

MEGROUP LTD.

(Incorporated in the Republic of Singapore on 7 February 2018)

(Company Registration Number: 201804996H)

**Condensed Interim Financial Statements
For The Six Months Ended 30 September 2023**

This announcement has been reviewed by the Company's Sponsor, UOB Kay Hian Private Limited (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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

	Group		Increase/ (Decrease) %
	Six Months Ended		
	30-Sep-23	30-Sep-22	
	RM	RM	
Revenue	217,655,807	204,133,767	6.6
Cost of sales	<u>(196,086,245)</u>	<u>(186,213,204)</u>	5.3
Gross profit	21,569,562	17,920,563	20.4
Other income	679,274	477,883	42.1
Other gains - net	14,010	674,658	(97.9)
Expenses			
– Selling and distribution	(4,406,895)	(4,001,388)	10.1
– Administrative	(10,970,214)	(9,764,062)	12.4
– Finance	(2,142,277)	(1,585,408)	35.1
Share of profit of an associated company	81,009	3,186	N.M
Profit before tax	4,824,469	3,725,432	29.5
Income tax expense	<u>(1,511,165)</u>	<u>(984,789)</u>	53.5
Total comprehensive income, representing net profit for the financial period	<u>3,313,304</u>	<u>2,740,643</u>	20.9
Total comprehensive income, representing net profit attributable to:			
Equity holders of the Company	3,229,479	2,502,076	29.1
Non-controlling interests	<u>83,825</u>	<u>238,567</u>	(64.9)
	<u>3,313,304</u>	<u>2,740,643</u>	20.9
Earnings per share for profit attributable to equity holders of the company (Sen)			
Basic and diluted	<u>2.70</u>	<u>2.09</u>	29.2

N.M denotes Not Meaningful.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	As at		As at	
	30-Sept-23	31-Mar-23	30-Sept-23	31-Mar-23
	RM	RM	RM	RM
ASSETS				
Current assets				
Cash and cash equivalents	17,494,948	11,905,820	91,295	17,868
Trade and other receivables	26,452,614	29,951,460	1,033,708	1,632,415
Tax recoverable	333,625	1,154,236	-	-
Inventories	35,032,202	26,816,599	-	-
Total current assets	79,313,389	69,828,115	1,125,003	1,650,283
Non-current assets				
Financial assets, at fair value through profit or loss ("FVPL")	566,320	566,320	-	-
Property, plant and equipment	40,600,070	39,246,227	-	-
Right-of-use assets	46,627,069	42,403,182	-	-
Investments in subsidiary corporations	-	-	26,094,134	26,094,134
Investment in an associated company	1,016,415	935,406	919,248	919,248
Intangible assets	376,541	652,753	-	-
Total non-current assets	89,186,415	83,803,888	27,013,382	27,013,382
Total assets	168,499,804	153,632,003	28,138,385	28,663,665
LIABILITIES				
Current liabilities				
Trade and other payables	33,579,578	29,540,867	416,803	155,009
Current income tax liabilities	690,961	415,238	-	-
Borrowings	18,449,904	13,387,433	1,634,250	1,634,250
Lease liabilities	4,066,359	4,085,915	-	-
Total current liabilities	56,786,802	47,429,453	2,051,053	1,789,259
Non-current liabilities				
Borrowings	37,207,441	35,398,823	-	-
Lease liabilities	24,303,753	23,698,931	-	-
Deferred income tax liabilities	2,311,546	2,377,838	-	-
Total non-current liabilities	63,822,740	61,475,592	-	-
Total liabilities	120,609,542	108,905,045	2,051,053	1,789,259
NET ASSETS	47,890,262	44,726,958	26,087,332	26,874,406
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	37,356,382	37,356,382	37,356,382	37,356,382
Retained earnings / (accumulated losses)	33,416,399	30,186,920	(11,269,050)	(10,481,976)
Other reserves	(24,397,766)	(24,360,992)	-	-
Total equity attributable to equity holders of the Company	46,375,015	43,182,310	26,087,332	26,874,406
Non-controlling interests	1,515,247	1,544,648	-	-
Total equity	47,890,262	44,726,958	26,087,332	26,874,406

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Group						
	Share capital	Merger reserve	Capital reserve	Retained profits	Attributable to equity holders of the Company	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM
As at 1 April 2023	37,356,382	(24,594,282)	233,290	30,186,920	43,182,310	1,544,648	44,726,958
Total comprehensive income for the 6 months	-	-	-	3,229,479	3,229,479	83,825	3,313,304
Acquisition of additional interest in a subsidiary corporation	-	-	(36,774)	-	(36,774)	(113,226)	(150,000)
As at 30 September 2023	37,356,382	(24,594,282)	196,516	33,416,399	46,375,015	1,515,247	47,890,262
As at 1 April 2022	37,356,382	(24,594,282)	233,290	25,428,342	38,423,732	1,194,398	39,618,130
Total comprehensive income for the 6 months	-	-	-	2,502,076	2,502,076	238,567	2,740,643
As at 30 September 2022	37,356,382	(24,594,282)	233,290	27,930,418	40,925,808	1,432,965	42,358,773

	Company		
	Share capital	Accumulated losses	Total equity
	RM	RM	RM
As at 1 April 2023	37,356,382	(10,481,976)	26,874,406
Total comprehensive loss for the 6 months	-	(787,074)	(787,074)
As at 30 September 2023	37,356,382	(11,269,050)	26,087,332
As at 1 April 2022	37,356,382	(9,087,732)	28,268,650
Total comprehensive loss for the 6 months	-	(480,554)	(480,554)
As at 30 September 2022	37,356,382	(9,568,286)	27,788,096

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Six Months Ended	
	30-Sep-23 RM	30-Sep-22 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	4,824,469	3,725,432
Adjustments for:		
Amortisation of intangible assets	276,212	331,454
Depreciation of property, plant and equipment	2,429,695	2,108,543
Depreciation of right-of-use assets	2,638,320	2,329,215
Gain on disposal of property, plant and equipment	(99,735)	-
Gain on disposal of right-of-use assets	(89,806)	(221,782)
Interest income	(33,589)	(21,728)
Interest expense	2,142,277	1,585,408
Share of results of an associated company	(81,009)	(3,186)
	<u>12,006,834</u>	<u>9,833,356</u>
Change in working capital:		
Trade and other receivables	3,498,846	2,082,358
Inventories	(8,215,603)	570,061
Trade and other payables	179,186	2,256,862
Cash generated from operations	<u>7,469,263</u>	<u>14,742,637</u>
Income tax paid	(1,029,075)	(334,477)
Income tax refunded	547,952	735,909
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>6,988,140</u>	<u>15,144,069</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	33,589	21,728
Additions to property, plant and equipment	(5,153,876)	(5,428,033)
Additions to right-of-use assets	(171,972)	(674,488)
Proceeds from disposal of property, plant and equipment	1,470,073	-
Proceeds from disposal of right-of-use assets	214,242	644,064
Acquisition of interest in an associated company	-	(919,248)
Acquisition of interest in a subsidiary corporation	(150,000)	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(3,757,944)</u>	<u>(6,355,977)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits pledged	(236,143)	(464,146)
Proceeds from bank borrowings	8,477,773	7,157,832
Repayment of bank borrowings	(1,971,748)	(3,618,910)
Repayment of lease liabilities	(2,369,880)	(2,383,547)
Interest paid	(2,142,277)	(1,585,408)
NET CASH PROVIDED BY/ (USED IN) FINANCING ACTIVITIES	<u>1,757,725</u>	<u>(894,179)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,987,921	7,893,913
CASH AND CASH EQUIVALENTS		
Beginning of financial year	<u>7,555,693</u>	<u>4,178,488</u>
End of the financial period	<u>12,543,614</u>	<u>12,072,401</u>

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Note:

For the purpose of presenting the statement of cash flows, the cash and cash equivalents comprise the following:

	Group	
	Six Months Ended	
	30-Sep-23	30-Sep-22
	RM	RM
Cash and bank balances	17,494,948	16,071,622
Less: Short-term bank deposits pledged	(4,048,939)	(3,497,632)
Less: Bank overdraft	(902,395)	(501,589)
	<u>12,543,614</u>	<u>12,072,401</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

The Company is listed on Catalist, the sponsor-supervised listing platform in SGX-ST and incorporated and domiciled in Singapore. The address of the Company's registered office is located at 133 Cecil Street, #14-01 Keck Seng Tower, Singapore 069535. These condensed interim consolidated financial statements as at and for the six months ended 30 September 2023 comprise the Company and its subsidiaries (collectively, the "**Group**").

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries comprise:

- (a) Manufacturing of noise, vibration and harshness ("**NVH**") components and other non-NVH components;
- (b) Trading of motor vehicles and providing support services relating to the business; and
- (c) Investment holding.

The Company's immediate holding company is JCWW Holdings Pte. Ltd. ("**JCWW**"), a company incorporated in Singapore.

As at 30 September 2023, JCWW owns 51.23% of the issued and paid-up ordinary shares in the Company.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 September 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-34 Interim Financial Reporting issued by the Accounting Standards Committee Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Malaysian Ringgit ("**RM**" or "**MYR**") which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

The Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("**SFRS(I) INT**") that are relevant to its operations and effective for annual periods beginning or after 1 April 2023. The adoption of these new or revised SFRS(I) and SFRS(I) INT did not result in changes to the Group's accounting policies and had no material impact on the financial results of the Group for the current reporting period.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Basis of Preparation (Continued)

2.2 Use of Estimates, Assumptions and Judgements

In preparing the condensed interim financial statements, management has made estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

- (b) Depreciation of property, plant and equipment.
- (b) Expected credit losses on trade receivables.
- (c) Leases.

There were no significant changes in critical judgements, estimates and assumptions as compared to the consolidated financial statements as at and for the year ended 31 March 2023.

3. Seasonal Operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Segment and Revenue Information

The Group is organised into the following main business segments:

- (a) Manufacturing business;
- (b) Dealership business; and
- (c) Other – Investment Holding.

The Group's chief operating decision-maker ("CODM") comprises of the directors and the heads of each business within the operating segment. Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions, allocate resources and assess performance.

4.1 Reportable Segments

By business segment:

	Manufacturing Business (RM)	Dealership Business (RM)	Other (RM)	Total (RM)
6 months ended 30 September 2023:				
Total segment sales, representing sales to external parties	<u>35,608,070</u>	<u>182,047,737</u>	<u>-</u>	<u>217,655,807</u>
Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	6,050,869	7,019,772	(793,257)	12,277,384
Depreciation expense	(2,031,050)	(3,036,808)	(157)	(5,068,015)
Amortisation expense	-	(276,212)	-	(276,212)
Interest expense	(728,638)	(1,362,604)	(51,035)	(2,142,277)
Interest income	11,437	22,137	15	33,589
Profit/ (loss) before tax	<u>3,302,618</u>	<u>2,366,285</u>	<u>(844,434)</u>	<u>4,824,469</u>
Segment assets	76,272,044	89,300,785	2,593,350	168,166,179
Tax recoverable				333,625
Total assets per statement of financial position				<u>168,499,804</u>
Segment liabilities	18,315,615	14,759,421	504,542	33,579,578
Borrowings				55,657,345
Current income tax liabilities				690,961
Deferred income tax liabilities				2,311,546
Lease liabilities				28,370,112
Total liabilities per statement of financial position				<u>120,609,542</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Segment and Revenue Information (Continued)

4.1 Reportable Segments (Continued)

By business segment:

	Manufacturing Business (RM)	Dealership Business (RM)	Other (RM)	Total (RM)
6 months ended 30 September 2022:				
Total segment sales, representing sales to external parties	<u>22,365,001</u>	<u>181,768,766</u>	<u>-</u>	<u>204,133,767</u>
Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	3,335,138	7,220,172	(496,986)	10,058,324
Depreciation expense	(1,527,620)	(2,910,138)	-	(4,437,758)
Amortisation expense	-	(331,454)	-	(331,454)
Interest expense	(471,363)	(1,066,498)	(47,547)	(1,585,408)
Interest income	12,408	9,032	288	21,728
Profit/ (Loss) before tax	<u>1,348,563</u>	<u>2,921,114</u>	<u>(544,245)</u>	<u>3,725,432</u>
Segment assets	57,266,596	73,761,536	1,464,645	132,492,777
Tax recoverable				546,719
Total assets per statement of financial position				<u>133,039,496</u>
Segment liabilities	8,938,836	9,280,337	188,790	18,407,963
Borrowings				41,952,221
Current income tax liabilities				646,484
Deferred tax liabilities				2,951,375
Lease liabilities				26,722,680
Total liabilities per statement of financial position				<u>90,680,723</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Segment and Revenue Information (Continued)

4.2 Disaggregation of Revenue

	Manufacturing Business (RM)	Dealership Business (RM)	Other (RM)	Total (RM)
6 months ended 30 September 2023:				
Types of goods or services:				
Sales of NVH components and other non-NVH components	35,608,070	-	-	35,608,070
Sales of automobiles	-	167,823,570	-	167,823,570
After-sales automobile services	-	11,210,741	-	11,210,741
Incentives received from distributors	-	1,616,215	-	1,616,215
Handling fees	-	872,123	-	872,123
Agency fee income	-	525,088	-	525,088
Total revenue	<u>35,608,070</u>	<u>182,047,737</u>	<u>-</u>	<u>217,655,807</u>
Timing of revenue recognition:				
At a point in time	<u>35,608,070</u>	<u>182,047,737</u>	<u>-</u>	<u>217,655,807</u>
Total revenue	<u>35,608,070</u>	<u>182,047,737</u>	<u>-</u>	<u>217,655,807</u>
6 months ended 30 September 2022:				
Types of goods or services:				
Sales of NVH components and other non-NVH components	22,365,001	-	-	22,365,001
Sales of automobiles	-	169,409,389	-	169,409,389
After-sales automobile services	-	9,299,900	-	9,299,900
Incentives received from distributors	-	1,606,279	-	1,606,279
Handling fees	-	989,602	-	989,602
Agency fee income	-	463,596	-	463,596
Total revenue	<u>22,365,001</u>	<u>181,768,766</u>	<u>-</u>	<u>204,133,767</u>
Timing of revenue recognition:				
At a point in time	<u>22,365,001</u>	<u>181,768,766</u>	<u>-</u>	<u>204,133,767</u>
Total revenue	<u>22,365,001</u>	<u>181,768,766</u>	<u>-</u>	<u>204,133,767</u>

No geographical information has been prepared as the Group's businesses are in Malaysia.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Financial Assets and Financial Liabilities

	Group		Company	
	As at		As at	
	30-Sep-23 RM	31-Mar-23 RM	30-Sep-23 RM	31-Mar-23 RM
Financial Assets				
Cash and cash equivalents	17,494,948	11,905,820	91,295	17,868
Trade and other receivables	22,409,425	23,925,534	1,794	1,794
Receivables from subsidiary corporations	-	-	986,820	1,569,820
Financial assets, at FVPL	566,320	566,320	-	-
	40,470,693	36,397,674	1,079,909	1,589,482
Financial Liabilities				
Trade and other payables	(25,605,646)	(23,532,197)	(416,803)	(155,009)
Borrowings	(55,657,345)	(48,786,256)	(1,634,250)	(1,634,250)
Lease liabilities	(28,370,112)	(27,784,846)	-	-
	(109,633,103)	(100,103,299)	(2,051,053)	(1,789,259)

6. Profit Before Taxation

6.1 Significant Items

	Group		Increase/ (Decrease) %
	Six Months Ended		
	30-Sep-23 RM	30-Sep-22 RM	
Interest income	33,589	21,728	54.6
Commission received	158,167	28,875	447.8
Rental income	159,600	-	100.0
Realised currency exchange gain – net	15,259	453,901	(96.6)
Gain on disposal of property, plant and equipment	99,735	-	100.0
Gain on disposal of right-of-use assets	89,806	221,782	(59.5)
Sales commission	(3,254,548)	(3,200,557)	1.7
Rental of premises	(325,312)	(416,206)	(21.8)
Salary, wages, allowances and bonus	(6,146,383)	(4,976,068)	23.5
Directors' remuneration	(1,968,507)	(1,618,324)	21.6
Entertainment expenses	(601,877)	(436,557)	37.9
Security charges	(235,334)	(239,688)	(1.8)
Depreciation of property, plant and equipment	(2,429,695)	(2,108,543)	15.2
Depreciation of right-of-use assets	(2,638,320)	(2,329,215)	13.3
Amortisation expense	(276,212)	(331,454)	(16.7)
Interest on borrowings	(1,617,706)	(1,085,219)	49.1
Interest on lease liabilities	(524,571)	(500,189)	4.9

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	Group	
	Six Months Ended	
	30-Sep-23	30-Sep-22
	RM	RM
Current Income Tax		
- Current financial period	1,577,457	1,064,338
- Prior financial year	-	-
	1,577,457	1,064,338
Deferred Income Tax		
- Current financial period	(66,292)	(79,549)
	(66,292)	(79,549)
	<u>1,511,165</u>	<u>984,789</u>

8. Intangible Assets

	Group			
	Goodwill	Customer Relationship	License	Total
	RM	RM	RM	RM
At 31 March 2023				
Cost	376,541	98,909	3,878,545	4,353,995
Accumulated amortisation	-	(92,041)	(3,609,201)	(3,701,242)
Net book value	<u>376,541</u>	<u>6,868</u>	<u>269,344</u>	<u>652,753</u>
Six Months Ended 30 September 2023				
Opening net book amount	376,541	6,868	269,344	652,753
Amortisation charge	-	(6,868)	(269,344)	(276,212)
Closing net book amount	<u>376,541</u>	<u>-</u>	<u>-</u>	<u>376,541</u>
At 30 September 2023				
Cost	376,541	98,909	3,878,545	4,353,995
Accumulated amortisation	-	(98,909)	(3,878,545)	(3,977,454)
Net book value	<u>376,541</u>	<u>-</u>	<u>-</u>	<u>376,541</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Intangible Assets (Continued)

8.1 Goodwill Impairment

The goodwill of RM376,541 is allocated to the Dealership business where the operations are held in Malaysia.

In assessing whether an impairment is required, the carrying amount of the Cash Generating Unit (“CGU”) is compared with its recoverable amount. The recoverable amount of the CGU was determined based on value-in-use. The value-in-use is determined based on financial budgets approved by management covering a five-year period using the growth rate stated below.

	Dealership business	
	30-Sep-23	31-Mar-23
	%	%
Growth rate ⁽¹⁾	5.0 - 10.0	5.0 - 10.0
Discount rate ⁽²⁾	15.4	15.4

⁽¹⁾ Revenue growth rate used for extrapolation of future revenue for the five-year period

⁽²⁾ Pre-tax discount rate applied to pre-tax cash flow projection

These assumptions were used for the analysis of the CGU. The management estimates discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate is based on past performance and expectations on market development.

Based on the five-year projected cash flow, the recoverable amount of the CGU exceed its carrying amount. If the management’s estimated growth rate used in the value-in-use calculation for this CGU had declined by 1%, or the estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been raised to 17% (31 March 2023: 17%), the recoverable amount of the CGU would equal to the carrying amount.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Property, Plant and Equipment

During the six months period ended 30 September 2023, the Group acquired assets amounting to RM5,153,876 (30 September 2022: RM5,428,033) and disposed of assets amounting to RM1,370,338 (30 September 2022: RM Nil).

10. Borrowings

	As at 30-Sep-23			As at 31-Mar-23		
	Secured RM	Unsecured RM	Total RM	Secured RM	Unsecured RM	Total RM
Amount repayable in one year or less, or on demand	18,444,072	5,832	18,449,904	13,083,217	304,216	13,387,433
Amount repayable after one year	37,207,441	-	37,207,441	35,398,823	-	35,398,823
Total Borrowings	55,651,513	5,832	55,657,345	48,482,040	304,216	48,786,256

Details of Collaterals

As at 30 September 2023, the Group's borrowings were secured by:

- Joint and Several Guarantee by certain directors of subsidiary corporations.
- Pledged of the Group's fixed deposits.
- Corporate guarantee by the Company.
- First party and first legal charge over the Group's leasehold land and buildings.
- First party, first and second legal charge over the Group's freehold land.
- Fixed and floating charge on all present and future assets of the Group including the inventories financed by the banks.
- Specific debenture on certain assets of the Group.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Trade and Other Receivables

	Group		Company	
	As at		As at	
	30-Sep-23	31-Mar-23	30-Sep-23	31-Mar-23
	RM	RM	RM	RM
Trade receivables – non-related parties	19,689,544	19,327,865	-	-
Other receivables				
- Non-related parties	529,949	505,116	-	-
- Subsidiary corporations	-	-	986,820	1,569,820
- GST receivable	17,688	10,785	17,688	10,785
- Staff loans	81,445	86,015	-	-
	629,082	601,916	1,004,508	1,580,605
Advance payments to suppliers	2,544,940	4,493,567	-	-
Deposits	2,108,487	4,006,538	1,794	1,794
Prepayments	1,480,561	1,521,574	27,406	50,016
	26,452,614	29,951,460	1,033,708	1,632,415

The other receivables from subsidiary corporations and staff loans are unsecured, interest free and repayable on demand.

Advance payments to suppliers relate to payment made in advance for the acquisition of tools and machinery.

11.1 Trade Receivables Aging

	Group	
	As at	
	30-Sep-23	31-Mar-23
	RM	RM
Current	19,130,443	19,021,734
<i>Trade receivables days past due:</i>		
1 – 30 days	198,742	107,390
31 – 60 days	124,440	3,555
61 – 90 days	67,912	5,799
91 – 120 days	88,755	70,324
121 – 150 days	47,215	651
More than 150 days	32,037	118,412
	19,689,544	19,327,865

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Trade and Other Payables

	Group		Company	
	As at		As at	
	30-Sep-23	31-Mar-23	30-Sep-23	31-Mar-23
	RM	RM	RM	RM
Trade payables – non-related parties	18,432,924	18,037,829	-	-
Other payables				
- Non-related parties	1,897,578	1,542,556	242,592	15,104
- Directors	421,031	470,699	-	-
	2,318,609	2,013,255	242,592	15,104
Accruals for operating expenses	4,854,113	3,481,113	174,211	139,905
Advances from customers	1,567,731	1,445,269	-	-
Deferred income	6,406,201	4,563,401	-	-
	33,579,578	29,540,867	416,803	155,009

The other payables to directors are unsecured, interest-free and repayable on demand.

Included in the deferred income is an amount of RM265,000 (31 March 2023: RM265,000) refers to Business Development Fund received from non-related party for the purpose of workshop establishment and fund for marketing and sales effort.

The remaining balance of deferred income relates to advance billings to customer for development of tooling, moulds and related products that had yet to be delivered as at the end of the reporting period. The transaction price allocated to the unsatisfied performance obligation as of 30 September 2023 will be recognise as revenue according to the future automotive parts to be delivered to the customers.

13. Share Capital

	Group		Company	
	No. of ordinary shares	Amount	No. of ordinary shares	Amount
	Unit	RM	Unit	RM
At 30 September 2023				
Beginning and end of financial period	<u>119,523,315</u>	<u>37,356,382</u>	<u>119,523,315</u>	<u>37,356,382</u>
At 31 March 2023				
Beginning and end of financial year	<u>119,523,315</u>	<u>37,356,382</u>	<u>119,523,315</u>	<u>37,356,382</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Share Capital (Continued)

There were no treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

14. Earnings Per Share

	Group	
	Six Months Ended	
	30-Sep-23	30-Sep-22
Total comprehensive income, representing net profit attributable to equity holders of the Company (RM)	3,229,479	2,502,076
Weighted average number of Shares	119,523,315	119,523,315
Earnings per Share ("EPS") - basic and diluted (Sen)	2.70	2.09

Note:

The basic and diluted EPS of the Group for the respective financial period are the same as there were no outstanding convertibles. The basic and diluted EPS was calculated based on the weighted average number of ordinary shares in issue for the respective financial period.

15. Net Asset Value

	Group		Company	
	As at		As at	
	30-Sep-23	31-Mar-23	30-Sep-23	31-Mar-23
Net Asset Value ("NAV") per Share (Sen)	38.80	36.13	21.83	22.48
Equity Attributable to Owners of the Company (RM)	46,375,015	43,182,310	26,087,332	26,874,406
Number of Shares used in computation of NAV per Share	119,523,315	119,523,315	119,523,315	119,523,315

16. Subsequent Events

There are no known subsequent events which have led to adjustments to this set of condensed interim consolidated financial statements.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

1. In the case of Q1, Q2 and Q3 announcements, issuers may present the following statements in any format provided that the same format is used for each quarter. In the case of half-year and full year announcements, issuers must present the following statements in the form presented in the issuer's most recently audited annual financial statements:

(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Ordinary Shares
As at 31 March 2023 / 30 September 2023	<u>119,523,315</u>

There were no outstanding convertibles, treasury shares or subsidiary holdings at the end of the current financial period, the last financial period reported on, and as at the end of the corresponding period of the immediately preceding financial year.

(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Number of Ordinary Shares	
	As at	
	30-Sep-23	31-Mar-23
Total number of issued shares excluding treasury shares	119,523,315	119,523,315

There were no treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable as the Company did not have any treasury shares as at 31 March 2023 and 30 September 2023.

(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company did not hold any subsidiary holdings as at 31 March 2023 and 30 September 2023.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

- 3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- (a) **Updates on the efforts taken to resolve each outstanding audit issue.**

Not applicable.

- (b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Group's Financial Performance

Revenue

Revenue increased by approximately RM13.52 million or 6.6% from RM204.13 million in the first half financial period ended 30 September 2022 ("1H2023") to RM217.66 million in the first half financial period ended 30 September 2023 ("1H2024").

Manufacturing Business

Revenue from manufacturing business increased by RM13.24 million from RM22.37 million in 1H2023 to RM35.61 million in 1H2024. The increase was mainly due to an increase in sales orders for existing models as well as the introduction of new models in the market.

Dealership Business

Revenue from dealership business increased by RM0.28 million or 0.2% from RM181.77 million in 1H2023 to RM182.05 million in 1H2024. The increase is mainly due to the increase of availability of ready stock in new vehicles which lead to company able to fulfil the high demand in the market.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group's Financial Performance (Continued)

Cost of Sales

Cost of sales increased by approximately RM9.87 million or 5.3% from RM186.21 million in 1H2023 to RM196.09 million in 1H2024.

Manufacturing Business

Cost of sales from manufacturing business increased by RM9.14 million from RM17.93 million in 1H2023 to RM27.07 million in 1H2024. The increase is attributable to the increase in revenue as mentioned above.

Dealership Business

Cost of sales from dealership business increased by RM0.73 million from RM168.29 million in 1H2023 to RM169.02 million in 1H2024. The increase is attributable to the increase in revenue as mentioned above.

Gross Profit and Gross Profit Margin

The Group's gross profit had increased by approximately RM3.65 million or 20.4% from RM17.92 million in 1H2023 to RM21.57 million in 1H2024. The increase was due to an increase in gross profit from manufacturing business of approximately RM4.10 million from RM4.44 million in 1H2023 to RM8.54 million in 1H2024 while dealership business gross profit decreased by approximately RM0.45 million from RM13.48 million in 1H2023 to RM13.03 million in 1H2024.

Overall gross profit margin increased by approximately 1.1 percentage points from 8.8% in 1H2023 to 9.9% in 1H2024. The gross profit margin of dealership business decreased by 0.2 percentage points from 7.4% in 1H2023 to 7.2% in 1H2024. This was mainly due to higher discount given to customers as part of the promotional strategies to attract more customers. The gross profit margin of manufacturing business increased by 4.2 percentage points from 19.8% in 1H2023 to 24.0% in 1H2024 mainly due to the internal cost control exercise and increase in supply higher margin products.

Other Income

Other income increased by approximately RM0.20 million or 42.1% from RM0.48 million in 1H2023 to RM0.68 million in 1H2024. The increase was mainly due to rental income from sub-tenancy of partial retail space in a showroom, incentive received from principal on the increase of sales in automobiles and gain in disposal of property, plant and equipment.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group's Financial Performance (Continued)

Other Gains, Net

Other gains decreased by approximately RM0.66 million or 97.9% from RM0.67 million in 1H2023 to RM0.01 million in 1H2024. Previous half year (1H2023) recorded a much higher realised forex gain from payment to suppliers.

Selling and Distribution Expenses

Selling and distribution expenses increased by approximately RM0.41 million or 10.1% from RM4.00 million in 1H2023 to RM4.41 million in 1H2024. This was mainly due to an increase in sales commission and advertisement expenses and salary expenses amounting to RM3.41 million and RM0.77 million respectively in line with the increase in revenue.

Administrative Expenses

Administrative expenses increased by approximately RM1.21 million from RM9.76 million in 1H2023 to RM10.97 million in 1H2024. This was mainly due to the increase in (i) directors' remuneration by RM0.35 million, (ii) depreciation expense by RM0.30 million, (iii) entertainment expense by RM0.17 million, (iv) staff cost by RM0.20 million, and (v) staff welfare and benefits expenses by RM0.16 million.

Finance Expenses

Finance expense increased by approximately RM0.55 million or 35.1% from RM1.59 million in 1H2023 to RM2.14 million in 1H2024. This was mainly due to the increase in term loan interests by RM0.28 million, lease interests by RM0.02 million and floor stock interests by RM0.25 million.

Profit Before Tax

As a result of the aforementioned, the Group recorded profit before tax of RM4.82 million in 1H2024 which included share of profit of an associated company amounting to RM0.08 million, compared to profit before tax of RM3.73 million in 1H2023 with share of profit of an associated company of RM3,186.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group's Financial Position

Current assets

Current assets had increased by approximately RM9.49 million or 13.6% from RM69.83 million as at 31 March 2023 to RM79.31 million as at 30 September 2023. This was mainly due to the increase in inventories and cash and cash equivalents by approximately RM8.22 million and RM5.59 million respectively. The increase is offset by the decrease in trade and other receivable and tax recoverable by RM3.50 million and RM0.82 million respectively.

Non-current assets

Non-current assets increased by approximately RM5.38 million or 6.4% from RM83.80 million as at 31 March 2023 to RM89.19 million as at 30 September 2023. The increase was primarily due to the acquisition of new tools, moulds, and machinery for new projects within the manufacturing business, as well as the building renovation costs for the recently acquired leasehold industrial land with buildings.

Current liabilities

Current liabilities had increased by approximately RM9.36 million or 19.7% from RM47.43 million as at 31 March 2023 to RM56.79 million as at 30 September 2023. The increase was primarily due to the increase of borrowings and trade and other payables by approximately RM5.06 million and RM4.04 million respectively. The increase in other payables was mainly due to deferred income and accruals for operating expenses of approximately RM1.84 million and RM1.37 million respectively.

Non-current liabilities

Non-current liabilities had increased by approximately RM2.35 million or 3.8% from RM61.48 million as at 31 March 2023 to RM63.82 million as at 30 September 2023. The increase was mainly due to drawdown of term loan facilities during the financial year.

Equity

The increase in equity of approximately RM3.16 million from RM44.73 million as at 31 March 2023 to RM47.89 million as at 30 September 2023 was mainly due to the total comprehensive income generated during the financial period amounting to RM3.31 million offset by RM0.15 million from acquisition of 10% stake in MJN Automart Sdn Bhd by MJN Motors Sdn Bhd from Tan Kian Boon.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group's Cash Flows

The Group recorded net cash provided by operating activities of approximately RM6.99 million mainly due to the operating profit before changes in working capital of RM12.01 million, decrease in trade and other receivables by RM3.50 million and increase in inventories and trade and other payables by RM8.22 million and RM0.18 million respectively. The Group had paid income tax amounting to RM1.03 million to Inland Revenue Board in Malaysia based on the estimated tax payable on monthly instalments, partially offset by the receipt of income tax refund amounting to RM0.55 million from Inland Revenue Board in Malaysia for tax overpaid in prior years during the financial period.

The Group recorded net cash used in investing activities of approximately RM3.76 million mainly due to the additions to property, plant and equipment totalling RM5.15 million, addition in right-of-use assets totalling RM0.17 million and acquisition of interest in a subsidiary corporation amounting to RM0.15 million. These were partially offset by the proceeds from the disposal of property, plant and equipment amounting to RM1.47 million and right-of-use assets amounting to RM0.21 million, as well as the interest received from financial institutions amounting to RM0.03 million.

The Group recorded net cash provided by financing activities amounting to RM1.76 million due to the drawdown of bank borrowings amounting to RM8.48 million during the financial period. These were offset by additional fixed deposits pledged amounting to RM0.24 million, repayment of bank borrowings of approximately RM1.97 million, repayment of lease liabilities including finance lease of approximately RM2.37 million and interest paid of approximately RM2.14 million.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement has been previously disclosed to shareholders.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

According to the Bank Negara Malaysia under the subject of Economic and Financial Developments in Malaysia, in the second quarter of the 2023 calendar year, the Malaysian economy displayed a moderate expansion, with a growth rate of 2.9%. This growth, although slower compared to the first quarter of 5.6%, was primarily influenced by reduced external demand. The key drivers of this expansion were sustained domestic demand, particularly bolstered by strong private consumption and robust investment. The Malaysian economy is anticipated to continue growing in 2023, with projections suggesting it will likely fall towards the lower end of the 4.0% to 5.0% range, primarily due to the sustained strength of domestic demand.

The Malaysian Automotive Association (“MAA”) had via its press release on 20 July 2023 revised its forecasted Total Industry Volume (“TIV”) for calendar year 2023 to 725,000 units as compared to its original forecast of 650,000 in view of the stable economic outlook, sustainability of the market performance, exciting newer models and affordable models launches, aggressive promotional strategies and value added services, improvement in the industry supply chain, Bank Negara Malaysia’s decision to maintain the OPR at 3% and consumers spending softening. MAA further reported in its press release on 16 October 2023, the 9 months September 2023 calendar year-to-date total registration of new passenger and commercial vehicles in Malaysia was 571,767 units as compared to the 9 months September 2022 calendar year-to-date totalling 514,449 units. MAA also reported on the total passenger and commercial vehicles produced and assembled in Malaysia for the 9 months September 2023 calendar year-to-date was 566,442 units as compared to the 9 months September 2022 calendar year-to-date totalling 508,761 units.

The automotive industry has been experiencing ongoing growth, albeit at a more moderate rate, since the expiration of sales tax exemption incentives in the previous fiscal year. This growth is supported by improvements in supply chains and vehicle shipments. However, factors such as inflationary pressures, uncertainties in geopolitical conflicts, and a weaker global economic outlook are expected to continue influencing the overall economy. Consequently, the launch of new models or facelifts by the brand principals in Malaysia, with whom the Group partners including Mazda, Peugeot, Hyundai, Ford, Mitsubishi, Honda, Proton, Perodua, Toyota, and Kia will still be influenced by market sentiment and prevailing economic conditions at that time.

Premised on the foregoing, the Board is cautiously optimistic about the Group’s business performance for the financial year ending 31 March 2024.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended);

Yes. The Board has declared an interim dividend of 0.4 Sen per ordinary share after considering the financial performance of the Group for the current financial period and cash conservation for expansion and other business opportunities.

Name of dividend	Interim dividend
Dividend type	Cash
Dividend amount per share (in Malaysian Sen)	0.40 Sen per ordinary share
Tax rate	Tax exempt (one tier)

(b) (i) Amount per share, cents (ii) Previous corresponding period, cents;

Name of dividend	Interim dividend
Dividend type	Cash
Dividend amount per share (in Malaysian Sen)	1.2 Sen per ordinary share
Tax rate	Tax exempt (one tier)

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated);

Tax exempt.

(d) The date the dividend is payable;

15 December 2023.

(e) the date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

30 November 2023.

12. If no dividend has been declared (recommended), a statement to that effect and reason(s) for the decision.

Not applicable.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained an IPT mandate and there was no discloseable IPT during the current reporting period.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (Continued)

14. Negative confirmation pursuant to the Rule 705(5)

We, Wong Cheong Chee and Wong Keat Yee, being directors of the Company (“Directors”), hereby confirm on behalf of the board of Directors that, to the best of the Directors’ knowledge, nothing has come to the attention of the board of Directors which may render the unaudited consolidated financial statements of the Group for the six months ended 30 September 2023 to be false or misleading in any material aspect.

On behalf of the board of Directors,

Wong Cheong Chee
Executive Chairman and CEO

Wong Keat Yee
Executive Director

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

16. Changes in the composition of the Group

On 20 April 2023, the Company via its 80%-owned indirect subsidiary in Malaysia, MJN Motors Sdn. Bhd. (“MJNM”) had completed an investment in MJN Automart Sdn. Bhd. (“MJNAM”), a direct subsidiary of MJNM by increasing the shareholding from 90% to 100% through the acquisition of 10% equity interest from Tan Kian Boon (“TKB”), with total investment value of RM150,000 in cash funded by MJNM’s internal resources. MJNAM operates a Proton 4S dealership in Malaysia and the net assets value was RM1.04 million at the time of acquisition. The value of the consideration was arrived at on a willing buyer and willing seller basis after arm’s length negotiations between MJNM and TKB, taking into account the prevailing market conditions and the business prospects of MJNAM in which it operates the national brand of dealerships in Malaysia, ranking of second in the automotive sales table with an estimated market share of 19.6% in 2022.

Save as disclosed above, there is no other acquisition and/or sale of shares in any subsidiaries or associated companies of the Group during 1H2024 which is required to be reported under Rule 706A of the Catalist Rules.

BY ORDER OF THE BOARD

Wong Cheong Chee
Executive Chairman and Chief Executive Officer

10 November 2023