

MEGROUP LTD.

(Incorporated in the Republic of Singapore on 7 February 2018)
(Company Registration Number: 201804996H)

**Condensed Interim Financial Statements
For The Six Months and Full Year Ended 31 March 2023**

*This announcement has been prepared by MeGroup Ltd (the “**Company**”) and its contents have been reviewed by the Company’s Sponsor, UOB Kay Hian Private Limited (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone: (65) 6590 6881.

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

	Group Six Months Ended			Group Twelve Months Ended		
	31-Mar-23 RM	31-Mar-22 RM	+ / (-) %	31-Mar-23 RM	31-Mar-22 RM	+ / (-) %
Revenue	217,357,463	175,093,286	24.1	421,491,230	255,363,672	65.1
Cost of sales	(196,383,903)	(159,678,927)	23.0	(382,597,107)	(234,213,388)	63.4
Gross profit	20,973,560	15,414,359	36.1	38,894,123	21,150,284	83.9
Other income	252,062	603,278	(58.2)	729,945	1,329,595	(45.1)
Other gains and losses, net	821,502	551,383	49.0	1,496,160	629,609	137.6
Expenses						
– Selling and distribution	(4,266,226)	(3,179,200)	34.2	(8,267,614)	(5,060,901)	63.4
– Administrative	(11,685,509)	(9,293,854)	25.7	(21,449,571)	(17,120,109)	25.3
– Finance	(1,925,326)	(1,540,822)	25.0	(3,510,734)	(2,720,781)	29.0
Share of profit of an associated company	12,972	-	N.M	16,158	-	N.M
Profit/ (loss) before tax	4,183,035	2,555,144	63.7	7,908,467	(1,792,303)	N.M
Income tax expense	(380,570)	(716,699)	(46.9)	(1,365,359)	(1,507,794)	(9.4)
Total comprehensive income/ (loss), representing net profit/ (loss) for the financial period/ year	3,802,465	1,838,445	106.8	6,543,108	(3,300,097)	N.M
Total comprehensive income/ (loss), representing net profit/ (loss) attributable to:						
Equity holders of the Company	3,690,782	1,809,182	104.0	6,192,858	(3,125,455)	N.M
Non-controlling interests	111,683	29,263	281.7	350,250	(174,642)	N.M
	3,802,465	1,838,445	106.8	6,543,108	(3,300,097)	N.M
Earnings per share for profit/ (loss) attributable to equity holders of the Company (Sen)						
Basic and diluted	3.09	1.51	104.6	5.18	(2.61)	N.M

N.M denotes Not Meaningful.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	As at		As at	
	31-Mar-23 RM	31-Mar-22 RM	31-Mar-23 RM	31-Mar-22 RM
ASSETS				
Current assets				
Cash and cash equivalents	11,905,820	11,834,368	17,868	195,338
Trade and other receivables	29,951,460	23,755,132	1,632,415	5,220,633
Financial assets, at fair value through profit or loss ("FVPL")	566,320	-	-	-
Tax recoverable	1,154,236	1,591,238	-	-
Inventories	26,816,599	13,718,761	-	-
Total current assets	70,394,435	50,899,499	1,650,283	5,415,971
Non-current assets				
Property, plant and equipment	39,246,227	34,275,721	-	-
Right-of-use assets	42,403,182	42,619,837	-	-
Investments in subsidiary corporations	-	-	26,094,134	26,094,134
Investment in an associated company	935,406	-	919,248	-
Intangible assets	652,753	1,315,662	-	-
Total non-current assets	83,237,568	78,211,220	27,013,382	26,094,134
Total assets	153,632,003	129,110,719	28,663,665	31,510,105
LIABILITIES				
Current liabilities				
Trade and other payables	29,540,867	16,151,101	155,009	141,955
Current income tax liabilities	415,238	225,233	-	-
Borrowings	13,387,433	22,513,190	1,634,250	3,099,500
Lease liabilities	4,085,915	3,719,104	-	-
Total current liabilities	47,429,453	42,608,628	1,789,259	3,241,455
Non-current liabilities				
Borrowings	35,398,823	20,020,914	-	-
Lease liabilities	23,698,931	23,832,123	-	-
Deferred income tax liabilities	2,377,838	3,030,924	-	-
Total non-current liabilities	61,475,592	46,883,961	-	-
Total liabilities	108,905,045	89,492,589	1,789,259	3,241,455
NET ASSETS	44,726,958	39,618,130	26,874,406	28,268,650
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)	30,186,920	25,428,342	(10,481,976)	(9,087,732)
Other reserves	(24,360,992)	(24,360,992)	-	-
Total equity attributable to equity holders of the Company	43,182,310	38,423,732	26,874,406	28,268,650
Non-controlling interests	1,544,648	1,194,398	-	-
Total equity	44,726,958	39,618,130	26,874,406	28,268,650

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 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 financial year	-	-	-	6,192,858	6,192,858	350,250	6,543,108
Dividend paid	-	-	-	(1,434,280)	(1,434,280)	-	(1,434,280)
As at 31 March 2023	37,356,382	(24,594,282)	233,290	30,186,920	43,182,310	1,544,648	44,726,958
As at 1 April 2021	37,356,382	(24,594,282)	233,290	30,944,263	43,939,653	1,219,040	45,158,693
Total comprehensive loss for the financial year	-	-	-	(3,125,455)	(3,125,455)	(174,642)	(3,300,097)
Incorporation of subsidiary corporation	-	-	-	-	-	150,000	150,000
Dividend paid	-	-	-	(2,390,466)	(2,390,466)	-	(2,390,466)
As at 31 March 2022	37,356,382	(24,594,282)	233,290	25,428,342	38,423,732	1,194,398	39,618,130

	Company		
	Share capital	Accumulated losses	Total equity
	RM	RM	RM
As at 1 April 2022	37,356,382	(9,087,732)	28,268,650
Total comprehensive income for the financial year	-	40,036	40,036
Dividend paid	-	(1,434,280)	(1,434,280)
As at 31 March 2023	37,356,382	(10,481,976)	26,874,406
As at 1 April 2021	37,356,382	(5,631,773)	31,724,609
Total comprehensive loss for the financial year	-	(1,065,493)	(1,065,493)
Dividend paid	-	(2,390,466)	(2,390,466)
As at 31 March 2022	37,356,382	(9,087,732)	28,268,650

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Twelve Months Ended	
	31-Mar-23	31-Mar-22
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before income tax	7,908,467	(1,792,303)
Adjustments for:		
Amortisation of intangible assets	662,909	662,909
Depreciation of property, plant and equipment	4,292,060	3,739,657
Depreciation of right-of-use assets	4,919,201	4,349,764
(Gain)/Loss on disposal of property, plant and equipment	(203,727)	876
Gain on disposal of right-of-use assets	(221,782)	(397,350)
Interest income	(60,759)	(54,060)
Interest expense	3,510,734	2,720,781
Rental concessions	-	(109,792)
Fair value gain on financial assets, at FVPL	(566,320)	-
Share of profit of an associated company	(16,158)	-
	<u>20,224,625</u>	<u>9,120,482</u>
Changes in working capital:		
- Trade and other receivables	(6,196,328)	(6,271,321)
- Inventories	(13,097,838)	(1,703,945)
- Trade and other payables	14,645,715	(29,109)
Cash generated from operations	15,576,174	1,116,107
Income tax paid	(2,160,541)	(884,534)
Income tax refunded	769,103	301,337
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>14,184,736</u>	<u>532,910</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(10,518,619)	(8,922,050)
Additions to right-of-use assets	(243,027)	(432,264)
Proceeds from disposal of property, plant and equipment	36,249	4,600
Proceeds from disposal of right-of-use assets	644,064	1,172,140
Acquisition of interest in an associated company	(919,248)	-
Interest received	60,759	54,060
NET CASH USED IN INVESTING ACTIVITIES	<u>(10,939,822)</u>	<u>(8,123,514)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits pledged to licensed banks	(779,310)	(584,116)
Proceeds from bank borrowings	13,760,289	16,247,574
Repayment of bank borrowings	(3,423,074)	(1,946,944)
Repayment to lease liabilities	(4,480,600)	(4,031,637)
Dividend paid	(1,434,280)	(2,390,466)
Interest paid	(3,510,734)	(2,220,397)
Capital contribution from non-controlling interest	-	150,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>132,291</u>	<u>5,224,014</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS	3,377,205	(2,366,590)
Beginning of financial year	4,178,488	6,545,078
End of the financial year	<u>7,555,693</u>	<u>4,178,488</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	
	Twelve Months Ended	
	31-Mar-23	31-Mar-22
	RM	RM
Cash and bank balances	11,905,820	11,834,368
Less: Short-term bank deposits pledged	(3,812,796)	(3,033,486)
Less: Bank overdraft	(537,331)	(4,622,394)
	<u>7,555,693</u>	<u>4,178,488</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 financial year ended 31 March 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 31 March 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 financial year ended 31 March 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council 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 interim condensed financial statements for the period ended 30 September 2022.

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 2022. 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 2022.

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:

- (a) Depreciation of property, plant and equipment.
- (b) Impairment of 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 2022.

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 31 March 2023:				
Total segment sales, representing sales to external parties	<u>31,439,139</u>	<u>185,918,324</u>	<u>-</u>	<u>217,357,463</u>
Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	4,297,579	7,209,741	(333,032)	11,174,288
Depreciation expense	(1,728,008)	(3,045,495)	-	(4,773,503)
Amortisation expense	-	(331,455)	-	(331,455)
Interest expense	(658,491)	(1,221,215)	(45,620)	(1,925,326)
Interest income	21,688	16,849	494	39,031
Profit/(Loss) before tax	<u>1,932,768</u>	<u>2,628,425</u>	<u>(378,158)</u>	<u>4,183,035</u>
6 months ended 31 March 2022:				
Total segment sales, representing sales to external parties	<u>20,413,613</u>	<u>154,679,673</u>	<u>-</u>	<u>175,093,286</u>
Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	3,747,311	5,311,090	(450,299)	8,608,102
Depreciation expense	(1,445,022)	(2,744,303)	-	(4,189,325)
Amortisation expense	-	(331,455)	-	(331,455)
Interest expense	(443,435)	(1,074,595)	(22,792)	(1,540,822)
Interest income	782	7,816	46	8,644
Profit/(Loss) before tax	<u>1,859,636</u>	<u>1,168,553</u>	<u>(473,045)</u>	<u>2,555,144</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)
12 months ended 31 March 2023:				
Total segment sales, representing sales to external parties	<u>53,804,140</u>	<u>367,687,090</u>	<u>-</u>	<u>421,491,230</u>
Adjusted EBITDA	7,500,717	14,561,913	(830,018)	21,232,612
Depreciation expense	(3,255,628)	(5,955,633)	-	(9,211,261)
Amortisation expense	-	(662,909)	-	(662,909)
Interest expense	(1,129,854)	(2,287,713)	(93,167)	(3,510,734)
Interest income	<u>34,096</u>	<u>25,881</u>	<u>782</u>	<u>60,759</u>
Profit/ (Loss) before tax	<u>3,149,331</u>	<u>5,681,539</u>	<u>(922,403)</u>	<u>7,908,467</u>
Segment assets	65,322,891	85,143,739	2,011,137	152,477,767
Tax recoverable				<u>1,154,236</u>
Total assets per statement of financial position				<u>153,632,003</u>
Segment liabilities	13,093,719	16,231,691	215,457	29,540,867
Borrowings				48,786,256
Current income tax liabilities				415,238
Deferred tax liabilities				2,377,838
Lease liabilities				<u>27,784,846</u>
Total liabilities per statement of financial position				<u>108,905,045</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)
12 months ended 31 March 2022:				
Total segment sales, representing sales to external parties	<u>29,891,844</u>	<u>225,471,828</u>	<u>-</u>	<u>255,363,672</u>
Adjusted EBITDA	3,315,474	7,432,598	(1,121,324)	9,626,748
Depreciation expense	(2,804,316)	(5,285,105)	-	(8,089,421)
Amortisation expense	-	(662,909)	-	(662,909)
Interest expense	(726,122)	(1,960,432)	(34,227)	(2,720,781)
Interest income	<u>22,447</u>	<u>31,567</u>	<u>46</u>	<u>54,060</u>
(Loss) before tax	<u>(192,517)</u>	<u>(444,281)</u>	<u>(1,155,505)</u>	<u>(1,792,303)</u>
Segment assets	52,036,694	75,081,352	401,435	127,519,481
Tax recoverable				<u>1,591,238</u>
Total assets per statement of financial position				<u>129,110,719</u>
Segment liabilities	7,989,068	7,976,218	185,815	16,151,101
Borrowings				42,534,104
Current income tax liabilities				225,233
Deferred tax liabilities				3,030,924
Lease liabilities				<u>27,551,227</u>
Total liabilities per statement of financial position				<u>89,492,589</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 31 March 2023:				
Types of goods or services:				
Sales of NVH components and other non-NVH components	31,439,139	-	-	31,439,139
Sales of automobiles	-	172,061,165	-	172,061,165
After-sales automobile services	-	10,958,900	-	10,958,900
Incentives received from distributors	-	1,452,511	-	1,452,511
Handling fees	-	925,487	-	925,487
Agency fee income	-	520,261	-	520,261
Total revenue	31,439,139	185,918,324	-	217,357,463
Timing of revenue recognition:				
At a point in time	31,439,139	185,918,324	-	217,357,463
Total revenue	31,439,139	185,918,324	-	217,357,463
6 months ended 31 March 2022:				
Types of goods or services:				
Sales of NVH components and other non-NVH components	20,413,613	-	-	20,413,613
Sales of automobiles	-	145,574,844	-	145,574,844
After-sales automobile services	-	6,589,472	-	6,589,472
Incentives received from distributors	-	1,295,998	-	1,295,998
Handling fees	-	806,691	-	806,691
Agency fee income	-	412,668	-	412,668
Total revenue	20,413,613	154,679,673	-	175,093,286
Timing of revenue recognition:				
At a point in time	20,413,613	154,679,673	-	175,093,286
Total revenue	20,413,613	154,679,673	-	175,093,286

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Segment and Revenue Information (Continued)

4.2 Disaggregation of Revenue (Continued)

	Manufacturing Business (RM)	Dealership Business (RM)	Other (RM)	Total (RM)
12 months ended 31 March 2023:				
Types of goods or services:				
Sales of NVH components and other non-NVH components	53,804,140	-	-	53,804,140
Sales of automobiles	-	341,470,554	-	341,470,554
After-sales automobile services	-	20,258,800	-	20,258,800
Incentives received from distributors	-	3,058,790	-	3,058,790
Handling fees	-	1,915,089	-	1,915,089
Agency fee income	-	983,857	-	983,857
Total revenue	<u>53,804,140</u>	<u>367,687,090</u>	<u>-</u>	<u>421,491,230</u>
Timing of revenue recognition:				
At a point in time	<u>53,804,140</u>	<u>367,687,090</u>	<u>-</u>	<u>421,491,230</u>
Total revenue	<u>53,804,140</u>	<u>367,687,090</u>	<u>-</u>	<u>421,491,230</u>
12 months ended 31 March 2022:				
Types of goods or services:				
Sales of NVH components and other non-NVH components	29,891,844	-	-	29,891,844
Sales of automobiles	-	210,416,117	-	210,416,117
After-sales automobile services	-	11,565,103	-	11,565,103
Incentives received from distributors	-	1,725,193	-	1,725,193
Handling fees	-	1,144,166	-	1,144,166
Agency fee income	-	621,249	-	621,249
Total revenue	<u>29,891,844</u>	<u>225,471,828</u>	<u>-</u>	<u>255,363,672</u>
Timing of revenue recognition:				
At a point in time	<u>29,891,844</u>	<u>225,471,828</u>	<u>-</u>	<u>255,363,672</u>
Total revenue	<u>29,891,844</u>	<u>225,471,828</u>	<u>-</u>	<u>255,363,672</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	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	RM	RM	RM	RM
Financial Assets				
Cash and cash equivalents	11,905,820	11,834,368	17,868	195,338
Trade and other receivables	23,925,534	20,560,892	1,794	31,063
Receivables from subsidiary corporations	-	-	1,569,820	5,132,153
Financial assets, at FVPL	566,320	-	-	-
	36,397,674	32,395,260	1,589,482	5,358,554
Financial Liabilities				
Trade and other payables	(23,532,197)	(12,529,261)	(155,009)	(141,955)
Borrowings	(48,786,256)	(42,534,104)	(1,634,250)	(3,099,500)
Lease liabilities	(27,784,846)	(27,551,227)	-	-
	(100,103,299)	(82,614,592)	(1,789,259)	(3,241,455)

6. Profit/(Loss) Before Taxation

6.1 Significant Items

	Group		Group	
	Six Months Ended		Twelve Months Ended	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	RM	RM	RM	RM
Interest income	39,031	8,644	60,759	54,060
Commission received	44,694	77,090	73,569	182,709
Rental Income	133,725	-	138,725	-
Currency exchange gain – net	50,429	240,460	504,330	233,135
Fair value gain on financial assets, at FVPL	566,320	-	566,320	-
Gain/ (loss) on disposal of property, plant and equipment	203,727	(876)	203,727	(876)
Gain on disposal of right-of-use assets	-	326,409	221,782	397,350
Sales commission	(3,251,183)	(2,541,970)	(6,451,740)	(3,735,646)
Rental expenses on short-term lease	(320,044)	(267,778)	(736,250)	(464,212)
Salary, wages, allowances and bonus	(5,937,635)	(4,353,346)	(10,913,703)	(8,042,277)
Directors' remuneration	(2,023,359)	(1,634,387)	(3,641,683)	(3,011,839)
Entertainment expenses	(468,739)	(428,465)	(905,296)	(566,052)
Security charges	(238,865)	(214,140)	(478,553)	(429,928)
Depreciation of property, plant and equipment	(2,183,517)	(1,966,629)	(4,292,060)	(3,739,657)
Depreciation of right-of-use assets	(2,589,986)	(2,222,696)	(4,919,201)	(4,349,764)
Amortisation of intangible assets	(331,455)	(331,455)	(662,909)	(662,909)
Interest on borrowings	(1,379,205)	(1,026,345)	(2,464,424)	(1,768,584)
Interest on lease liabilities	(546,121)	(514,477)	(1,046,310)	(952,197)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Related Party Transactions

	Group		Group	
	Six Months Ended		Twelve Months Ended	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	RM	RM	RM	RM
Purchase of festive gifts and hampers from a related party	-	27,510	-	27,510
Purchase of property, plant and equipment from a related party	-	459,067	-	459,067

Related party comprise mainly companies which are controlled by the Group's key management personnel, directors and their close family members.

8. 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		Group	
	Six Months Ended		Twelve Months Ended	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	RM	RM	RM	RM
Profit for the Financial Period / Year:				
- Current income tax	1,137,018	723,860	2,201,356	723,860
- Deferred income tax	980,721	97,225	901,172	17,676
- Real property gain tax	-	13,300	-	13,300
	2,117,739	834,385	3,102,528	754,836
Under / (Over) Provision in Prior Financial Period / Year:				
- Current income tax	(182,911)	(516,924)	(182,911)	353,720
- Deferred income tax	(1,554,258)	399,238	(1,554,258)	399,238
	(1,737,169)	(117,686)	(1,737,169)	752,958
	380,570	716,699	1,365,359	1,507,794

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Dividends

	Group	
	Twelve Months Ended 31-Mar-23 RM	31-Mar-22 RM
Ordinary dividends declared and paid		
Interim one-tier tax exempt dividend of RM0.012 per share for the financial year ended 31 March 2023	1,434,280	-
Interim one-tier exempt dividend of RM0.012 per share for the financial year ended 31 March 2021	-	1,434,280
Special one-tier tax exempt dividend of RM0.008 per share for the financial year ended 31 March 2021	-	956,186
	<u>1,434,280</u>	<u>2,390,466</u>
Dividend per share (net of tax)	<u>0.012</u>	<u>0.02</u>

10. Intangible Assets

	Group			
	Goodwill RM	Customer Relationship RM	License RM	Total RM
At 30 September 2022				
Cost	376,541	98,909	3,878,545	4,353,995
Accumulated amortisation	-	(83,798)	(3,285,989)	(3,369,787)
Net book value	<u>376,541</u>	<u>15,111</u>	<u>592,556</u>	<u>984,208</u>
Six Months Ended 31 March 2023				
Opening net book amount	376,541	15,111	592,556	984,208
Amortisation charge	-	(8,243)	(323,212)	(331,455)
Closing net book amount	<u>376,541</u>	<u>6,868</u>	<u>269,344</u>	<u>652,753</u>
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>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Intangible Assets (Continued)

10.1 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	
	31-Mar-23	31-Mar-22
	%	%
Growth rate ⁽¹⁾	5.0 – 10.0	5.0 - 10.0
Discount rate ⁽²⁾	15.6	15.6

⁽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 19% (31 March 2022: 18%), the recoverable amount of the CGU would equal to the carrying amount.

11. Property, Plant and Equipment

During the six months period ended 31 March 2023, the Group acquired assets amounting to RM5,090,586 (31 March 2022: RM6,408,618) and disposed of assets amounting to RM1,260,522 (31 March 2022: RM700).

12. Borrowings

Group

	As at 31-Mar-23			As at 31-Mar-22		
	Secured RM	Unsecured RM	Total RM	Secured RM	Unsecured RM	Total RM
Amount repayable in one year or less, or on demand	13,083,217	304,216	13,387,433	21,947,918	565,272	22,513,190
Amount repayable after one year	35,398,823	-	35,398,823	19,715,152	305,762	20,020,914
Total Borrowings	48,482,040	304,216	48,786,256	41,663,070	871,034	42,534,104

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Borrowings (Continued)

Company	As at 31-Mar-23			As at 31-Mar-22		
	Secured RM	Unsecured RM	Total RM	Secured RM	Unsecured RM	Total RM
Amount repayable in one year or less, or on demand	1,634,250	-	1,634,250	3,099,500	-	3,099,500
Amount repayable after one year	-	-	-	-	-	-
Total Borrowings	<u>1,634,250</u>	<u>-</u>	<u>1,634,250</u>	<u>3,099,500</u>	<u>-</u>	<u>3,099,500</u>

Details of Collaterals

As at 31 March 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)

13. Trade and Other Receivables

	Group		Company	
	As at		As at	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	RM	RM	RM	RM
Trade receivables – non-related parties	19,327,865	17,082,185	-	-
Other receivables				
- Non-related parties	505,116	312,100	-	31,063
- Related party	-	97,070	-	-
- Subsidiary corporations	-	-	1,569,820	5,132,153
- GST receivable	10,785	9,625	10,785	9,625
- Staff loans	86,015	180,727	-	-
	601,916	599,522	1,580,605	5,172,841
Advance payments to suppliers	4,493,567	2,300,100	-	-
Deposits	4,006,538	2,888,810	1,794	-
Prepayments	1,521,574	884,515	50,016	47,792
	29,951,460	23,755,132	1,632,415	5,220,633

The other receivables from related party, holding corporation, 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.

13.1 Trade Receivables Aging

	Group	
	As at	
	31-Mar-23	31-Mar-22
	RM	RM
Current	19,021,734	16,043,814
<i>Trade receivables days past due:</i>		
1 – 30 days	107,390	570,784
31 – 60 days	3,555	206,291
61 – 90 days	5,799	79,933
91 – 120 days	70,324	29,580
121 – 150 days	651	48,146
More than 150 days	118,412	103,637
	19,327,865	17,082,185

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Trade and Other Payables

	Group		Company	
	As at		As at	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	RM	RM	RM	RM
Trade payables – non-related parties	18,037,829	6,622,727	-	-
Other payables				
- Non-related parties	1,542,556	2,485,572	15,104	3,175
- Directors	470,699	757,856	-	-
	<u>2,013,255</u>	<u>3,243,428</u>	<u>15,104</u>	<u>3,175</u>
Accruals for operating expenses	3,481,113	2,663,106	139,905	138,780
Advances from customers	1,445,269	2,106,077	-	-
Deferred income	4,563,401	1,515,763	-	-
	<u>29,540,867</u>	<u>16,151,101</u>	<u>155,009</u>	<u>141,955</u>

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

Included in deferred income is an amount of RM265,000 (31 March 2022: RM265,000) refers to a 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 31 March 2023 will be recognised as revenue according to the future automotive parts to be delivered to the customers

15. Share Capital

	Group		Company	
	No. of ordinary shares	Amount	No. of ordinary shares	Amount
	Unit	RM	Unit	RM
At 31 March 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 2022				
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.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Earnings Per Share

	Group		Group	
	Six Months Ended		Twelve Months Ended	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	RM	RM	RM	RM
Total comprehensive income / (loss), representing net profit / (loss) attributable to equity holders of the Company (RM)	3,690,782	1,809,182	6,192,858	(3,125,455)
Weighted average number of Shares	119,523,315	119,523,315	119,523,315	119,523,315
Earnings per Share ("EPS") - basic and diluted (Sen)	3.09	1.51	5.18	(2.61)

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.

17. Net Asset Value

	Group		Company	
	As at		As at	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Net Asset Value ("NAV") per Share (Sen)	36.13	32.15	22.48	23.65
Equity Attributable to Owners of the Company (RM)	43,182,310	38,423,732	26,874,406	28,268,650
Number of Shares used in computation of NAV per Share	119,523,315	119,523,315	119,523,315	119,523,315

18. 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(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 30 September 2022 / 31 March 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	
	31-Mar-23	31-Mar-22
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 2022 and 31 March 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 2022 and 31 March 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 for second half-year period ended 31 March 2023 ("**2H2023**") increased by approximately RM42.27 million or 24.1% from RM175.09 million in second half-year period ended 31 March 2022 ("**2H2022**") to RM217.36 million in 2H2023 and RM166.13 million or 65.1% from RM255.36 million in FY2022 to RM421.49 million in FY2023.

Manufacturing Business

Revenue from manufacturing business increased by RM11.03 million or 54.01% from RM20.41 million in 2H2022 to RM31.44 million in 2H2023. The significant increase was due to launching of new models in the market caused the high sales demands from customers. Overall revenue from manufacturing business has significantly increased by RM23.91 million or 80.0% from RM29.89 million in FY2022 to RM53.80 million in FY2023. The increase was mainly due to the full withdrawal of movement restrictions and the reopening of the economy which saw the increase of sales order by existing customers and new order by a new customer. Meanwhile, there are new car models have been officially launching in the market during the financial year and directly lead to the sharp increase in the annual turnover.

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)

Revenue (Continued)

Dealership Business

Revenue from dealership business increased by RM31.24 million or 20.2% from RM154.68 million in 2H2022 to RM185.92 million in 2H2023 and RM142.22 million or 63.1% from RM225.47 million in FY2022 to RM367.69 million in FY2023. The increase is primarily attributed to the rebound of business activities in Malaysia following the post-pandemic period, facilitated by the relaxation of Covid-19 standard operating procedures (SOPs) during the transition into the endemic phase, which became effective from 1 May 2022. Additionally, the increase is attributed to the additional revenue generated from the operations of the Proton Dealership in Telok Panglima Garang, Selangor, which commenced operations in January 2022.

Cost of Sales

Cost of sales increased by approximately RM36.70 million or 23.0% from RM159.68 million in 2H2022 to RM196.38 million in 2H2023 and RM148.39 million or 63.4% from RM234.21 million in FY2022 to RM382.60 million in FY2023.

Manufacturing Business

Cost of sales from manufacturing business increased by approximately RM9.23 million or 61.0% from RM15.13 million in 2H2022 to RM24.36 million in 2H2023 and RM18.78 million or 79.9% from RM23.51 million in FY2022 to RM42.29 million in FY2023. The increase is attributable to the increase in revenue as mentioned above.

Dealership Business

Cost of sales from dealership business increased by approximately RM27.47 million or 19.0% from RM144.55 million in 2H2022 to RM172.02 million in 2H2023 and RM129.60 million or 61.5% from RM210.71 million in FY2022 to RM340.31 million in FY2023. The increase is attributable to the increase in revenue as mentioned above.

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)

Gross Profit and Gross Profit Margin

The Group's gross profit had increased by approximately RM5.56 million or 36.1% from RM15.41 million in 2H2022 to RM20.97 million in 2H2023 and RM17.74 million or 83.9% from RM21.15 million in FY2022 to RM38.89 million in FY2023. The increase from FY2022 to FY2023 was due to an increase in gross profit from manufacturing business of approximately RM5.12 million from RM6.39 million in FY2022 to RM11.51 million in FY2023. The increase was also due to an increase of gross profit in dealership business of approximately RM12.61 million from RM14.77 million in FY2022 to RM27.38 million in FY2023.

Overall gross profit margin increased by 0.9 percentage points from 8.8% in 2H2022 to 9.7% in 2H2023, 0.9 percentage points from 8.3% in FY2022 to 9.2% in FY2023. The gross profit margin of dealership business increased by 0.9 percentage points, from 6.5% in FY2022 to 7.4% in FY2023. This was mainly due to lesser discounts given out to attract car sales customers in view of high demands of cars from strong vehicle bookings received prior to the expiration of the sales tax exemption incentive period on 30 June 2022 in Malaysia. The gross profit margin of manufacturing business maintained at 21.4% in FY2022 and FY2023.

Other Income

Other income decreased by approximately RM0.35 million or 58.2% from RM0.60 million in 2H2022 to RM0.25 million in 2H2023 and RM0.60 million or 45.1% from RM1.33 million in FY2022 to RM0.73 million in FY2023. The decrease can be primarily attributed to the discontinuation of the income subsidy provided through the Wage Subsidy 4.0 program introduced by the Malaysian government, which ended in April 2022 due to the transition into the endemic phase, effective from 1 May 2022.

Other Gains and Losses, Net

Other gains and losses increased by approximately RM0.27 million or 49.0% from RM0.55 million in 2H2022 to RM0.82 million in 2H2023 and increased by approximately RM0.87 million or 137.6% from RM0.63 million in FY2022 to RM1.50 million in FY2023. The increase in FY2023 was mainly due to fair value gain on financial assets, at FVPL amounting to RM0.57 million during the year for the fair value on call options issued to the Group by Hanamaru Auto Trading (Malaysia) Sdn Bhd ("**Hanamaru Malaysia**"). The call options allow the Group to subscribe for and/or purchase shares of Hanamaru Malaysia from Hanamaru Co., Ltd ("**Hanamaru Japan**") upon Hanamaru Malaysia meeting certain milestones, increase in realised and unrealised forex gain from payment to suppliers amounting to RM0.27 million, gain on disposal of PPE amounting to RM0.21 million, offset by decrease in gain on disposal of right-of-use assets amounting to RM0.18 million in FY2023.

Selling and Distribution Expenses

Selling and distribution expenses increased by approximately RM1.09 million or 34.2% from RM3.18 million in 2H2022 to RM4.27 million in 2H2023 and RM3.21 million or 63.4% from RM5.06 million in FY2022 to RM8.27 million in FY2023. The increase in FY2023 was mainly due to the increase in (i) commission and incentive expenses by RM2.72 million, (ii) salary expenses by RM0.34 million, (iii) sundry expenses by RM0.06 million, (iv) entertainment expenses by RM0.05 million and (v) advertisement and promotion by RM0.04 million.

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)

Administrative Expenses

Administrative expenses increased by approximately RM2.40 million or 25.7% from RM9.29 million in 2H2022 to RM11.69 million in 2H2023 and RM4.33 million or 25.3% from RM17.12 million in FY2022 to RM21.45 million in FY2023. The increase in FY2023 was mainly due to the increase in (i) professional fees by RM0.97 million, (ii) depreciation expenses by RM0.76 million, (iii) directors' remuneration by RM0.63 million, (iv) staff costs, welfare and benefit expenses by 0.83 million, (v) entertainment expenses by RM0.28 million, (vi) travelling and accommodation expenses by RM0.27 million, (vii) utilities expenses by RM0.17 million, (viii) insurance expenses by RM0.12 million and (ix) upkeep of office equipment and motor vehicles by RM0.30 million.

Finance Expenses

Finance expenses increased by approximately RM0.38 million or 25.0% from RM1.54 million in 2H2022 to RM1.93 million in 2H2023 and RM0.79 million or 29.0% from RM2.72 million in FY2022 to RM3.51 million in FY2023. The increase in FY2023 was mainly due to increase in term loan and floor stock financing interest by RM0.70 million and interest in lease liabilities by RM0.09 million.

Profit/(Loss) Before Tax

As a result of the aforementioned, the Group recorded a profit before tax of RM4.18 million in 2H2023 compared to a profit before tax of RM2.56 million in 2H2022, and profit before tax of RM7.91 million in FY2023 compared to a loss before tax of RM1.79 million in FY2022.

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 RM19.49 million or 38.3% from RM50.90 million as at 31 March 2022 to RM70.39 million as at 31 March 2023. This was due to the increase in trade and other receivables by approximately RM6.19 million from RM23.76 million as at 31 March 2022 to RM29.95 million as at 31 March 2023 as a result of higher number of vehicles sales registration in March 2023 where collection by way of customers' bank disbursement received in the following month and increase in advance payments to suppliers in relation to payment made in advance for the acquisition of tools and machinery for manufacturing business. Inventories had also increased by approximately RM13.10 million, from RM13.72 million as at 31 March 2022 to RM26.82 million as at 31 March 2023 to stock up inventories to accommodate for sales in the following months. Additionally, the Group had recognised a financial assets, at FVPL amounting to RM0.57 million in FY2023 for the fair value on call options issued to the Group by Hanamaru Malaysia. The call options allow the Group to subscribe for and/or purchase shares of Hanamaru Malaysia from Hanamaru Japan upon Hanamaru Malaysia meeting certain milestones.

Non-current assets

Non-current assets increased by approximately RM5.03 million or 6.4% from RM78.21 million as at 31 March 2022 to RM83.24 million as at 31 March 2023. This was mainly due to the purchase of new tools, moulds and machineries for new projects secured in the manufacturing business and the new investment in an associated company in FY2023.

Current liabilities

Current liabilities increased by approximately RM4.83 million or 11.3% from RM42.61 million as at 31 March 2022 to RM47.43 million as at 31 March 2023. This was mainly due to the increase in trade and other payables by approximately RM13.39 million due to purchase of vehicles inventory from the automotive principals in the dealership business and raw materials supplier in the manufacturing business. The increase is offset by a decrease in short-term borrowing amounting to RM9.13 million as a result of the reclassification of non-current borrowing amounting to RM7.23 million to current borrowing of a subsidiary corporation of the Group as at 31 March 2022 who did not fulfil one of the banks financial covenants. For current financial year, the said loan of RM6.71 million was reclassified back to non-current borrowing as at 31 March 2023 as the subsidiary corporation had fulfil the bank financial covenants and the bank has also agreed to renew and to grand the facility accordingly.

Non-current liabilities

Non-current liabilities increased by approximately RM14.60 million or 31.1% from RM46.88 million as at 31 March 2022 to RM61.48 million as at 31 March 2023. This was mainly due to the reclassification of a subsidiary corporation borrowing amounting to RM6.71 million from current to non-current borrowing as at 31 March 2023 and drawdown of term loan facilities during the financial year.

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 (Continued)

Equity

The increase in equity of approximately RM5.11 million from RM39.62 million as at 31 March 2022 to RM44.73 million as at 31 March 2023 was mainly due to net profit of RM6.54 million during the financial year and interim dividend declared and paid during the financial year amounting to RM1.43 million.

Review of Group's Cash Flows

The Group recorded net cash generated from operating activities of approximately RM14.18 million mainly due to the operating profit before changes in working capital of RM20.22 million, increase in trade and other receivables and inventories by RM6.20 million and RM13.10 million respectively and increase in trade and other payables of RM14.65 million. The Group has received an income tax refund amounting to RM0.77 million from Inland Revenue Board in Malaysia for tax overpaid in prior years during the financial period, partially offset by the income tax paid amounting to RM2.16 million based on the estimated tax payable on monthly instalments paid to the Inland Revenue Board in Malaysia.

The Group recorded net cash used in investing activities of approximately RM10.94 million mainly due to the additions to property, plant and equipment totalling RM10.52 million, addition in right-of-use assets totalling RM0.24 million and acquisition of 20% interest in an associated company, Hanamaru Malaysia amounting to RM0.92 million in September 2022. These were partially offset by the proceeds from the disposal of right-of use assets and property, plant and equipment amounting to RM0.64 million and RM0.04 million respectively and interest received from financial institutions amounting to RM0.06 million.

The Group recorded net cash provided by financing activities amounting to RM0.13 million due to drawdown of bank borrowings amounting to RM13.76 million, off-set by (i) fixed deposit pledged amounting to RM0.78 million, (ii) repayment of bank borrowings of approximately RM3.43 million, (iii) repayment of lease liabilities including finance lease of approximately RM4.48 million, (iv) dividend paid amounting RM1.43 million and (v) interest paid of approximately RM3.51 million during the financial year.

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 specific 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.

Malaysia's Gross Domestic Product (GDP) in the first quarter of calendar year ("CY") 2023 expanded 5.6 per cent after recorded a growth of 7.1 per cent in the previous quarter. The economic performance in the first quarter of CY2023 on the supply side was driven by all sectors, particularly the Services, Manufacturing and Construction sectors. On the demand side, Private final consumption expenditure and Gross fixed capital formation continued to propel the growth in the economy this quarter. For the CY2023, the Malaysian economy is expected to expand at a more moderate pace amid a challenging external environment with domestic demand continuing to drive growth, supported by the continued recovery in the labour market and the realisation of multi-year investment projects.

After two consecutive years in a row of declining sales, the Total Industry Volume ("TIV") had rebounded strongly to register 720,658 units in CY2022, a new record and the first time the TIV exceeded the 700,000 units mark in the history of the Malaysian automotive industry. This can be attributed to the pent-up demand for new vehicles and the authority's decision to allow buyers with confirmed booking with sales tax exemption submitted before 30 June 2022 to register their new passenger vehicles by 31 March 2023.

The Malaysian Automotive Association ("MAA") had forecasted lower TIV at 650,000 units in CY2023 after taken into account the economic and environmental factors such as:

- a) Economist and analysts foresee the global economy growth is expected to slow down and may even fall into a recession in CY2023;
- b) The International Monetary Fund ("IMF") had forecasted lower global economic growth from 3.2 per cent in CY2022 to 2.7 per cent in CY2023;
- c) Despite the challenging global economic environment, the Malaysian economy is expected to expand by 4 per cent to 5 per cent in CY2023 supported by firm domestic demand amid continued improvements in the labour market;
- d) Rush to deliver many backlog orders exempted from the sales tax before the end of March 2023 may provide impetus to grow sales particularly in passenger vehicles category in first quarter of CY2023
- e) Introduction of many new models with the latest technology advancements and many new electric vehicles at affordable and competitive prices, will entice and sustain buying interest among consumers.
- f) Bank Negara Malaysia ("BNM")'s decision at its Monetary Policy Committee ("MPC") meeting on 7 November 2022 to increase the benchmark Overnight Policy Rate ("OPR") by 25 basis points to 2.75 percent and the fear of further increase in OPR this year (to manage inflationary pressure) could dampen consumer confidence.
- g) The automotive industry continues to face challenges and supply chain issues such as shortage of semiconductors chips, uncertainties in geopolitical tension and possible resurgence of Covid-19 cases worldwide which may affect the country's economic growth momentum and in turn the sales of new vehicles.

The automotive sector continues to face ongoing challenges such as shortages in supply of microchips and components, delays in supply of vehicles, tighter financial conditions, uncertainties in geopolitical conflicts and weaker global growth. Premised on the foregoing, the Group is cautiously optimistic about its business performance with the existing and new orders in the manufacturing segment and the new product line-up by the brand principals in the dealership segment. The Group is continuously looking at opportunities to expand its product offerings in the automotive sector.

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);**

No.

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

None.

- (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);**

Not applicable.

- (d) The date the dividend is payable;**

Not applicable.

- (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.**

Not applicable.

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

There was no dividend declared or recommended for the current reporting period as the Group intends to conserve cash for expansion and other business opportunities.

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

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.

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.

18. **A breakdown of sales as follows:**

	Group		+ / (-) %
	Financial year ended		
	31-Mar-23 RM	31-Mar-22 RM	
Revenue reported for first half year	204,133,767	80,270,386	154.3
Profit/ (loss) after tax before deducting non-controlling interests reported for first half year	2,740,643	(5,138,542)	N.M
Revenue reported for second half year	217,357,463	175,093,286	24.1
Profit after tax before deducting non-controlling interests reported for second half year	3,802,465	1,838,445	106.8

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

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	Financial year ended	
	31-Mar-23 RM	31-Mar-22 RM
Interim dividend	1,434,280	-
Total	<u>1,434,280</u>	<u>-</u>

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relation with any director and / or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any during the year
Wong Sai Hou	47	Mr Wong Sai Hou is the son of our Executive Chairman and CEO, Mr Wong Cheong Chee, and the brother of our Executive Director, Ms Wong Keat Yee.	Head, Group Expansion & Strategy and Head, Dealership since 2018. As Head, Group Expansion & Strategy, Mr Wong Sai Hou is currently responsible for overseeing and settling the growth and expansion strategy of our Group's Manufacturing Business and Dealership Business. As Head, Dealership, Mr Wong Sai Hou also oversees the operation and management of our Group's dealerships.	There is no change during the year.

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

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement. (Continued)

Name	Age	Family relation with any director and / or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any during the year
Wong Sai Keat	40	Mr Wong Sai Keat is the son of our Executive Chairman and CEO, Mr Wong Cheong Chee, and the brother of our Executive Director, Ms Wong Keat Yee.	Head of Engineering and R&D, Manufacturing since 2018. As Head of Engineering and R&D, Manufacturing, Mr Wong Sai Keat currently oversees the engineering function of our Manufacturing Business, and is responsible for our product development department, ensuring that the physical properties of our thermobonded felt products meet the requirements of our customers as well as developing new applications for our thermobonded felts. Mr Wong Sai Keat also works closely with our Head of Sales, Manufacturing, Mr Abdul Razak Bin Montel, to maintain and grow the Group's strategic relationship with our customers, principals and suppliers, primarily with a focus on customer, principals and suppliers who are located outside of Malaysia.	There is no change during the year.

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

21. Changes in the composition of the Group

On 8 September 2022, the Company had completed an investment in a 20%-owned associated company in Malaysia, Hanamaru Malaysia to operates an online auction platform for the sale of used or salvaged automobiles and other automotive spare parts in Malaysia, with total investment value of RM919,248.

Please refer to the Company's announcement dated 19 August 2022 and 9 September 2022 for the details with regards to Hanamaru Malaysia.

Save as disclosed above, there is no other acquisition and/or sale of shares in any subsidiaries or associated companies of the Group during FY2023 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

29 May 2023