



# **MST GOLF GROUP BERHAD**

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

**INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

**INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	CURRENT QUARTER		YEAR-TO-DATE	
		30.06.2024	30.06.2023	30.06.2024	30.06.2023
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue	A9	81,731	75,936	158,737	162,224
Cost of sales		(47,640)	(42,571)	(93,220)	(91,660)
<b>Gross profit</b>		<u>34,091</u>	<u>33,365</u>	<u>65,517</u>	<u>70,564</u>
Other income		759	119	3,447	953
Administrative and other expenses		(28,913)	(25,066)	(58,096)	(48,007)
Selling and distribution expenses		(1,789)	(1,588)	(3,611)	(3,428)
<b>Operating profit</b>		<u>4,148</u>	<u>6,830</u>	<u>7,257</u>	<u>20,082</u>
Finance cost		(1,995)	(1,205)	(3,791)	(2,678)
Finance income		236	-	630	-
<b>Profit before tax</b>	B5	<u>2,389</u>	<u>5,625</u>	<u>4,096</u>	<u>17,404</u>
Tax expense	B6	(1,056)	(1,614)	(1,734)	(4,602)
<b>Profit for the financial period</b>		<u>1,333</u>	<u>4,011</u>	<u>2,362</u>	<u>12,802</u>
Equity attributable to equity owners					
Other comprehensive income: -					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		(1,419)	1,426	(1,726)	1,923
<b>Other comprehensive income/(loss) for the financial period</b>		<u>(1,419)</u>	<u>1,426</u>	<u>(1,726)</u>	<u>1,923</u>
<b>Total comprehensive income/(loss) for the financial period</b>		<u>(86)</u>	<u>5,437</u>	<u>636</u>	<u>14,725</u>
<b>Profit/(Loss) for the financial period attributable to: -</b>					
Owners of the Company		1,501	4,011	2,983	12,802
Non-controlling interests		(168)	-	(621)	-
		<u>1,333</u>	<u>4,011</u>	<u>2,362</u>	<u>12,802</u>
<b>Total comprehensive income/(loss) attributable to:-</b>					
Owners of the Company		695	5,437	1,856	14,725
Non-controlling interests		(781)	-	(1,220)	-
		<u>(86)</u>	<u>5,437</u>	<u>636</u>	<u>14,725</u>
Basic earnings per share ("Basic EPS") (sen) <sup>(1)</sup>	B12	<u>0.18</u>	<u>0.61</u>	<u>0.36</u>	<u>1.94</u>
Diluted earnings per share ("Diluted EPS") (sen) <sup>(2)</sup>	B12	<u>0.18</u>	<u>0.61</u>	<u>0.36</u>	<u>1.94</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 the year-to-date period ended 30 June 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 corresponding quarter and year-to-date period ended 30 June 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 the year-to-date period ended.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited as at 30.06.2024 RM'000	Audited as at 31.12.2023 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		57,535	53,223
Right-of-use assets		66,787	56,479
Intangible assets		1,417	1,417
Other receivables		318	437
Other Investment		17	17
Deferred tax assets		248	272
<b>Total non-current assets</b>		126,322	111,845
<b>Current assets</b>			
Inventories		181,314	150,636
Trade receivables		14,564	11,834
Other receivables		21,538	19,109
Tax recoverable		1,654	-
Other investment <sup>(1)</sup>		20,685	26,655
Fixed deposits with licensed banks		23,323	57,374
Cash and bank balances		31,925	35,264
<b>Total current assets</b>		295,003	300,872
<b>TOTAL ASSETS</b>		421,325	412,717
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Equity attributable to equity owners of the Company: -</b>			
Share capital		165,902	165,902
Foreign exchange reserve		3,711	5,437
Retained earnings		65,060	66,181
		234,673	237,520
Non-controlling interests		16,841	18,061
<b>TOTAL EQUITY</b>		251,514	255,581
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		53,385	46,835
Borrowings	B9	15,658	17,518
Deferred tax liabilities		1,303	1,477
<b>Total non-current liabilities</b>		70,346	65,830
<b>Current liabilities</b>			
Trade payables		11,261	12,804
Other payables		18,204	13,179
Contract liabilities		8,463	5,011
Dividend payable	A8	-	4,104
Borrowings	B9	46,470	41,153
Lease liabilities		14,612	12,944
Tax payable		455	2,111
<b>Total current liabilities</b>		99,465	91,306
<b>TOTAL LIABILITIES</b>		169,811	157,136
<b>TOTAL EQUITY AND LIABILITIES</b>		421,325	412,717
<b>Net assets per share attributable to owners of the Company (RM) <sup>(2)</sup></b>		0.29	0.29

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.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	← Attributable to owners of the Company →					
	Share capital	Foreign exchange reserve	Distributable retained earnings	Sub-total	Non- controlling interest	Total equity
<u>Audited</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2023</b>	39,836	3,126	52,654	95,616	-	95,616
<b>Total comprehensive income for the financial year</b>						
Profit/(Loss) for the financial year	-	-	17,631	17,631	(257)	17,374
Other comprehensive income/(loss) for the financial year	-	2,311	-	2,311	(373)	1,938
	-	2,311	17,631	19,942	(630)	19,312
<b>Transactions with owners: -</b>						
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
<b>Balance as at 31 December 2023</b>	<u>165,902</u>	<u>5,437</u>	<u>66,181</u>	<u>237,520</u>	<u>18,061</u>	<u>255,581</u>
<b>Unaudited</b>						
<b>Balance as at 1 January 2024</b>	165,902	5,437	66,181	237,520	18,061	255,581
<b>Total comprehensive income for the financial period</b>						
Profit/(Loss) for the financial period	-	-	2,983	2,983	(621)	2,362
Other comprehensive loss for the financial period	-	(1,726)	-	(1,726)	(599)	(2,325)
	-	(1,726)	2,983	1,257	(1,220)	37
<b>Transactions with owners: -</b>						
Dividend paid	-	-	(4,104)	(4,104)	-	(4,104)
<b>Balance as at 30 June 2024</b>	<u>165,902</u>	<u>3,711</u>	<u>65,060</u>	<u>234,673</u>	<u>16,841</u>	<u>251,514</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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Notes	YEAR-TO-DATE	
		Unaudited 30.06.2024 RM'000	Unaudited 30.06.2023 RM'000
<b>OPERATING ACTIVITIES</b>			
Profit before tax		4,096	17,404
<b>Adjustments for: -</b>			
Depreciation on property, plant, and equipment		5,328	3,853
Depreciation on right-of-use assets		8,013	6,536
Property, plant and equipment written off		8	1
Gain on lease modification		(201)	(15)
(Gain)/Loss on disposal of property, plant and equipment		(9)	5
Allowance for slow moving inventories (net)		1,137	151
Fair value gain on other investment		(513)	-
Interest income		(630)	-
Interest expenses		3,791	2,678
Unrealised (gain)/loss on foreign exchange		(494)	176
Operating profit before changes in working capital		<u>20,526</u>	<u>30,789</u>
Inventories		(31,815)	(42,270)
Payables		4,512	21,567
Receivables		(8,081)	(4,506)
Contract liabilities		3,453	314
Cash (used in)/generated from operations		<u>(11,405)</u>	<u>5,894</u>
Tax paid		<u>(3,995)</u>	<u>(5,238)</u>
Net cash (used in)/from operating activities		<u>(15,400)</u>	<u>656</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(9,922)	(5,249)
Proceeds from disposal of property, plant and equipment		45	169
Interest income		630	-
Net investment in other investment		6,483	-
Placement of fixed deposits pledged with licensed bank		(300)	(300)
Net cash used in investing activities		<u>(3,064)</u>	<u>(5,380)</u>
<b>FINANCING ACTIVITIES</b>			
Interest paid		(3,791)	(2,678)
Dividend paid		(8,209)	(12,500)
Payment of principal portion of lease liabilities		(7,490)	(6,346)
Drawdown of borrowings		62,200	57,833
Repayment of borrowings		(56,508)	(56,029)
Net cash used in financing activities		<u>(13,798)</u>	<u>(19,720)</u>
<b>CASH AND CASH EQUIVALENTS</b>			
Net changes		(32,262)	(24,444)
Effect of foreign exchange rate changes		(3,223)	2,155
Brought forward		79,345	17,585
Carried forward	A	<u>43,860</u>	<u>(4,704)</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.

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FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

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**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	Unaudited
	30.06.2024	30.06.2023
	RM'000	RM'000
Fixed deposits with licensed banks	23,323	1,954
Cash and bank balances	31,925	6,765
Less: Bank overdrafts	(8,822)	(11,469)
	<u>46,426</u>	<u>(2,750)</u>
Less: Fixed deposits pledged with licensed bank	(2,566)	(1,954)
	<u>43,860</u>	<u>(4,704)</u>

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**A. NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

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**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 and the financial period to date.

**A6. Material Changes in Estimates**

There were no material changes in estimates that had a material effect during the current quarter and the financial period to date.

**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 and the financial period to date.

**A. NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (CONT'D)**

**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 and the financial period to date.

**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 ended 30 June 2024 is as follows:

	<b>Current quarter ended 30 June 2024</b>				<b>Total</b> RM'000
	<b>Retail</b> RM'000	<b>Wholesale</b> RM'000	<b>Golf Services</b> RM'000	<b>Indoor Golf</b> RM'000	
<b>Revenue</b>					
Sales to external customers	68,390	6,794	4,886	1,661	81,731

The segmental information based on four (4) business segments for the year-to-date period ended 30 June 2024 is as follows:

	<b>Year-to-date period ended 30 June 2024</b>				<b>Total</b> RM'000
	<b>Retail</b> RM'000	<b>Wholesale</b> RM'000	<b>Golf Services</b> RM'000	<b>Indoor Golf</b> RM'000	
<b>Revenue</b>					
Sales to external customers	132,138	16,861	6,793	2,945	158,737

The segmental information based on three (3) geographical operations for the current quarter ended 30 June 2024 is as follows:

	<b>Current quarter ended 30 June 2024</b>			<b>Total</b> RM'000
	<b>Malaysia's Operation</b> RM'000	<b>Singapore's Operation <sup>(1)</sup></b> RM'000	<b>Indonesia's Operation</b> RM'000	
<b>Revenue</b>				
Sales to external customers	50,069	24,358	7,304	81,731

<b>Result</b>	
Profit from operations	4,148
Finance cost	(1,995)
Finance income	236
<b>Profit before tax</b>	<u>2,389</u>
Income tax expense	(1,056)
<b>Net profit for the current quarter</b>	<u>1,333</u>



**A. NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (CONT'D)**

**A9. Segmental Reporting (Cont'd)**

The segmental information based on three (3) geographical operations for the year-to-date period ended 30 June 2024 is as follows:

	Year-to-date period ended 30 June 2024			
	Malaysia's Operation	Singapore's Operation <sup>(1)</sup>	Indonesia's Operation	Total
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Sales to external customers	96,411	50,356	11,970	158,737
<b>Result</b>				
Profit from operations				7,257
Finance cost				(3,791)
Finance income				630
<b>Profit before tax</b>				4,096
Income tax expense				(1,734)
<b>Net profit for the financial period</b>				2,362

Notes:

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

**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 and the financial period to date.

**A12. Contingent Assets and Contingent Liabilities**

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

**A. NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (CONT'D)**

**A13. Material Capital Commitments**

	As at 30.06.2024 Unaudited RM'000	As at 31.12.2023 Audited RM'000
<b>Approved and contracted for: -</b>		
- Purchase of property, plant and equipment and renovation	2,471	1,431

**A14. Significant Related Party Transactions**

The significant related party transactions of the Group for current quarter and the year-to-date period ended 30 June 2024 are shown below:

	Current Quarter		Year-to-date	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Transactions with related parties:				
Payment of lease liabilities	117	111	191	186
Premises rental expenses	8	8	19	15
Premises rental received	162	162	324	324
Loan interest	9	-	9	-
Purchases of golf accessories	152	-	154	-
Purchases of computer equipment	7	-	10	-
Purchases of audio and other equipment	12	-	24	-

**A15. Derivatives**

There were no derivatives used in the current quarter and the financial period to date.

**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 and the financial period to date.

**B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS**

**B1. Review of the Performance**

**Comparison of the current quarter and year-to-date period ended 30 June 2024 against the corresponding quarter and year-to-date period ended 30 June 2023**

The Group's performance for the current quarter ("Q2 FY2024") and year-to-date against the corresponding quarter and year-to-date of the preceding year ("Q2 FY2023") are tabled below:

	Current Quarter				Year-to-date			
	30.06.2024 RM'000	30.06.2023 RM'000	Variance +/- RM'000	Variance +/- %	30.06.2024 RM'000	30.06.2023 RM'000	Variance +/- RM'000	Variance +/- %
<b>Revenue</b>	81,731	75,936	5,795	7.6	158,737	162,224	(3,487)	-2.1
<b>(a) Business segment</b>								
- Retail	68,390	62,685	5,705	9.1	132,138	124,270	7,868	6.3
- Wholesale	6,794	8,248	(1,454)	-17.6	16,861	29,281	(12,420)	-42.4
- Golf Services	4,886	3,680	1,206	32.8	6,793	6,119	674	11.0
- Indoor Golf	1,661	1,323	338	25.6	2,945	2,554	391	15.3
<b>(b) Geographical locations</b>								
- Malaysia	50,069	47,788	2,281	4.8	96,411	97,323	(912)	-0.9
- Singapore	24,358	28,148	(3,790)	-13.5	50,356	64,901	(14,545)	-22.4
- Indonesia	7,304	-	7,304	0.0	11,970	-	11,970	0.0
<b>Gross Profit</b>	34,091	33,365	726	2.2	65,517	70,564	(5,047)	-7.2
Gross Margin (%)	41.7%	43.9%			41.3%	43.5%		
<b>Profit before tax ("PBT")</b>	2,389	5,625	(3,236)	-57.5	4,096	17,404	(13,308)	-76.5
<b>Profit after tax ("PAT")</b>	1,333	4,011	(2,678)	-66.8	2,362	12,802	(10,440)	-81.5

The Group recorded a total revenue of RM81.73 million for Q2 FY2024, an increase of RM5.80 million or 7.6%, compared to RM75.94 million for Q2 FY2023.

Business Segments

The Group's Retail segment recorded a higher revenue amounting to RM68.39 million for the current quarter with an increase of 9.1% which was largely attributed to the retail expansion into Indonesia. Malaysia Retail recorded a marginal growth whereas Singapore Retail registered a lower revenue mainly due to Singaporeans travelling abroad driven by school holidays and strong Singapore currency.

The Wholesale segment recorded a decrease in revenue for the quarter, reporting RM6.79 million compared to RM8.25 million in the corresponding quarter. This is caused by the post-covid market demand adjustment for golf equipment and dealers being cautious about buying.

The Golf Services segment saw an increase in revenue for the current quarter, recording RM4.89 million compared to RM3.68 million in the corresponding quarter. This increase was due to the existence of more golf events during the period. Indoor Golf segment saw an increase of 25.6% which was contributed by more golf activities driving higher footfall including organizing of Malaysia's first eGolf Championship for all level of players at MST Golf Arena outlets.

Geographical Operations

Malaysia recorded a 4.8% increase in revenue, from RM47.79 million in the corresponding quarter to RM50.07 million in the current quarter. This growth was contributed by Retail, Golf Services and Indoor Golf.

Singapore recorded a lower revenue of RM24.36 million compared to RM28.15 million in the corresponding quarter. The decrease in all segments was mainly due to weaker consumer spending in Singapore.

Indonesia recorded a revenue of RM7.30 million, contributed mainly by three stores, with its fourth store at Pacific Place, Jakarta, opened on 27<sup>th</sup> June 2024.

**B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS**

**B1. Review of the Performance (Cont'd)**

**Comparison of the current quarter and year-to-date period ended 30 June 2024 against the corresponding quarter and year-to-date period ended 30 June 2023 (Cont'd)**

Gross Profit

The Group recorded a lower gross profit margin of 41.7% for the current quarter compared to 43.9% recorded in the corresponding quarter. This decrease was mainly attributed to the higher provision of slow-moving inventories, more promotional activities for Singapore and lower retail margin for Indonesia market.

PBT and PAT

The Group recorded a lower PBT and PAT for the current financial period compared to the preceding period. This decline was primarily due to lower gross profit margin and higher operating costs.

**B2. Comparison with the Immediate Preceding Quarter's Results**

The Group's performance for current quarter ended 30 June 2024 ("Q2 FY2024") compared to the preceding quarter ended 31 March 2024 ("Q1 FY2024") are tabled below: -

	Current Quarter 30.06.2024	Preceding Quarter 31.03.2024	Variance + / (-)	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>	81,731	77,006	4,725	6.1
<b>(a) Business segments</b>				
- Retail	68,390	63,748	4,642	7.3
- Wholesale	6,794	10,067	(3,273)	-32.5
- Golf Services	4,886	1,907	2,979	156.2
- Indoor Golf	1,661	1,284	377	29.4
<b>(b) Geographical operations</b>				
- Malaysia	50,069	46,342	3,727	8.0
- Singapore	24,358	25,998	(1,640)	-6.3
- Indonesia	7,304	4,666	2,638	56.5
<b>Gross Profit</b>	34,091	31,426	2,665	8.5
Gross Margin (%)	41.7%	40.8%		
<b>Profit before tax ("PBT")</b>	2,389	1,707	682	40.0
<b>Profit after tax ("PAT")</b>	1,333	1,029	304	29.5

The Group recorded a total revenue of RM81.73 million for Q2 FY2024, an increase of 6.1% compared to RM77.01 million for Q1 FY2024. The increase was mainly contributed by the overall Retail segment especially from the Group's continuing expansion in Indonesia. This was also due to the increase in Golf Services with many corporate golf tournaments held after Ramadhan in Malaysia.

The Wholesale segment recorded a lower revenue by RM3.27 million or 32.5%. This decline was due to the higher initial sell-in to dealers from new product launches that usually take place in the first quarter of the year.

In terms of geographical operations, Malaysia experienced an 8.0% increase in revenue, primarily due to higher sales from the Golf Services segment in the current period. Indonesia saw a revenue increase by RM2.64 million or 56.5%, with a total revenue of RM7.30 million largely driven by the three stores located in Jakarta. As for Singapore, there was a decrease of RM1.64 million or 6.3% lower which was contributed by the Wholesale segment, mainly from the export to Indonesia despite the increase in the Retail segment sales.

**B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS**

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

Gross profit margin increased to 41.7% from 40.8%. This was primarily attributable to a decrease in promotional activities in both Malaysia and Indonesia during the quarter. The increase is also partially contributed by Indoor golf sales which generally contributes higher gross profit margins.

The Group recorded a higher PBT and PAT for the current quarter with an increase of 40.0% and 29.5% respectively from the preceding quarter. The increase was mainly due to higher revenue and higher gross profit margin.

**B3. Prospects**

The golf industry across Southeast Asia remains active, however, the Group observes challenges in the Singapore market due to weakened domestic spending. This is driven by the strong Singapore dollar which encourages outbound travel and spending, and the closure of the popular Marina Bay Golf Course and driving range.

Despite these headwinds, the Group has made significant progress in Indonesia, where four new stores opened in Jakarta within seven months, with more in the pipeline. The strong growth and interest within the local golf industry well position the Group to further capture market share.

As part of the Group's strategic growth plans, it remains focused on continuing efforts to expand into Thailand and Vietnam. The Group is working to establish joint venture companies in these markets to expedite store openings. The geographical expansion into Indonesia, Thailand and Vietnam is a key priority for the Group as these markets present substantial opportunities to increase its retail footprint with the support from brands.

In Malaysia and Singapore, the Group will continue to strengthen its market position with more targeted consumer activations and efforts to attract new golfers.

**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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant & equipment	2,684	1,959	5,328	3,853
Depreciation of right-of-use assets	4,220	3,574	8,013	6,536
Interest expense on lease liabilities	1,157	315	2,111	1,003
Interest expense on borrowings	772	890	1,614	1,675
Interest expense on the unwinding discount on restoration costs	66	-	66	-
Interest income	(236)	-	(630)	-
Provision for and write-off of inventories	1,223	112	1,423	192
Reversal of written-down of slow-moving inventories	-	-	(286)	(41)
Loss/(Gain) on disposal of property, plant & equipment	(3)	1	(9)	5
Write-off of property, plant & equipment	3	-	8	1
Realised loss on foreign exchange	79	829	251	476
Unrealised gain/(loss) on foreign exchange	307	-	(494)	176
Fair value gain on other investment	(230)	-	(513)	-

Notes:

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

**B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS**

**B6. Tax Expense**

	Current Quarter		Year-to-date	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
<b>In respect of current period:</b>				
Income tax	1,098	1,356	1,894	4,655
Deferred tax	(42)	258	(160)	(53)
Total tax expense	1,056	1,614	1,734	4,602
Effective tax rate (%)	44.2	28.7	42.3	26.4
Statutory tax rate (%)	24.0	24.0	24.0	24.0

The Group's effective tax rate is at 42.3% for the year-to-date period ended 30 June 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 in Malaysia and the 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.

**B8. Utilisation of Proceeds from the Public Issue**

The status of the utilisation of proceeds from the Initial Public Offering as at 30 June 2024 is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Utilisation
Expansion in Malaysia and Singapore	62,755	19,632	43,123	Within 36 months
Expansion into new geographical markets	53,550	19,930	33,620	Within 36 months
Upgrade of digital technology facilities	3,000	442	2,558	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	50,299	79,301	

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

**B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS**

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**B9. Borrowings**

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

	As at 30.06.2024 Unaudited RM'000	As at 31.12.2023 Audited RM'000
<b>Secured</b>		
<b>Non-current liability</b>		
Term Loans	15,658	17,518
	15,658	17,518
<b>Secured</b>		
<b>Current liabilities</b>		
Bankers' acceptance	22,826	16,935
Bank overdraft	8,822	11,027
Term loans	3,279	2,796
Invoice financing	8,376	803
Trust receipts	3,167	6,113
Revolving loan	-	3,479
	46,470	41,153
	62,128	58,671

All borrowings are secured and denominated in Ringgit Malaysia except for the borrowings in Singapore Dollar which total SGD3.32 million (2023: SGD2.99 million).

**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**

There were no proposed dividend during the current quarter and the financial period to date.

**B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS**

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**B12. Basic and Diluted Earnings per Share (“EPS”)**

The basic and diluted EPS for current quarter and the year-to-date period ended 30 June 2024 are computed as follows:

	Current Quarter		Year-to-date	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Profit attributable to owners of the Company (RM'000)	1,501	4,011	2,983	12,802
Weighted average number of ordinary shares in issue	820,868,600	660,868,600	820,868,600	660,868,600
Basic EPS (sen) <sup>(1)</sup>	0.18	0.61	0.36	1.94
Diluted EPS (sen) <sup>(2)</sup>	0.18	0.61	0.36	1.94

Notes:

- (1) Basic EPS for the current quarter and the year-to-date ended 30 June 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 corresponding current quarter and year-to-date ended 30 June 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 28 August 2024.

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