

MTAG GROUP BERHAD

(Company No. 201801000029 (1262041-V))

(Incorporated in Malaysia)

Unaudited Financial Statements

For the Financial Period Ended

31 March 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2024⁽¹⁾

	Note	3-MONTH ENDED		PERIOD-TO-DATE	
		31.03.2024	31.03.2023 ⁽²⁾	31.03.2024	31.03.2023 ⁽²⁾
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	27,425	24,776	80,845	128,943
Cost of sales		(18,189)	(16,634)	(50,742)	(88,208)
Gross profit ("GP")		9,236	8,142	30,103	40,735
Other income		1,450	1,621	4,102	2,968
Selling and distribution expense		(556)	(631)	(1,824)	(2,287)
Administrative expenses		(3,238)	(3,018)	(9,601)	(9,383)
Finance costs		(14)	(21)	(54)	(47)
Profit before tax ("PBT")	B12	6,878	6,093	22,726	31,986
Tax expenses	B6	(1,846)	(1,550)	(5,511)	(8,206)
Profit after tax ("PAT")		5,032	4,543	17,215	23,780
Profit for the financial period attributable to:					
Owners of the Company		5,032	4,543	17,215	23,780
		<u>5,032</u>	<u>4,543</u>	<u>17,215</u>	<u>23,780</u>
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		47	30	140	89
Transfer of revaluation reserve to unappropriated profit		(47)	(30)	(140)	(89)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the financial period attributable to:					
Owners of the Company		5,032	4,543	17,215	23,780
		<u>5,032</u>	<u>4,543</u>	<u>17,215</u>	<u>23,780</u>
Earnings per share attributable to owners of the Company					
Basic (sen) ⁽³⁾	B11	0.74	0.67	2.53	3.49
Diluted (sen) ⁽⁴⁾	B11	0.74	0.67	2.53	3.49

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with accompanying explanatory notes attached to this financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2024⁽¹⁾ (CONT'D)

Notes:

- (2) This interim financial report for the second (3rd) quarter ended 31 March 2024 is announced in compliance with the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).
- (3) Basic earnings per share (“**EPS**”) is calculated based on the enlarged share capital of 681,617,400 shares as at 31 March 2024.
- (4) Diluted EPS of the Company for the individual quarter ended 31 March 2024 and period-to-date ended 31 March 2024 is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the reporting period.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024⁽¹⁾

	Note	31.03.2024 RM'000	30.06.2023 RM'000
ASSETS			
Non-current assets			
Property plant and equipment ⁽²⁾		44,670	31,206
Total non-current assets		44,670	31,206
Intangible assets		3,120	-
Current assets			
Inventories		18,032	26,049
Trade receivables		25,581	24,951
Other receivables		585	2,269
Current tax Assets		6	76
Other investment		110,325	51,004
Fixed deposits with licensed banks		16,741	70,277
Cash and bank balances		19,007	23,139
Total current assets		190,277	197,765
TOTAL ASSETS		238,067	228,971
EQUITY AND LIABILITIES			
Equity			
Share capital		146,566	146,566
Merger deficit		(73,775)	(73,775)
Revaluation reserve		6,645	6,785
Retained earnings		144,483	133,944
Total equity		223,919	213,520
Liabilities			
Non-current liabilities			
Other payable		200	200
Borrowings	B8	-	67
Finance lease creditors	B8	164	186
Lease liability		166	278
Deferred tax liabilities		3,813	3,813
Total non-current liabilities		4,343	4,544
Current liabilities			
Trade payables		5,749	5,503
Other payables		2,094	4,363
Amount due to related party		28	-
Borrowings	B8	897	41
Finance lease creditors	B8	188	142
Lease liability		150	150
Tax payable		699	708
Total current liabilities		9,805	10,907
TOTAL LIABILITIES		14,148	15,451
TOTAL EQUITY AND LIABILITIES		238,067	228,971
Number of issued shares ('000)		681,617	681,617
NET ASSETS PER SHARE (RM)⁽³⁾		0.33	0.31

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS
AT 31 MARCH 2024⁽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 31 March 2024 is right-of-use assets amounting to RM7.8 million for leasehold land and buildings.
- (3) Based on the share capital of 681,617,400 shares in issue as at 31 March 2024 and 30 June 2023.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2024⁽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 2023	146,566	(73,775)	6,785	133,944	213,520
Profit for the financial period	-	-	-	17,215	17,215
Other comprehensive income for the financial period	-	-	(140)	140	-
Surplus in the revaluation for the financial period			-	-	-
	146,566	(73,775)	6,645	151,299	230,735
Transactions with owners					
Issued of ordinary shares	-	-	-	-	-
Share issuance expense	-	-	-	-	-
Interim dividend	-	-	-	(6,816)	(6,816)
	-	-	-	-	-
As at 31 March 2024	146,566	(73,775)	6,645	144,483	223,919

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with accompanying explanatory notes attached to this financial report.
- (2) This interim financial report for the third (3rd) quarter ended 31 March 2024 is announced in compliance with the Listing Requirements of Bursa Securities.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2024^{(1) (2)}

	PERIOD-TO-DATE	
	31.03.2024 RM'000	31.03.2023 RM'000
Cash Flows From Operating Activities		
Profit before tax	22,726	31,986
Adjustments for:		
(Gain)/ loss on disposal of property, plant and equipment	(156)	-
Depreciation of right-of-use assets	113	106
Depreciation of property, plant and equipment	2,372	2,145
Interest income	(1,350)	(2,009)
Interest expense	45	47
Fair value (gain)/loss on other investment	(2,326)	(700)
(Gain)/ loss on disposal of other investment	-	(10)
Dividend income from other investment	(2)	-
Unrealised (gain)/ loss on foreign exchange	(256)	592
Operating profit before working capital changes	21,166	32,157
Change in working capital		
Inventories	8,017	(1,249)
Receivables	1,252	28,617
Payables	(5,281)	(17,110)
Related party	-	(2)
	3,988	10,256
Cash generated from operations	25,154	42,413
Tax paid	(5,451)	(8,414)
Tax refunded	-	-
Net cash from/ (used in) operating activities	19,703	33,999
Cash Flows From Investing Activities		
Acquisition of subsidiary company	-	(1,300)
Proceeds from disposal of property, plant and equipment	156	6
Purchase of property, plant and equipment	(15,948)	(1,736)
Addition to right-of-use assets in exchange for increased lease liabilities	-	-
Withdrawal/ (placement) of fixed deposits with a licensed bank	53,536	(10,480)
Withdrawal/ (placement) of other short-term investment	(56,993)	(12,704)
Proceeds from disposal of other investment	-	-
Interest received	1,350	2,009
Net cash from/ (used in) investing activities	(17,899)	(24,205)
Cash Flows From Financing Activities		
Interest paid	(45)	(47)
Proceeds from issuance of shares	-	-
Payment of share issuance expense	-	-
Dividend paid	(6,816)	(6,816)
Proceeds/(repayment) of lease liabilities	(112)	(96)
Proceeds/(repayment) of finance lease creditors	25	369
Proceeds/(repayment) of short-term borrowings	789	117
Net cash from/ (used in) financing activities	(6,159)	(6,473)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2024⁽¹⁾⁽²⁾ (CONT'D)

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

	PERIOD-TO-DATE	
	31.03.2024	31.03.2023
	RM'000	RM'000
Net increase/ (decrease) in cash and cash equivalents	(4,355)	3,321
Cash and cash equivalents at beginning of the financial period	23,139	19,972
Effect of exchange translation differences on cash and cash equivalents	223	(108)
Cash and cash equivalents at the end of the financial period	<u>19,007</u>	<u>23,185</u>
Other investment in unit trust	110,325	36,185
Fixed deposits with licensed banks	16,741	95,310
Cash and bank balances	19,007	23,185
	<u>146,073</u>	<u>154,680</u>
Less: Other investment in unit trust	(110,325)	(36,185)
Less: Fixed deposits with licensed banks	(16,741)	(95,310)
Cash and cash equivalents at the end of the financial period	<u>19,007</u>	<u>23,185</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 third (3rd) quarter ended 31 March 2024 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 2023 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 2023.

A2. Summary of material accounting policies

The material 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 2023 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
• MFRS 17- Insurance Contracts and 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 – 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 112 Income Taxes: International Tax Reform - Pillar Two Model Rules	1 January 2023

* 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.

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

A2. Summary of material accounting policies (cont'd)

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

Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies

The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant' with 'material'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The MASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in MFRS Practice Statement 2.

The amendments will have an impact on the Group's disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group's financial statements.

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 16 Leases – Lease Liability in a Sale and Leaseback*	1 January 2024
• Amendments to MFRS 101- Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 January 2024
• Amendments to MFRS 101 Presentation of Financial Statements – Non-current Liabilities with Covenants	1 January 2024
• Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements*	1 January 2024
• Amendments to MFRS 121 The effects of Changes in Foreign Exchange Rates- Lack of Exchangeability*	1 January 2025
• Amendments to MFRS 10 Consolidated Financial Statement and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred until further notice

*Not applicable to the Group's operation

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.

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

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 2023 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.

A7. Debt and equity securities

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

A8. Dividends paid

During the financial period ended 31 March 2024, the Company has paid a single tier interim dividend of 1 sen per ordinary share in respect of financial year ending 30 June 2024, amounting RM6.8 million on 21 December 2023.

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

A9. Segmental information

The Group's segmental information for the current financial period ended 31 March 2024 is as follows:

(a) Analysis of revenue by business segments

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Converting	23,209	18,631	60,387	100,552
Distribution	4,152	6,145	20,394	28,391
Others	64	-	64	-
Total	27,425	24,776	80,845	128,943

(b) Analysis of revenue by geographical markets

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Northern region	580	36	1,682	173
Central region	267	227	1,296	229
Southern region	23,063	20,911	66,283	111,562
Overseas (Outside Malaysia)	3,515	3,602	11,584	16,979
Total	27,425	24,776	80,845	128,943

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 (CONT'D)

A11. Material events subsequent to the end of the current financial quarter

(a) Claim filed against Jabco Filter System Sdn Bhd

On 23 December 2022, ATA IMS Berhad (“ATA Group”) announced that two of its subsidiaries, Jabco Filter System Sdn. Bhd. (“Jabco”) and Winsheng Plastic Industry Sdn. Bhd. (“WPI”) received notices of termination from their major customers. Jabco is a major customer of the Group. As a result, Jabco were unable to take delivery and pay for purchase orders they had previously issued to the Group. Therefore, the Group proceeded to file claims against Jabco.

On 11 April 2023, the Group through its wholly-owned subsidiary, Intag Industrial Supplies Sdn. Bhd. (“Intag”), represented by its solicitors, issued and served a notice of demand to Jabco, amounting to RM27,551,305.59 for purchase orders that have not yet been delivered and paid for.

On 18 May 2023, Intag represented by its solicitors, filed a writ of summons with the statement of claim (“SOC”), at the High Court of Malaya in Johor Bahru against Jabco Filter System Sdn. Bhd.

The claims against Jabco are as follows: -

- i. RM27,551,305.59;
- ii. Interest on the sum of RM27,551,305.59 at the rate of 5% per annum in accordance with Section 11(1) of the Civil Law Act 1956 from 9 February 2023 until the date of full settlement;
- iii. Damages to be assessed for the storage costs of the said stock for the period commencing 19 April 2023 until Jabco takes delivery of the said stock;
- iv. Costs; and
- v. Any further or other relief deemed fit by the court

The claims are expected to have material financial impact on the Group for the financial year ending 30 June 2024.

The Board of Directors of MTAG would like to notify that the Court has further adjourned the hearing date to 27 June 2024 from 27 September 2023, 16 November 2023 and 19 February 2024. The original size of the claim has been reduced to RM7,383,122.66 as a result of the defendant having instructed to sell part of the stocks to its nominated buyers. The Board of Directors of MTAG foresees a further reduction to the size of the claim if the defendant uses the interim period before the hearing on 27 June 2024 to deplete further outstanding stocks with the Plaintiff by selling balance of the stocks available to the Defendant’s nominated buyers.

(b) Claim filed against Brilliant Propel Sdn Bhd for deposit refund of RM245,595.67

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.

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

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

(b) Claim filed against Brilliant Propel Sdn Bhd deposit refund of RM245,595.67 (cont'd)

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 for Summary Judgement Application which was subsequently adjourned to 29 March 2021 for decision. 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.

On 6 April 2021, MTAG filed appeal to the High Court against the Sessions Court's decision for the Summary Judgement. On 15 December 2022, the High Court Judge dismissed the Company's appeal for summary judgment with cost of RM3,000.00 to be paid to the Defendant.

In line with this decision, witnesses are required to appear before the Sessions Court Judge to give their evidence during the full hearing on 13 March 2023. The grounds of decision stated by the High Court Judge are, amongst others, both parties have given conflicting facts.

The Court had converted the full hearing scheduled on 13 March 2023 to Case Management. The case management has been postponed by the Courts several times. On 22.5.2023 Case Management, this matter is fixed for hearing on 12 and 14 September 2023. On 12 September 2023, the Court adjourned the case initially fixed on 14 September 2023 to 25 October 2023.

The Court initially adjourned the hearing date set for 25 October 2023, due to the transfer of Sessions Court Judge Tuan Ahmad Zaki from Johor Bahru Session Court, effective 2 October 2023. Consequently, a Case Management session was scheduled for 14 November 2023, to plan a new hearing date. However, during this session, the Court rescheduled the Case Management to 20 December 2023, without setting a hearing date, as there were no directives received from the Palace of Justice regarding Judges for part-heard cases, including MTAG's. Moreover, it's worth noting that the presiding judge has been relocated to another state. The Court has scheduled the next Case Management for 28 December 2023, to determine a date for the continuation of the hearing.

The Board of Directors of MTAG would like to inform that the matter was then scheduled for Case Management on 5 February 2024 and now slated for continued hearing on 12 June 2024 and 13 June 2024.

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

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

A12. 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 31.03.2024 RM'000	As at 30.06.2023 RM'000
Secured		
Bank guarantee given to		
-Royal Malaysian Customs Department	765	765
-Tenaga Nasional Berhad	80	20

A13. Capital commitments

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

	31.03.2024 RM'000	30.06.2023 RM'000
Authorised and contracted for: -		
-Property, plant and equipment	-	10,000

A14. Corporate guarantee

MTAG has provided corporate guarantees for banking facilities granted to its subsidiaries by financial institution amounting to RM21.3 million, of which RM785,000 have been utilised to issue bank guarantees and RM715,000 for equipment financing-i facility.

A15. Related party transactions

There were no material related party transactions during the current financial quarter under review.

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

B1. Review of performance

(a) Results for current quarter performance

	FINANCIAL QUARTER (THIRD QUARTER) ENDED		CHANGES Increase/ (Decrease)	
	31.03.2024	31.03.2023		
	RM'000	RM'000	RM'000	%
Revenue	27,425	24,776	2,649	10.7
Profit Before Tax (PBT)	6,878	6,093	785	12.9

The Group recorded revenue of RM27.4 million for the current financial quarter ended 31 March 2024 compared with RM24.8 million for the same financial quarter in the preceding year ended 31 March 2023, an increase of RM2.6 million or 10.7%.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 84.6% of the total revenue for the current financial quarter ended 31 March 2024.

Based on the financial results for the current financial quarter ended 31 March 2024, the Group's revenue from the converting business segments has increased significantly compared to the same period in the preceding year. Specifically, the revenue from the converting business segment increased from RM18.6 million to RM23.2 million, while the revenue from the distribution business segment decreased from RM6.1 million to RM4.2 million.

The increase in revenue was mainly attributed to increase in revenue from the sales of mesh and offset printing. This increase in revenue was due to increased customer orders from the Group's major customers resulting in an increase in overall revenue for the Group.

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 31 March 2024.

The Group registered a PBT of RM6.9 million in the current financial quarter under review compared with RM6 million in the preceding quarter ended 31 March 2023, an increase of RM0.8 million or 12.9%. The increased in PBT was mainly attributed to the increased 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

(b) Results for current financial period-to-date performance

	FINANCIAL QUARTER (THIRD QUARTER) ENDED		CHANGES Increase/ (Decrease)	
	31.03.2024	31.03.2023		
	RM'000	RM'000	RM'000	%
Revenue	80,845	128,943	(48,098)	(37.3)
Profit Before Tax (PBT)	22,726	31,986	(9,260)	(28.9)

The Group recorded revenue of RM80.8 million for the current financial period ended 31 March 2024 compared with RM128.9 million for the same financial period in the preceding period ended 31 March 2023, a decrease of RM48.1 million or 37.3%.

The Group's revenue was principally derived from the converting business segment, accounting for approximately 74.7% of the total revenue for the current financial period ended 31 March 2024.

Based on the financial results for the current financial period ended 31 March 2024, the Group's revenue from the converting business and distribution business segments has decreased significantly compared to the same period in the preceding year. Specifically, the revenue from the converting business segment decreased from RM100.5 million to RM60.4 million, while the revenue from the distribution business segment decreased from RM28.4 million to RM20.4 million.

The decrease in revenue was mainly attributed to decrease in revenue from the sales of mesh. This decrease in revenue was due to decreased customer orders from the Group's major customers resulting in a decrease in overall revenue for the Group.

The Malaysian market remains the largest market contributing to the Group's revenue, accounting for approximately 85.7% of the total revenue for the current financial period ended 31 March 2024.

The Group registered a PBT of RM22.7 million in the current financial period under review compared with RM32 million in the preceding period ended 31 March 2023, a decrease of RM9.3 million or 29%. The decreased in PBT was mainly attributed to the decreased in revenue.

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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	
	31.03.2024	31.03.2023	Increase/ (Decrease)	
	RM'000	RM'000	RM'000	%
Revenue	27,425	24,776	2,649	10.7
PBT	6,878	6,093	785	12.9

The Group recorded revenue of RM27.4 million for the current quarter ended 31 March 2024 as compared with RM24.8 million for the preceding quarter ended 31 March 2023, an increase of RM2.7 million (or 10.7 %). This was mainly due to increase in revenue from mesh, offset printing and label stickers.

The Group's PBT increased by RM0.8 million (or 12.9%) from RM6.1 million in the preceding quarter ended 31 March 2023 to RM6.9 million in the current quarter ended 31 March 2024. The increase in PBT was mainly attributed to increase in revenue.

B3. Prospects and outlook

The global shift towards sustainability and ESG mandates has presented opportunities for MTAG Group to explore sustainable label and printing solutions. In February 2024, one of the Group's printing subsidiaries, Super Gold Industrial Sdn. Bhd., was awarded the FSC® Forest Stewardship Council Chain-of-Custody certification. This is part of the Group's social commitment to provide sustainable options for customers, appealing especially to commercial sectors and at the same time tapping into new mass markets.

Furthermore, the promising progress of the Johor Singapore Special Economic Zone (JSSEZ) is expected to provide fresh opportunities for the Southern region. With Johor being earmarked by the federal government to be the most economically developed state in Malaysia, the Group foresees stronger headways in project and business prospects in this aspect.

In anticipation of the above developments, the Group is continuously strengthening efforts to invest in new capabilities and capacities, as seen in the recent purchase of converting machineries and several acquisition exercises these years.

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

B4. Profit forecast or profit guarantee

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

B5. Status of corporate proposals

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

B6. Income tax expenses

	<u>3-MONTH ENDED</u>		<u>PERIOD-TO-DATE</u>	
	<u>31.03.2024</u>	<u>31.03.2023</u>	<u>31.03.2024</u>	<u>31.03.2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax expense	1,845	1,550	5,511	8,206
Total tax expense	1,845	1,550	5,511	8,206
Effective tax rate (%)	26.8%	25.4%	24.3%	25.7%

Notes:

- (1) The Group's effective tax rate for the current financial period ended 31 March 2024 higher than statutory income tax rate of 24% is mainly due to tax allowance from additions of machineries and solar system.
- (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 31 March 2024 are disclosed as below:

Details of Utilisation	Proposed Utilisation (RM'000)	Revision of Utilisation (RM'000)	Actual Utilisation (RM'000) @ 31.03.24	Balance Unutilised (RM'000)	Est. Time Frame for Utilisation upon listing 25.09.19	Revised Time Frame for Utilisation from 25.08.23
Land acquisition and construction of manufacturing plant	33,000	(18,000)	5,443	9,557	36 months	12 months
Capital expenditure	13,000	-	7,539	5,461	36 months	12 months
Factory acquisition		10,000	10,000	-		12 months
Merger and Acquisition		8,000	8,000	-		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	
Total	72,251	-	57,233	15,018		

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 borrowings as at the end of the reporting quarter are as below

	31.03.2024	30.06.2023
	RM'000	RM'000
Current (secured)		
- Overdraft	897	41
- Term Loan	188	142
Non-current (secured)		
- Term Loan	164	253
Total	<u>1,249</u>	<u>436</u>

All borrowings are denominated in Ringgit Malaysia.

The subsidiary company has secured working capital through credit facilities extended by UOB and OCBC, amounting to RM1,693,000 and RM2,334,975 respectively. The Overdraft facility, with a limit of RM600,000 from UOB, is repayable on demand. Concurrently, the Banker Acceptance, with a limit of RM1,100,000 for 120 days, is obtained from OCBC.

As of December 31, 2023, outstanding credit facilities comprise RM970,000 for Overdraft and RM135,000 for Banker Acceptance (BA).

Interest for the Overdraft is levied at a rate ranging from 0.4% to 1.25% above the bank's Base Lending Rate, computed on a daily rest basis. The interest rate applicable to the Banker Acceptance is currently levied at a rate of 5.1%.

These credit facilities, from both UOB and OCBC, are secured by the company's factory buildings and by joint and several guarantees provided by Mr. Lim Who Wah and Mr. Loh Nguk Yoong, the ex-shareholders of Jostar. It is noteworthy that the Sales and Purchase Agreement (SPA) stipulates a condition for the discharge of the joint guarantee within a period of 6 months from 30 October 2023.

B9. Material litigation

Save as disclosed in Section A11, there were no material litigation involving the Group as at 31 March 2024.

B10. Dividend

The Board of Directors had declared a second single tier interim dividend of 1 sen per ordinary share each for the current financial quarter ending 30 June 2024 (FY2023: 3 sen per ordinary share each @ 30 June 2023).

The dividend will be paid on 25 June 2024 in respect of deposited securities as at 11 June 2024.

As at the date of this report, the total dividend declared for the current financial year ending 30 Jun 2024 is 2 sen per ordinary share amounting to RM13,632,348.

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	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Profit attributable to ordinary owners of the Company (RM'000)	5,032	4,543	17,214	23,780
Number of ordinary shares ('000)	681,617	681,617	681,617	681,617
Basic EPS (sen) ⁽¹⁾	0.74	0.67	2.52	3.49
Diluted EPS (sen) ⁽²⁾	0.74	0.67	2.52	3.49

Notes:

- (1) Basic EPS is calculated based on the share capital of 681,617,400 shares in issue after IPO.
- (2) Diluted EPS of the Company for the individual quarter ended 31 March 2024 and period-to-date ended 31 March 2024 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	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	815	665	2,395	2,145
Depreciation of right-of-use assets	38	35	113	106
Foreign exchange				
Realised (gain)/ loss	(2)	(389)	114	(834)
Unrealised (gain)/ loss	185	(75)	(256)	592
(Gain)/ Loss on disposal of property, plant and equipment	-	(4)	(156)	(4)
Interest income	(310)	(845)	(1,350)	(2,009)
Interest expense	33	21	72	47
Fair value gain on other investment	(831)	(308)	(2,326)	(700)
Gain on disposal of other investment	-	-	-	(10)
Dividend income from other investment	-	-	(2)	-

Notes:

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