic. The Group's commendable business performance for the first quarter of 2022 is growing at a great momentum post pandemic due to higher sales from increased customer orders.

The Group is mindful of the risks of higher inflation, more interest rate hikes and possible recession could further reduce consumers' disposable income and spending which could impact our customer orders.

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 RM128.8 million and zero borrowings as of 30 Sept 2022.

The management will strive to maintain annual dividend pay-out to thank shareholders as a gesture of attitude for their ongoing support in continue holding the stock via higher returns.

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

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Current tax expense	4,385	1,985	4,385	1,985
Total tax expense	4,385	1,985	4,385	1,985
Effective tax rate (%)	25.9%	25.7%	25.9%	25.7%

Notes:

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

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 September 2022 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>	<u>Revised timeframe for utilisation from 25 Aug</u>
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	-
	<u>72,251</u>	<u>33,665</u>		

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 30 September 2022.

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 2022 (FY2022: 1 sen per ordinary share each @ 30 September 2021).

The dividend will be paid on 20 December 2022 in respect of deposited securities as at 8 December 2022.

As at the date of this report, the total dividend declared for the current financial year ending 30 Jun 2023 is 1 sen per ordinary share amounting to RM6,816,174.

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	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Profit attributable to ordinary owners of the Company (RM'000)	12,525	5,733	12,525	5,733
Number of ordinary shares ('000)	681,617	681,617	681,617	681,617
Basic EPS (sen) ⁽¹⁾	1.84	0.84	1.84	0.84
Diluted EPS (sen) ⁽²⁾	1.84	0.84	1.84	0.84

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 2022 and period-to-date ended 30 September 2022 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	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Bad Debts written off	-	-	-	-
Allowance/(write back) for impairment loss of trade receivables	-	-	-	-
Depreciation of property, plant and equipment	705	652	705	652
Depreciation of right-of-use assets	36	50	36	50
Foreign exchange				
Realised (gain)/ loss	212	(214)	212	(214)
Unrealised (gain)/ loss	99	(211)	99	(211)
Rental expenses	-	-	-	-
(Gain)/ Loss on disposal of property, plant and equipment	-	(16)	-	(16)
Property, plant and equipment written off	-	-	-	-
Interest income	(550)	(618)	(550)	(618)
Interest expense	6	6	6	6
Fair value gain on other investment	(151)	-	(151)	-
Gain on disposal of other investment	(10)	-	(10)	-

Notes:

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