



MST GOLF GROUP BERHAD

Registration No. 199301009307 (264044-M)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2024**

**INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2024**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	CURRENT QUARTER		YEAR-TO-DATE	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue	A9	77,006	86,288	77,006	86,288
Cost of sales		(45,580)	(49,089)	(45,580)	(49,089)
Gross profit		<u>31,426</u>	<u>37,199</u>	<u>31,426</u>	<u>37,199</u>
Other income		2,688	835	2,688	835
Administrative and other expenses		(29,183)	(22,940)	(29,183)	(22,940)
Selling and distribution expenses		(1,822)	(1,841)	(1,822)	(1,841)
Operating profit		<u>3,109</u>	<u>13,253</u>	<u>3,109</u>	<u>13,253</u>
Finance cost		(1,796)	(1,473)	(1,796)	(1,473)
Finance income		394	-	394	-
Profit before tax	B5	<u>1,707</u>	<u>11,780</u>	<u>1,707</u>	<u>11,780</u>
Tax expense	B6	(678)	(2,989)	(678)	(2,989)
Profit for the financial period		<u>1,029</u>	<u>8,791</u>	<u>1,029</u>	<u>8,791</u>
Equity attributable to equity owners					
Other comprehensive income: -					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		(307)	497	(307)	497
Other comprehensive income for the financial period		<u>(307)</u>	<u>497</u>	<u>(307)</u>	<u>497</u>
Total comprehensive income for the financial period		<u>722</u>	<u>9,288</u>	<u>722</u>	<u>9,288</u>
Profit/(Loss) for the financial period attributable to:-					
Owners of the Company		1,482	8,791	1,482	8,791
Non-controlling interests		(453)	-	(453)	-
		<u>1,029</u>	<u>8,791</u>	<u>1,029</u>	<u>8,791</u>
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		1,161	9,288	1,161	9,288
Non-controlling interests		(439)	-	(439)	-
		<u>722</u>	<u>9,288</u>	<u>722</u>	<u>9,288</u>
Basic earnings per share ("Basic EPS") (sen) ⁽¹⁾	B12	<u>0.18</u>	<u>1.33</u>	<u>0.18</u>	<u>1.33</u>
Diluted earnings per share ("Diluted EPS") (sen) ⁽²⁾	B12	<u>0.18</u>	<u>1.33</u>	<u>0.18</u>	<u>1.33</u>

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.

Notes:

- Basic EPS for the current quarter and year-to-date ended 31 March 2024 are computed based on profit attributable to owners of MST Golf Group Berhad divided by the weighted average number of ordinary shares in issue of 820,868,600 respectively. For the preceding year-to-date ended 31 March 2023, the weighted average number of ordinary shares in issue was 660,868,600.
- Diluted EPS of MST Golf Group Berhad is equivalent to the basic EPS as the Company does not have convertible securities at the end of the current quarter and year-to-date ended.

**INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2024**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited as at 31.03.2024 RM'000	Audited as at 31.12.2023 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		57,009	53,223
Right-of-use assets		59,881	56,479
Intangible assets		1,417	1,417
Other receivables		395	437
Other Investment		17	17
Deferred tax assets		260	272
Total non-current assets		<u>118,979</u>	<u>111,845</u>
Current assets			
Inventories		177,376	150,636
Trade receivables		16,182	11,834
Other receivables		21,301	19,109
Tax recoverable		968	-
Other investment ⁽¹⁾		35,221	26,655
Fixed deposits with licensed banks		23,164	57,374
Cash and bank balances		30,701	35,264
Total current assets		<u>304,913</u>	<u>300,872</u>
TOTAL ASSETS		<u>423,892</u>	<u>412,717</u>
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity owners of the Company:-			
Share capital		165,902	165,902
Foreign exchange reserve		5,130	5,437
Retained earnings		63,559	66,181
		<u>234,591</u>	<u>237,520</u>
Non-controlling interests		17,622	18,061
TOTAL EQUITY		<u>252,213</u>	<u>255,581</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		48,193	46,835
Borrowings	B9	16,310	17,518
Deferred tax liabilities		1,353	1,477
Total non-current liabilities		<u>65,856</u>	<u>65,830</u>
Current liabilities			
Trade payables		21,443	12,804
Other payables		11,643	13,179
Contract liabilities		6,925	5,011
Dividend payable	A8	4,104	4,104
Borrowings	B9	47,299	41,153
Lease liabilities		13,530	12,944
Tax payable		879	2,111
Total current liabilities		<u>105,823</u>	<u>91,306</u>
TOTAL LIABILITIES		<u>171,679</u>	<u>157,136</u>
TOTAL EQUITY AND LIABILITIES		<u>423,892</u>	<u>412,717</u>
Net assets per share attributable to owners of the Company (RM) ⁽²⁾		<u>0.29</u>	<u>0.29</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.

Notes:

- Other investment consists of fund placement in money market deposit.
- Computed based on respective period's total equity attributable to equity owners of the Company divided by the number of outstanding ordinary shares in issue of 820,868,600.

**INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2024**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the Company →				Non- controlling interest RM'000	<u>Total equity</u> RM'000
	<u>Share capital</u> RM'000	<u>Foreign exchange reserve</u> RM'000	<u>Distributable retained earnings</u> RM'000	<u>Sub-total</u> RM'000		
Audited						
Balance as at 1 January 2023	39,836	3,126	52,654	95,616	-	95,616
Total comprehensive income for the financial year						
Profit for the financial year	-	-	17,631	17,631	(257)	17,374
Other comprehensive income for the financial year	-	2,311	-	2,311	(373)	1,938
	-	2,311	17,631	19,942	(630)	19,312
Transactions with owners:-						
Issuance of ordinary shares pursuant to Initial Public Offering	129,600	-	-	129,600	-	129,600
Share issuance expenses	(3,534)	-	-	(3,534)	-	(3,534)
Dividend payable	-	-	(4,104)	(4,104)	-	(4,104)
Acquisition of non-controlling interest	-	-	-	-	18,691	18,691
	126,066	-	(4,104)	121,962	18,691	140,653
Balance as at 31 December 2023	<u>165,902</u>	<u>5,437</u>	<u>66,181</u>	<u>237,520</u>	<u>18,061</u>	<u>255,581</u>
Unaudited						
Balance as at 1 January 2024	165,902	5,437	66,181	237,520	18,061	255,581
Total comprehensive income for the financial period						
Profit/(Loss) for the financial period	-	-	1,482	1,482	(453)	1,029
Other comprehensive income/(loss) for the financial period	-	(307)	-	(307)	14	(293)
	-	(307)	1,482	1,175	(439)	736
Transactions with owners:-						
Dividend payable	-	-	(4,104)	(4,104)	-	(4,104)
Balance as at 31 March 2024	<u>165,902</u>	<u>5,130</u>	<u>63,559</u>	<u>234,591</u>	<u>17,622</u>	<u>252,213</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.

**INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2024**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	YEAR-TO-DATE	
		Unaudited	Unaudited
		31.03.2024	31.03.2023
		RM'000	RM'000
OPERATING ACTIVITIES			
Profit before tax		1,707	11,780
Adjustments for:-			
Depreciation on property, plant, and equipment		2,644	1,894
Depreciation on right-of-use assets		3,793	2,962
(Gain)/Loss on disposal of property, plant and equipment		(6)	4
Allowance for slow moving inventories (net)		(86)	39
Fair value gain on other investment		(283)	-
Interest income		(394)	-
Interest expenses		1,796	1,473
Unrealised (gain)/loss on foreign exchange		(801)	176
Operating profit before changes in working capital		<u>8,370</u>	<u>18,328</u>
Inventories		(26,654)	(21,892)
Payables		8,114	13,687
Receivables		(6,709)	(6,793)
Contract liabilities		1,914	1,137
Cash (used in)/generated from operations		<u>(14,965)</u>	<u>4,467</u>
Tax paid		<u>(3,350)</u>	<u>(2,647)</u>
Net cash (used in)/from operating activities		<u>(18,315)</u>	<u>1,820</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(6,448)	(2,693)
Interest income		394	-
Net investment in other investment		(8,283)	-
Placement of fixed deposits pledged with licensed bank		(150)	(150)
Net cash used in investing activities		<u>(14,487)</u>	<u>(2,843)</u>
FINANCING ACTIVITIES			
Interest paid		(1,796)	(1,474)
Dividend paid		(4,104)	(12,500)
Payment of principal portion of lease liabilities		(5,284)	(2,786)
Drawdown of borrowings		32,758	23,580
Repayment of borrowings		<u>(25,029)</u>	<u>(24,069)</u>
Net cash used in financing activities		<u>(3,455)</u>	<u>(17,249)</u>
CASH AND CASH EQUIVALENTS			
Net changes		(36,257)	(18,272)
Effect of foreign exchange rate changes		171	419
Brought forward		79,345	17,585
Carried forward	A	<u>43,259</u>	<u>(268)</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.

**INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2024**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

NOTE TO STATEMENT OF CASH FLOWS

A. Cash and cash equivalents included in the Statement of Cash Flows comprise the following: -

	YEAR-TO-DATE	
	Unaudited 31.03.2024 RM'000	Unaudited 31.03.2023 RM'000
Fixed deposits with licensed banks	23,164	1,804
Cash and bank balances	30,701	8,441
Less: Bank overdrafts	<u>(8,190)</u>	<u>(8,709)</u>
	45,675	1,536
Less: Fixed deposits pledged with licensed bank	<u>(2,416)</u>	<u>(1,804)</u>
	<u>43,259</u>	<u>(268)</u>

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A. NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

A1. Basis of Preparation

The interim financial report of MST Golf Group Berhad (“the Company”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with Paragraph 9.22 as well as Appendix 9B of the Listing Requirements and requirements of the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited consolidated financial statements for the financial year ended 31 December 2023 except for the adoption of the following new MFRSs and amendments to MFRSs, as disclosed below:-

Effective for financial period beginning on or after 1 January 2024

- Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 Presentation of Financial Statements - Non-Current Liabilities with Covenants
- Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments-Disclosure.

The adoption of the above did not result in any significant changes to the Group’s results and financial position for this interim report period.

A3. Auditors’ Report on Preceding Annual Financial Statements

There was no qualification on the audited consolidated financial statements of the Group for the financial year ended 31 December 2023.

A4. Seasonal or Cyclical Factors

The business operations of the Group would typically experience lower customer traffic, transaction value and sales during festive seasons and holidays.

A5. Material Unusual Item

There were no material unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter.

A. NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024 (CONT'D)

A6. Material Changes in Estimates

There were no material changes in estimates that had a material effect during the current quarter.

A7. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, share held as treasury shares and resale of treasury shares during the current quarter.

A8. Dividends

In respect of the dividends declared and paid for the financial year ended 31 December 2023:

- i) The first single tier interim dividend of 0.5 sen per ordinary share amounting to RM4,104,343 was declared on 22 November 2023, and paid on 10 January 2024.
- ii) The second single tier interim dividend of 0.5 sen per ordinary share amounting to RM4,104,343 was declared on 20 March 2024, and paid on 8 April 2024.

Save for the above, there were no other dividend declared and paid during the current quarter.

A9. Segmental Reporting

For management purposes, the Group is organised into reportable segments based on four (4) business segments and three (3) geographical operations.

The segmental information based on four (4) business segments for the current quarter is as follows:

	Current quarter ended 31 March 2024				Total RM'000
	Retail RM'000	Wholesale RM'000	Golf Services RM'000	Indoor Golf RM'000	
Revenue					
Sales to external customers	63,748	10,067	1,907	1,284	77,006

The segmental information based on three (3) geographical operations for the current quarter is as follows:

	Current quarter ended 31 March 2024			Total RM'000
	Malaysia's Operation RM'000	Singapore's Operation ⁽¹⁾ RM'000	Indonesia's Operation RM'000	
Revenue				
Sales to external customers	46,342	25,998	4,666	77,006
Result				
Profit from operations				3,109
Finance cost				(1,796)
Finance income				394
Profit before tax				1,707
Income tax expense				(678)
Net profit for the current quarter				1,029

Notes:

- 1) Singapore's operation includes wholesale to Indonesia and other foreign countries.

A. NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024 (CONT'D)

A10. Material Events Subsequent to the End of the Current Quarter

There were no material events subsequent to the end of the current quarter that have not been reflected in this interim financial report.

A11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter.

A12. Contingent Assets and Contingent Liabilities

There were no material contingent assets or contingent liabilities as at the date of this interim financial report.

A13. Material Capital Commitments

	As at 31.03.2024 Unaudited RM'000	As at 31.12.2023 Audited RM'000
Approved and contracted for: -		
- Purchase of property, plant and equipment and renovation	6,497	1,431

A14. Significant Related Party Transactions

The significant related party transactions of the Group for current quarter and year-to-date period ended 31 March 2024 are shown below:

	Current Quarter		Year-to-date	
	31.03.2024 RM'000	31.03.2023 RM'000	31.03.2024 RM'000	31.03.2023 RM'000
Transactions with related parties:				
Payment of lease liabilities	74	74	74	74
Rental expenses	11	7	11	7
Rental received	162	162	162	162
Purchases of trading goods	2	-	2	-
Purchases of computer equipment	3	-	3	-
Purchases of audio and other equipment	12	-	12	-

A15. Derivatives

There were no derivatives used in the current quarter.

A16. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter.

B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B1. Review of the Performance

Comparison against the corresponding quarter

The Group's performance for the current quarter ("Q1 FY2024") against the corresponding quarter of preceding year ("Q1 FY2023") are tabled below:

	Current Quarter	Corresponding Quarter	Variance + / (-)	
	31.03.2024 RM'000	31.03.2023 RM'000	RM'000	%
Revenue	77,006	86,288	(9,282)	-10.8
(a) Business segments				
- Retail	63,748	61,585	2,163	3.5
- Wholesale	10,067	21,033	(10,966)	-52.1
- Golf Services	1,907	2,439	(532)	-21.8
- Indoor Golf	1,284	1,231	53	4.3
(b) Geographical operations				
- Malaysia	46,342	49,535	(3,193)	-6.4
- Singapore	25,998	36,753	(10,755)	-29.3
- Indonesia	4,666	-	4,666	100.0
Gross Profit	31,426	37,199	(5,773)	-15.5
Gross Margin (%)	40.8%	43.1%		
Profit before tax ("PBT")	1,707	11,780	(10,073)	-85.5
Profit after tax ("PAT")	1,029	8,791	(7,762)	-88.3

The Group recorded a total revenue of RM77.01 million for Q1 FY2024, a decrease of RM9.28 million or 10.8%, compared to RM86.29 million for Q1 FY2023.

Business Segments

The Group's retail segment recorded a higher revenue for the current quarter at RM63.75 million compared to RM61.59 million in the corresponding quarter, representing a marginal increase of 3.5% which was largely attributed by the retail expansion into Indonesia. However, Malaysia retail recorded an expected lower revenue due to Ramadhan which started on 12th of March, usually the lowest revenue period of the year.

Wholesale segment recorded lower revenue for the current quarter at RM10.07 million compared to RM21.03 million in the corresponding quarter. This is mainly contributed by the decrease in export sales from Singapore to the Indonesian dealers as the Group expands its retail presence in Indonesia.

Golf Services segment recorded lower revenue for the current quarter at RM1.91 million compared to RM2.44 million in the corresponding quarter. This is aligned with the Group's historical sales trends, typically experienced during Ramadhan.

B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B1. Review of the Performance (Cont'd)

Geographical Operations

Malaysia recorded 6.4% lower revenue of RM46.34 million compared to the corresponding quarter of RM49.54 million. The decrease was mainly due to the Ramadhan month period, which historically is the lowest revenue period in Malaysia.

Singapore recorded 29.3% lower revenue of RM26.00 million compared to the corresponding quarter of RM36.75 million. The decrease was mainly contributed by the reduction in wholesale revenue to dealers in Indonesia.

Indonesia recorded a revenue of RM4.67 million contributed by the first full quarter performance of its first store Summarecon Mall Kelapa Gading, Jakarta which opened in December 2023, followed by the opening of its second store in Pondok Indah Mall, Jakarta in February 2024.

PBT & PAT

The Group recorded a gross profit margin of 40.8%, a decrease from 43.1% in the corresponding quarter. This is due to higher sell-through of off-season products during sales and festive promotional activities in the current quarter.

The Group recorded lower PBT and PAT for the current financial period in comparison to the preceding period. This was mainly caused by lower revenue and higher operating costs due to inflation, ongoing gestation period of the Indoor Golf operations and the initial start-up costs incurred for Indonesia's operation.

B2. Comparison with the Immediate Preceding Quarter's Results

The Group's performance for current quarter ended 31 March 2024 ("Q1 FY2024") compared to the preceding quarter ended 31 December 2023 ("Q4 FY2023") are tabled below:-

	Current Quarter 31.03.2024 RM'000	Preceding Quarter 31.12.2023 RM'000	Variance + / (-) RM'000	%
Revenue	77,006	80,864	(3,858)	-4.8
(a) Business segments				
- Retail	63,748	69,212	(5,464)	-7.9
- Wholesale	10,067	6,170	3,897	63.2
- Golf Services	1,907	3,890	(1,983)	-51.0
- Indoor Golf	1,284	1,592	(308)	-19.4
(b) Geographical operations				
- Malaysia	46,342	55,514	(9,172)	-16.5
- Singapore	25,998	25,197	801	3.2
- Indonesia	4,666	153	4,513	2950.0
Gross Profit	31,426	36,098	(4,672)	-12.9
Gross Margin (%)	40.8%	44.6%		
Profit before tax ("PBT")	1,707	6,487	(4,780)	-73.7
Profit after tax ("PAT")	1,029	2,946	(1,917)	-65.1

B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B2. Comparison with the Immediate Preceding Quarter's Results (Cont'd)

The Group recorded a total revenue of RM77.01 million for Q1 FY2024, a decrease of 4.8%, compared to RM80.86 million for Q4 FY2023. The decline in revenue was mainly from the Retail segment, where typically the fourth quarter would experience higher sales compared to the first quarter. In addition, the decline was also caused by lesser golfing activities during Ramadhan and Chinese New Year in Malaysia and Singapore respectively. The decrease in revenue of RM2.29 million in the Golf Services and Indoor Golf segments were also affected by Ramadhan in Malaysia.

The Wholesale segment recorded an increase in revenue of RM3.90 million or 63.2%. This growth was attributed to the new product launches during the first quarter of the year, with a higher initial sell-in to dealers.

On geographical operations, Malaysia recorded 16.5% lower revenue mainly due to Ramadhan. Singapore sales increased marginally by 3.2% mainly contributed by the increase of the Wholesale segment. Indonesia recorded its first full quarter retail operational performance contributing to a revenue of RM4.67 million from the two stores opened in Jakarta.

Gross profit margin decreased to 40.8% from 44.6%. This was attributed to a shift in sales mix contributed by the decrease in revenue from segments with higher margins. This was also due to higher sell-through of off-season products during sales and festive promotional activities in the current quarter.

The Group recorded lower PBT and PAT for the current quarter in comparison to the preceding quarter mainly caused by lower revenue and higher operating costs.

B3. Prospects

The Group remains committed to strengthening its market position as the leading golf retailer in Malaysia and Singapore. It is observed that the golf industry remains active, bolstered by international golf tournaments globally and regionally. In Malaysia, sales of consumable items such as balls, gloves and shoes indicate steady growth in golfing activities. However, same tracking above indicates softer golfing activities in Singapore.

Post-Covid adjustments in the golf industry, combined with rising business costs and weaker consumer sentiment amid the current economic and geopolitical conditions, require the Group to adopt a cautious yet optimistic approach. The Group remains focused on its growth plan particularly regional expansion into Indonesia, Thailand, and Vietnam. In Malaysia and Singapore where we have a strong presence, the Group will be focusing more in driving the sales of existing stores while actively managing operating costs and capital expenditure.

The Group's retail expansion into Indonesia has been successful and is progressing as planned. In line with its expansion plan, the focus in growing the retail segment in Indonesia is simultaneously impacting the Group's wholesale performance. On the geographical front, Indonesia's growing economy, younger and higher-spending golf consumers make it a highly promising market in the Southeast Asia region. The Group is optimistic in growing and capturing market share through its retail presence in Indonesia.

In Thailand and Vietnam, where the Group currently has minimal wholesale business, active expansion efforts are in progress. The Group's overseas expansion strategy includes potentially forming joint ventures with local partners. Additionally, the Group is actively seeking to secure more brands distributorships and partnerships in the region to further strengthen its market position.

B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B4. Profit Forecast or Profit Guarantee

The Group did not issue any revenue or profit estimate, forecast, projection or internal targets in any public announcement or public documents.

B5. Profit Before Tax

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

	Current Quarter		Year-to-date	
	31.03.2024 RM'000	31.03.2023 RM'000	31.03.2024 RM'000	31.03.2023 RM'000
Depreciation of property, plant & equipment	2,644	1,894	2,644	1,894
Depreciation of right-of-use assets	3,793	2,962	3,793	2,962
Interest expense on lease liabilities	954	688	954	688
Interest expense on borrowings	842	785	842	785
Interest income	(394)	-	(394)	-
Provision for and write-off of inventories	200	80	200	80
Reversal of written-down of slow-moving inventories	(286)	(41)	(286)	(41)
Loss/(Gain) on disposal of property, plant & equipment	(6)	4	(6)	4
Write-off of property, plant & equipment	5	-	5	-
Realised loss on foreign exchange	172	(353)	172	(353)
Unrealised gain on foreign exchange	(801)	176	(801)	176
Fair value gain on other investment	(283)	-	(283)	-

Notes:

Save as disclosed above, the other disclosure items pursuant to Paragraph 16 of Appendix 9B of the Listing Requirements are not applicable.

B6. Tax Expense

	Current Quarter		Year-to-date	
	31.03.2024 RM'000	31.03.2023 RM'000	31.03.2024 RM'000	31.03.2023 RM'000
In respect of current period:				
Income tax	796	3,300	796	3,300
Deferred tax	(118)	(311)	(118)	(311)
Total tax expense	678	2,989	678	2,989
Effective tax rate (%)	39.7	25.4	39.7	25.4
Statutory tax rate (%)	24.0	24.0	24.0	24.0

The Group's effective tax rate is at 39.7% for year-to-date period ended 31 March 2024. The effective tax rate is higher than the statutory tax rate of 24.0% mainly due to losses of the new Indoor Golf operations and start-up costs of Indonesia's operations.

B7. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this interim financial report.

B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B8. Utilisation of Proceeds from the Public Issue

The status of the utilisation of proceeds from the Initial Public Offering as at 31 March 2024 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Balance Unutilised	Intended Timeframe for Utilisation
	RM'000	RM'000	RM'000	
Expansion in Malaysia and Singapore	62,755	15,160	47,595	Within 36 months
Expansion into new geographical markets	53,550	19,930	33,620	Within 36 months
Upgrade of digital technology facilities	3,000	250	2,750	Within 36 months
Working capital requirements	3,259	3,259	-	Within 24 months
Estimated share listing and share issuance expenses	7,036	7,036	-	Within 1 month
	129,600	45,635	83,965	

The utilisation of proceeds as disclosed above should be read in conjunction with the IPO Prospectus dated 28 June 2023.

B9. Borrowings

The details of the Group's borrowings are as follows:

	As at 31.03.2024 Unaudited RM'000	As at 31.12.2023 Audited RM'000
	Secured	
Non-current liability		
Term Loans	16,310	17,518
	16,310	17,518
Secured		
Current liabilities		
Bankers' acceptance	26,232	16,935
Bank overdraft	8,190	11,027
Term loans	3,313	2,796
Invoice financing	6,065	803
Trust receipts	-	6,113
Revolving loan	3,499	3,479
	47,299	41,153
	63,609	58,671

All borrowings are secured and denominated in Ringgit Malaysia except for the borrowings in Singapore Dollar which total SGD3.62 million (2022: SGD2.99 million).

B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B10. Material Litigation

As of the date of this interim financial report, the Group is not engaged in any governmental, legal or arbitration proceedings which may have or have had material or significant effects on the Group's financial position or profitability.

B11. Proposed Dividend

On 26 February 2024, the Board of Directors approved the second interim single tier dividend of 0.5 sen per ordinary share amounting to RM4,104,343 in respect of financial year ended 31 December 2023 with entitlement date on 20 March 2024 and payment date on 8 April 2024 to the shareholders of the company.

B12. Basic and Diluted Earnings per Share ("EPS")

The basic and diluted EPS for current quarter and year-to-date period ended 31 March 2024 are computed as follows:

	Current Quarter		Year-to-date	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Profit attributable to owners of the Company (RM'000)	1,482	8,791	1,482	8,791
Weighted average number of ordinary shares in issue	820,868,600	660,868,600	820,868,600	660,868,600
Basic EPS (sen) ⁽¹⁾	0.18	1.33	0.18	1.33
Diluted EPS (sen) ⁽²⁾	0.18	1.33	0.18	1.33

Notes:

- (1) Basic EPS for the current quarter and year-to-date ended 31 March 2024 are computed based on profit attributable to owners of MST Golf Group Berhad divided by the weighted average number of ordinary shares in issue of 820,868,600 respectively. For the preceding year-to-date ended 31 March 2023, the weighted average number of ordinary shares in issue was 660,868,600.
- (2) Diluted EPS of MST Golf Group Berhad is equivalent to the basic EPS as the Company does not have convertible securities at the end of the current quarter.

B13. Approval of Interim Financial Report

The interim financial report as set out above was authorised for issuance by the Board of Directors of MST Golf Group Berhad on 27 May 2024.

By Order of the Board
Queck Wai Fong (MAICSA 7023051)
Secretary
Kuala Lumpur
27 May 2024