

MEGROUP LTD.

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

Full Year Financial Statements and Related Announcement For The Financial Year Ended 31 March 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assume 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.

The contact person for the Sponsor is Mr Eric Wong, Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.

MeGroup Ltd. (the "**Company**") was incorporated in Singapore on 7 February 2018 under the Companies Act (Chapter 50) of Singapore as a private limited company. The Company and its subsidiaries (the "**Group**") was formed through a restructuring exercise (the "**Restructuring Exercise**") which involved a series of acquisitions, rationalisation of the corporate and shareholding structure as well as business and operations of our Group prior to the Company's listing on Catalyst. Please refer to the Company's offer document dated 22 October 2018 (the "**Offer Document**") for further details on the Restructuring Exercise.

For the purpose of this announcement, our Group's results for the financial year ended 31st March 2019 ("**FY2019**") and comparative results for the financial year ended 31st March 2018 ("**FY2018**") have been prepared using the pooling of interest method, and the combined financial statements are presented as if the business has always been combined since the beginning of the earliest period presented.

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i). An income statement and statement of comprehensive income, or statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Increase / (Decrease) %
	Financial Year Ended		
	31-Mar-19	31-Mar-18	
	RM	RM	
Revenue	243,458,457	145,248,965	67.6
Cost of sales	(218,932,835)	(125,686,896)	74.2
Gross profit	24,525,622	19,562,069	25.4
Other income	603,266	5,365,568	(88.8)
Other (losses) / gains, net	(125,449)	162,771	NM
Expenses			
– Selling and distribution	(4,524,086)	(2,769,461)	63.4
– Administrative	(14,697,527)	(10,013,277)	46.8
– Finance	(1,891,828)	(813,454)	132.6
Profit before income tax	3,889,998	11,494,216	(66.2)
Income tax expense	(1,945,282)	(2,175,224)	(10.6)
Profit before continuing operations	1,944,716	9,318,992	(79.1)
Discontinued operations			
Loss from discontinued operations	-	(410,221)	NM
Total comprehensive income , representing net profit for the financial year	1,944,716	8,908,771	(78.2)
Total comprehensive income , representing net profit attributable to:			
Equity holders of the Company	1,394,142	8,944,435	(84.4)
Non-controlling interests	550,574	(35,664)	NM
	1,944,716	8,908,771	(78.2)
Earnings per share for profit attributable to equity holders of the Company (Sen)			
Basic and diluted earnings per share			
From continuing operations	1.28	8.77	
From discontinued operations	-	(0.40)	

NM denotes not meaningful.

Note:

The combined statement of comprehensive income for the financial period ended 30 March 2018 have been prepared based on the pooling-of-interest method as if the current group structure had been in existence prior to the restructuring exercise.

1(a)(ii). Notes to the Combined Statements of Comprehensive Income

The Group's profit before tax is arrived at after crediting / (charging) the following:

	Group		Increase/ (Decrease) %
	31-Mar-19	31-Mar-18	
	RM	RM	
Interest income	123,237	55,834	120.7
Commission received	297,319	105,304	182.3
Dividend received from short-term money market fund	7,615	31,236	(75.6)
MRT Compensation	-	4,825,734	NM
Fees from Yatta Group Sdn. Bhd.	132,000	50,199	162.9
Realised currency exchange (loss)/gain – net	(119,305)	926,249	NM
Gain/(loss) on disposal of property, plant and equipment	6,292	(53,956)	NM
Property, plant and equipment written-off	-	(1,063,584)	NM
Sales commission	(2,478,576)	(1,274,677)	94.4
Rental of premises	(2,500,387)	(2,261,938)	10.5
Salary, wages, allowances and bonus	(7,327,462)	(7,845,196)	(6.6)
Directors' remuneration	(2,231,322)	(2,044,855)	9.1
Entertainment expenses	(662,075)	(510,355)	29.7
Security charges	(404,557)	(314,606)	28.6
Depreciation expense	(2,755,880)	(2,252,891)	22.3
Amortisation expense	(662,909)	(386,697)	71.4
Interest on borrowings	(1,891,828)	(813,454)	132.6

1(b)(i). A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at		As at	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM	RM	RM	RM
ASSETS				
Current assets				
Cash and cash equivalents	16,927,691	11,018,847	6,847,246	3
Trade and other receivables	21,495,433	14,638,540	258,944	-
Inventories	15,143,323	10,043,213	-	-
Tax recoverable	813,778	-	-	-
Total current assets	54,380,225	35,700,600	7,106,190	3
Non-current assets				
Property, plant and equipment	33,558,447	32,258,050	-	-
Investment in subsidiary corporations	-	-	26,094,134	-
Intangible assets	3,304,389	3,967,298	-	-
Total non-current assets	36,862,836	36,225,348	26,094,134	-
Total assets	91,243,061	71,925,948	33,200,324	3
EQUITY AND LIABILITIES				
LIABILITIES				
Current liabilities				
Trade and other payables	12,301,614	8,878,360	214,580	-
Current income tax liabilities	970,267	735,885	-	-
Borrowings	12,805,029	10,553,427	-	-
Total current liabilities	26,076,910	20,167,672	214,580	-
Non-current liabilities				
Deferred tax liabilities	2,855,472	2,637,499	-	-
Borrowings	17,536,082	16,768,806	-	-
Total non-current liabilities	20,391,554	19,406,305	-	-
Total liabilities	46,468,464	39,573,977	214,580	-
NET ASSETS	44,774,597	32,351,971	32,985,744	3
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	36,722,029	1,499,852	36,722,029	3
Merger reserve	(24,594,282)	-	-	-
Retained profits / (accumulated losses)	30,246,214	29,002,057	(3,736,285)	-
Total equity attributable to equity holders of the Company	42,373,961	30,501,909	32,985,744	3
Non-controlling interests	2,400,636	1,850,062	-	-
Total Equity	44,774,597	32,351,971	32,985,744	3

1(b)(ii). In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year: (A) the amount repayable in one year or less, or on demand; (B) the amount repayable after one year; (C) whether the amounts are secured or unsecured; and (D) details of any collaterals.

	As at 31-March-19		As at 31-Mar-18	
	Secured RM	Unsecured RM	Secured RM	Unsecured RM
Amount repayable in one year or less, or on demand	7,302,530	5,502,499	3,392,441	7,160,986
Amount repayable after one year	15,018,489	2,517,593	14,173,333	2,595,473

Details of Collaterals

As at 31 March 2019 and 31 March 2018, the Group's borrowings are secured by:

- Joint and Several Guarantee by the following directors and executive officers in their personal capacity:
 1. Wong Cheong Chee
 2. Wong Sai Hou
 3. Abdul Razak Bin Montel
- Corporate Guarantee by Menang Nusantara Sdn Bhd for facilities of Menang Nusantara Auto Sdn Bhd, MN Otomobil Sdn Bhd and MJN Motors Sdn Bhd
- 1st party 1st legal charge over the land and building at Bukit Beruntung for facilities of Menang Nusantara Sdn Bhd
- 1st party 2nd legal charge over the land and building at Bukit Beruntung for facilities of Menang Nusantara Sdn Bhd
- Debenture on fixed and floating assets of Menang Nusantara Sdn Bhd
- Specific debenture on the toolings and related equipment of Menang Nusantara Sdn Bhd
- Specific debenture on machines of Menang Nusantara Sdn Bhd
- Debenture in a form of floating charge over all company's stock of Motor Vehicles purchased utilizing floor stock facilities under Menang Nusantara Auto Sdn Bhd, MN Otomoboil Sdn Bhd and MJN Motors Sdn Bhd
- Half-year sinking fund bank deposits of RM 75,000.00 as collateral for facility of MJN Motors Sdn Bhd
- 1st party all monies legal charge over the property at Lot 1, Jalan 5, Cheras Jaya of Menang Nusantara Sdn Bhd
- 1st party all monies legal charge over the property at Lot 14, Jalan CJ 1/7, Cheras Jaya of Menang Nusantara Sdn Bhd

1(c). A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Financial Year Ended	Financial Year Ended
	31-Mar-19	31-Mar-18
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	3,889,998	11,083,995
Adjustments for:		
Amortisation of intangible assets	662,909	386,697
Bad debts written off	-	10,005
Depreciation of property, plant and equipment	2,755,880	2,252,891
(Gain) / Loss on disposal of property, plant and equipment	(6,292)	53,956
(Gain) / Loss on disposal of subsidiary corporation	-	(418,064)
Property, plant and equipment written off	-	1,063,584
Interest income	(123,237)	(55,834)
Interest expense	1,891,828	813,454
Operating cashflow before working capital changes	9,071,086	15,190,684
Changes in working capital:		
Trade and other receivables	(6,856,893)	(1,766,709)
Inventories	(5,100,110)	(6,472,565)
Trade and other payables	3,423,254	(2,683,623)
Cash generated from operations	537,337	4,267,787
Income tax paid	(2,306,705)	(873,603)
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	(1,769,368)	3,394,184
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	123,237	55,834
Additions to property, plant and equipment	(2,286,949)	(8,471,084)
Proceeds from disposal of property, plant and equipment	520,264	348,438
Disposal of a subsidiary corporation, net of cash disposed of	-	335,016
Acquisition of a subsidiary corporation, net of cash acquired	-	(2,131,250)
Investment in a subsidiary corporation by non-controlling interests	-	450,055
Fixed deposits pledged to licensed banks	(53,163)	(315,272)
NET CASH USED IN INVESTING ACTIVITIES	(1,696,611)	(9,728,263)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	1,257,143	10,548,796
Repayment of bank borrowings	(682,095)	(2,627,523)
Gross proceeds from initial public offering ("IPO")	11,449,135	-
Listing expenses paid	(821,240)	-
Dividends paid	(149,985)	(1,949,805)
Interest paid	(1,891,828)	(813,454)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	9,161,130	5,158,014
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,695,151	(1,176,065)
CASH AND CASH EQUIVALENTS		
Beginning of financial year	8,106,220	9,282,285
End of the financial year	13,801,371	8,106,220

Note:

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

	Group	
	Financial Year Ended	
	31-Mar-19	31-Mar-18
	RM	
Cash and bank balances	16,927,691	11,018,847
Less: Short-term bank deposits pledged	(886,901)	(833,738)
Less: Bank overdraft	(2,239,419)	(2,078,889)
	13,801,371	8,106,220

1(d)(i). A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	Share capital	Merger reserve	Retained profits	Attributable to equity holders of the Company	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM
As at 1 April 2018	1,499,852	-	29,002,057	30,501,909	1,850,062	32,351,971
Total comprehensive income for the financial year	-	-	1,394,142	1,394,142	550,574	1,944,716
Dividends paid	-	-	(149,985)	(149,985)	-	(149,985)
Restructuring exercise	(1,499,852)	(24,594,282)	-	(26,094,134)	-	(26,094,134)
Issuance of new shares pursuant to Restructuring Exercise	26,094,134	-	-	26,094,134	-	26,094,134
Issuance of new shares pursuant to IPO	11,449,135	-	-	11,449,135	-	11,449,135
Capitalisation of listing expenses	(821,240)	-	-	(821,240)	-	(821,240)
As at 31 March 2019	36,722,029	(24,594,282)	30,246,214	42,373,961	2,400,636	44,774,597
As at 1 April 2017	1,499,852	-	22,007,427	23,507,279	-	23,507,279
Total comprehensive income for the financial year	-	-	8,944,435	8,944,435	(35,664)	8,908,771
Dividends paid	-	-	(1,949,805)	(1,949,805)	-	(1,949,805)
Acquisition of a subsidiary corporation	-	-	-	-	1,885,726	1,885,726
As at 31 March 2018	1,499,852	-	29,002,057	30,501,909	1,850,062	32,351,971
	Company					
	Share capital	Retained profits				Total equity
	RM	RM				RM
As at 1 April 2018	3	-				3
Total comprehensive income for financial year	-	(3,736,285)				(3,736,285)
Issuance of new shares pursuant to Restructuring Exercise	26,094,131	-				26,094,131
Issuance of new shares pursuant to IPO	11,449,135	-				11,449,135
Capitalisation of listing expenses	(821,240)	-				(821,240)
As at 31 March 2019	36,722,029	(3,736,285)				32,985,744

Note:

There are no comparative figures for the corresponding period of the immediately preceding financial period as the Company was only incorporated on 7th February 2018.

1(d)(ii). Details of any changes in the company's share capital arising from rights issue, bonus issue, 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.

	Company	
	Number of Ordinary Shares	Issued and Paid-up Share Capital (RM)
Issued and paid up share capital as at 7 February 2018 and 31 March 2018	1	3
Issue of new shares pursuant to the Restructuring Exercise ¹	101,999,999	26,094,131
Issue of new shares pursuant to IPO ²	16,500,000	11,449,135
Listing expenses ³	-	(821,240)
Issued and paid up share capital as at 31 March 2019	118,500,000	36,722,029

Note:

- (1) As part of the Restructuring Exercise, the Company increased its issued and share capital to RM26,094,134 with the issue of 101,999,999 Shares to Ms Badariyah Binti Hussein, Mr Ahmad Izzuddin Bin Md. Isa, Mr Wong Sai Hou, Mr Ng Tin Poh @ Ng Say Heng, Crimson Cloud Sdn. Bhd., Mr Lee Khoon Chuan and Ms Ng Bee Eng for the acquisition of Menang Nusantara Holdings Sdn Bhd by MeAG Pte Ltd, a wholly-owned subsidiary of the Company, and the acquisition of Menang Nusantara Sdn. Bhd. By MeMG Pte. Ltd., a wholly-owned subsidiary of the Company.
- (2) Pursuant to the IPO, the Company issued and allotted 16,500,000 ordinary shares for the consideration of S\$3,795,000, which is approximately RM11,449,135 based on an exchange rate of S\$1:RM3.0169.
- (3) Listing expenses incurred pursuant to the IPO amounted to RM3.8 million, of which RM0.8 million has been capitalised against share capital while the remaining amount of RM3.0 million has been included in "administrative expenses" in the consolidated statement of comprehensive income.

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

1(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-March-19	31-Mar-18
Total number of issued shares excluding treasury shares	118,500,000	1

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

1(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 2019 and 31 March 2018.

1(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 2019 and 31 March 2018.

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 qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Same as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period year 31 March 2019 compared to the audited combined financial statements for the financial year ended 31 March 2018 as set out in the Company's Offer Document dated 22 October 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") and all the new and revised standards and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the financial period on or after 1 April 2018, where applicable. The adoption of these new and revised standards from the effective date does not expect to result in any material adjustments to the financial statements of the Group for the current financial period.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	Financial year ended	
	31-Mar-19	31-Mar-18
Total comprehensive income, representing net profit attributable to equity holders of the Company (RM)	1,394,142	8,944,435
Weighted average number of Shares	108,826,027	102,000,000 ⁽¹⁾
Earnings per Share - basic and diluted (Sen)	1.28	8.77

Earnings per Share is computed based on the total comprehensive income, representing net profit attributable to equity holders of the Company, divided by the weighted average number of Shares outstanding during the respective financial year.

Note:

- (1) For illustrative purposes, the issued and paid-up share capital of the Company of 102,000,000 Shares is assumed to have been in issue throughout the financial year ended 31 March 2018 and up to the Restructuring Exercise.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the: (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at		As at	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
NAV per Share (Sen)	35.76	29.90	27.84	3
Equity Attributable to owners of the Company (RM)	42,373,961	30,501,909	32,985,744	3
Number of Shares used in computation of NAV per Share	118,500,000	102,000,000 ⁽¹⁾	118,500,000	1

Note:

(1) For illustrative purposes, the issued and paid-up share capital of the Company of 102,000,000 Shares is assumed to have been in issue as at 31 March 2018.

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.

(a) Review of Group's Performance

Revenue

Revenue increased by approximately RM98.2 million or 67.6% from RM145.3 million in FY2018 to RM243.5 million in FY2019.

Manufacturing Business

Revenue from manufacturing business decreased by RM1.9 million from RM38.1 million in FY2018 to RM36.2 million in FY2019. The decrease was largely due to the decrease in the volume of NVH components supplied, due to (i) the Group phasing out the production of NVH components for an automobile since September 2017; and (ii) a delay in the production process of a particular automobile model by a manufacturing business customer, which resulted in a corresponding decrease in NVH components ordered.

Dealership Business

Revenue from dealership business increased by RM100.1 million from RM107.2 million in FY2018 to RM207.3 million in FY2019. The increase is largely due to the full year revenue contributed from the operations of Honda Dealership in Cheras, and the additional 4 months revenue contributed from the operations of Honda Dealership in Kuala Selangor and Peugeot Dealership in Setia Alam.

Cost of sales

Cost of sales increased by approximately RM93.2 million or 74.2% from RM125.7 million in FY2018 to RM218.9 million in FY2019.

Manufacturing Business

Cost of sales from manufacturing business increased by RM0.3 million from RM25.9 million in FY2018 to RM26.2 million in FY2019. The increase is largely due to higher cost of production to produce NVH components for the new automobile model as compared to the cost of producing NVH parts for the phased-out automobile model. Additionally, the Group's assembly line operations at Kulim experienced a temporary increase in cost of inventories, as the Group had to incur additional costs in importing materials from Japan, as some of the Japanese suppliers were affected by a typhoon in September 2018.

Dealership Business

Cost of sales from dealership business increased by RM93.0 million from RM99.8 million in FY2018 to RM192.8 million in FY2019. The increase is in line with the additional revenue generated from the Honda and Peugeot dealership operations.

Gross profit and Gross Profit Margin

For the reasons discussed above, gross profit increased by approximately RM4.9 million or 25.4% from RM19.6 million in FY2018 to RM24.5 million in FY2019. This is in line with the full year revenue contribution of the Honda Dealership in Cheras, and the additional 4 months revenue contributed from the operations of Honda Dealership in Kuala Selangor and Peugeot Dealership in Setia Alam.

Overall gross profit margin decreased by approximately 3.40 percentage points from 13.47% in FY2018 to 10.07% in FY2019. The decrease in gross profit margin was due to a decrease in gross profit margin from the manufacturing business, which was slightly offset by an increase in gross profit margin from the dealership business. The gross profit margin of the manufacturing business decreased by 4.23 percentage points from 31.86% in FY2018 to 27.63% in FY2019, which was largely due to lower gross profit margin from the sales of NVH components from the new car model as compared to higher gross profit margin from the sales of NVH components from the phased-out model. The gross profit margin of the dealership business increased by 0.07 percentage points from 6.94% in FY2018 to 7.01% in FY2019, which was largely due to the increase in the sales from after-sales automobile services.

Other income

Other income reduced by approximately RM4.8 million or 88.8% from RM5.4 million in FY2018 to RM0.6 million in FY2019. This is largely due to the absence of the compensation from a Malaysian government body of RM4.8 million for relocating the Mazda dealership from Lot 304A, Jalan Sg Besi, 57100, Kuala Lumpur to Jalan SB due to compulsory acquisition for the Mass Rapid Transit system in the Greater Kuala Lumpur/Klang Valley region in Malaysia in FY2018 ("**MRT Compensation**").

Other (losses) / gains, net

Other gains and losses was reversed from a net gain of RM0.2 million in FY2018 to a net loss of RM0.1 million in FY2019. This was largely due to (i) the reversal of the realised foreign exchange translation, which was reversed from a realised foreign exchange gain of RM0.9 million in FY2018 to a realised exchange loss of RM0.1 million; (ii) the absence of the gain on disposal of approximately RM0.4 million from the disposal of Yatta Group in FY2018; and (iii) the absence of property, plant and equipment written off of RM1.1 million in FY2018.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RM1.7 million or 63.4% from RM2.8 million in FY2018 to RM4.5 million in FY2019. This is due mainly to the corresponding increase in sales commission, sales salary, rental of premises and costs of advertising and promotions in line with the full year contribution of the operations from the Honda Dealership in Cheras and the 4-months contribution from the Honda Dealership in Kuala Selangor and the Peugeot Dealership in Setia Alam.

Administrative expenses

Administrative expenses increased by approximately RM4.7 million or 46.8% from RM10.0 million in FY2018 to RM14.7 million in FY2019. This is mainly due to the increase in (i) amortisation expense of approximately RM0.3 million, where it was recognised for the full year in FY2019 amounting to approximately RM0.7 million compared to a period of 7 months in FY2018 amounting to approximately RM0.4 million; (ii) depreciation expense of approximately RM0.5 million; and (iii) listing expenses incurred for the IPO of approximately RM3.0 million; and (iv) additional listing compliance expenses of approximately RM0.4 million recognised in FY2019.

Finance expenses

Finance expenses increased by approximately RM1.1 million or 132.6% from RM0.8 million in FY2018 to RM1.9 million in FY2019. This is largely due to the bank interest from the usage of the new floor stock facility utilised by our Honda Dealerships in Cheras and Kuala Selangor, and a credit facility granted to the Honda Dealership in Cheras, which was used for renovation purposes.

Profit before tax

Profit before tax decreased by approximately RM7.6 million or 66.1% from RM11.5 million in FY2018 to RM3.9 million in FY2019. This is largely due to: (i) the absence of the MRT Compensation of RM4.8 million received in FY2018; (ii) the absence of the gain on disposal of the Yatta Group Sdn. Bhd. of approximately RM0.4 million in FY2018; (iii) the listing expenses of approximately RM3.0 million recognised in FY2019; and offset by (iv) the absence of the property, plant and equipment written-off of approximately RM1.1 million due to the relocation of the Mazda dealership in FY2018.

Based on the profit before tax of RM11.5 million in FY2018 and adjusting for (i) the MRT Compensation of RM4.8 million received in FY2018; (ii) the gain of disposal of Yatta Group Sdn. Bhd. of approximately RM0.4 million in FY2018; and (iii) the property, plant and equipment written-off of approximately RM1.1 in FY2018, the adjusted profit before tax in FY2018 is approximately RM7.4 million. Based on the profit before tax of RM3.9 million in FY2019 and adjusting for the listing expenses of approximately RM3.0 million recognised in FY2019, the adjusted profit before tax in FY2019 is approximately RM6.9 million. On comparison with the adjusted profit before tax of RM6.9 million in FY2019 with the adjusted profit before tax of RM7.4 million in FY2018, this shows a slight decrease of approximately RM0.5 million or 6.8% from FY2018 to FY2019.

(b) Review of Group's Financial Position

Current assets

Current assets increased by approximately RM18.7 million or 52.3% from RM35.7 million as at 31 March 2018 to RM54.4 million as at 31 March 2019. This is largely due to: (i) an increase in cash and cash equivalents from RM11.0 million as at 31 March 2018 to RM16.9 million as at 31 March 2019; (ii) an increase in trade and other receivables from RM14.6 million as at 31 March 2018 to RM21.5 million as at 31 March 2019, mainly due to the increase in sales of automobiles and after-sales automobile services; (iii) an increase in inventories from RM10.0 million as at 31 March 2018 to RM15.1 million as at 31 March 2019, the commencement of the Group's Honda Dealership in Kuala Selangor and the Peugeot Dealership in Setia Alam, which required the group to maintain a certain level of inventories; and (iv) an increase in tax recoverable.

Non-current assets

Non-current assets increased by approximately RM0.7 million or 1.8% from RM36.2 million as at 31 March 2018 to RM36.9 million as at 31 March 2019. This is largely due to the purchase of property, plant and equipment required for the commencement of the Group's Honda Dealership in Kuala Selangor and the Peugeot Dealership in Setia Alam.

Current liabilities

Current liabilities increased by approximately RM5.9 million or 29.3% from RM20.2 million as at 31 March 2018 to RM26.1 million as at 31 March 2019. This is largely due to: (i) an increase in trade and other payables from RM8.9 million as at 31 March 2018 to RM12.3 million as at 31 March 2019, mainly due to an increase in the number of automobiles purchased, which is in tandem with the increase in the Group's revenue; and (ii) an increase in current borrowings from RM10.6 million as at 31 March 2018 to RM12.8 million as at 31 March 2019, mainly due to new floor stock facility utilised by the Honda Dealership in Kuala Selangor.

Non-current liabilities

Non-current liabilities increased by approximately RM1.0 million or 5.1% from RM19.4 million as at 31 March 2018 to RM20.4 million as at 31 March 2019. This is mainly due to an increase in non-current borrowings from RM16.7 million as at 31 March 2018 to RM17.5 million as at 31 March 2019 due to the credit facility granted to the Honda Dealership in Cheras, which was used for renovation purposes.

Equity

The increase in equity of approximately RM12.4 million from RM32.4 million as at 31 March 2018 to RM44.8 million as at 31 March 2019 was largely due to: (i) an increase in share capital from RM1.5 million as at 31 March 2018 to RM36.7 million as at 31 March 2019, mainly due to the Restructuring Exercise and the IPO; (ii) an increase in retained profits from RM29.0 million as at 31 March 2018 to RM30.2 million as at 31 March 2019; and (iii) was partially offset by the merger reserves which was recognised pursuant to the Restructuring Exercise which amounted to RM24.6 million as at 31 March 2019.

(c) Review of Group's Cash Flows

In FY2019, net cash flow used in operating activities amounted to RM1.8 million. We generated operating cash flow before changes in working capital of RM9.1 million, adjusted by net working capital outflow of RM8.5 million. The net working capital outflow was mainly due to (i) an increase in trade and other receivables of approximately RM6.8 million arising mainly from the increase in sales of automobiles and after-sales automobile services; and (ii) an increase in inventories of approximately RM5.1 million arising from mainly the commencement of the Group's Honda Dealership in Kuala Selangor and the Peugeot Dealership in Setia Alam, which required the group to maintain a certain level of inventories. This was partially offset by an increase in trade and other payables of approximately RM3.4 million arising from an increase in the number of automobiles purchased.

Net cash used in investing activities amounted to RM1.7 million. This was largely due to the purchase of property, plant and equipment amounting to RM2.3 million. This was partially offset by proceeds from the disposal of property, plant and equipment amounting to RM0.5 million.

Net cash from financing activities amounted to RM9.2 million. This was largely due to (i) the gross proceeds from IPO amounting to RM11.5 million; and (ii) the proceeds from bank borrowings amounting to RM1.3 million. This was partially offset by (i) listing expenses capitalised of approximately RM0.8 million; (ii) repayment of bank borrowings of approximately RM0.7 million; and (iii) a dividend payout of RM0.15 million by Menang Nusantara Sdn Bhd.

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 latest report from the Institute of Chartered Accountants in England and Wales (ICAEW), Malaysia's GDP growth is forecasted to ease to 4.5% in 2019 from 4.8% in 2018 as a result of the ongoing trade conflict and tighter global monetary conditions. (Source: ICAEW report entitled "Economic Insight: South-east

Asia”). Similarly, Fitch Solutions Macro Research has revised its growth forecast for Malaysia’s GDP for 2019 from 4.5% to 4.2%. With most of the ASEAN economies being small and open, regional economic growth is expected to ease due to both supply-chain linkages as well as tightening Chinese domestic demand (Source: The Star, 19th November 2018).

Even as Malaysia’s growth eases, the Malaysian government plans to unveil its new National Automotive Policy (“**NAP**”) in the second quarter of 2019, which reportedly has an emphasis on electric vehicles and new technologies, as well as a potential third national car in Malaysia. If these plans under the NAP are formalised, it could present opportunities to the Group in terms of the supply of NVH components for new electric vehicles and the third national car, as well as potential dealership opportunities down the road (Source: The Sun Daily, 21 November 2018 and 8th April 2019).

Manufacturing

The Group has started the process of upgrading its machinery and equipment to increase productivity. This will be done in phases and will likely be completed by 2020. The Group has commenced the production and supply of NVH components to Johnson Controls Hitachi Air Conditioning Malaysia Sdn Bhd in early 2019.

Plans to establish a research facility are also underway, and the Group hopes to get the facility accredited under the ISO17025 standard by end 2019. This research facility will primarily be used for internal research and validation purposes.

The Group will be expanding its assembly and warehouse capacity in Batu Kawan for the upcoming new projects with Mazda for the assembling of parts for their new car models. The assembly of parts include top ceiling, insulators, insulator bonnet and insulator engine outer.

At the same time, the Group continues to be invited to bid for new NVH projects for new car models from different automobile brands and have also registered its interest in becoming a vendor for Malaysia’s third national car.

Dealership

As announced on 21 December 2018, the Group has commenced operations of a third Peugeot 3S dealership at Setia Alam, Selangor, Malaysia.

As announced on 3 April 2019, the Group has also increased its stake in the Honda Dealerships it operates from 55% to 80% to capitalize on the growth of the brand. Honda Body & Paint business will commence operation towards the 2nd half of 2019.

As announced on 16 April 2019, the Group has received a conditional Letter of Award for the 1st Hyundai 3S Dealership under the Group. The Group is expected to commence operation in the 2nd half of 2019.

The Malaysian automotive sector is expected to shift into lower gear in 2019 as total vehicle sales are projected to be flattish, marking a sharp reversal from last year’s stronger-than-expected sales performance. (Source: The Star 17 January 2019). The Group has built in plans to counter the flattish sales performance with stronger after sales & more aggressive sales campaign. Few of the Group’s operating dealerships are still new, and will be able to capture market share.

11. If a decision regarding dividend has been made: (a) Whether an interim (final) ordinary dividend has been declared (recommended); (b) (i) Amount per share, cents (ii) Previous corresponding period, cents; (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).

(a) Dividend Declared (Recommended) for the Current Financial Period Reported On

None.

(b) Dividend Declared (Recommended) for Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the current financial period reported on as the Group wishes to reserve its cash resources for business growth.

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.

14. 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 of the Catalist Rules) under Rule 720(1) of the Catalist Rules.

15. Use of Proceeds

The Company was listed on Catalist of the SGX-ST on 31 October 2018. The IPO raised gross proceeds and net proceeds of approximately S\$3.80 million and approximately S\$2.38 million respectively. As at the date of this announcement, the net proceeds of approximately S\$2.38 million have been utilised as follows:

	Amount allocated as stated in the Offer Document (S\$' million)	Amount utilised as at the date of this announcement (S\$' million)	Balance of net proceeds as at the date of this announcement (S\$' million)
Business expansion (including organic expansion and mergers and acquisitions)	1.80	0.33 ⁽¹⁾	1.47
General working capital purposes	0.58	-	0.58
	<u>2.38</u>	<u>0.33</u>	<u>2.05</u>

Note:

- (1) An amount of S\$0.33 million was utilised on 16 April 2019 for the issued and paid-up capital of MN Automart Sdn. Bhd..

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

By business segment:

	Manufacturing Business (RM)	Dealership Business (RM)	Other (RM)	Total (RM)
For the financial year ended 31 March 2019:				
Total segment sales, representing sales to external parties	<u>36,160,090</u>	<u>207,298,367</u>	<u>-</u>	<u>243,458,457</u>
Adjusted EBITDA	5,333,834	7,519,216	(3,775,672)	9,077,378
Depreciation expense	(1,855,475)	(900,405)	-	(2,755,880)
Amortisation expense	-	(662,909)	-	(662,909)
Interest expense	(1,140,155)	(751,673)	-	(1,891,828)
Interest income	122,564	673	-	123,237
Profit before tax	<u>2,460,768</u>	<u>5,204,902</u>	<u>(3,775,672)</u>	<u>3,889,998</u>
Segment assets	<u>42,768,856</u>	<u>40,561,801</u>	<u>7,098,626</u>	<u>90,429,283</u>
Segment liabilities	<u>(4,298,287)</u>	<u>(7,776,541)</u>	<u>(226,786)</u>	<u>(12,301,614)</u>
For the financial year ended 31 March 2018:				
Total segment sales, representing sales to external parties	<u>38,051,179</u>	<u>107,197,786</u>	<u>-</u>	<u>145,248,965</u>
Adjusted EBITDA	8,399,891	6,527,742	(36,209)	14,891,424
Depreciation expense	(1,765,518)	(487,373)	-	(2,252,891)
Amortisation expense	-	(386,697)	-	(386,697)
Interest expense	(529,237)	(284,217)	-	(813,454)
Interest income	55,375	459	-	55,834
Profit before tax	<u>6,160,511</u>	<u>5,369,914</u>	<u>(36,209)</u>	<u>11,494,216</u>
Segment assets	<u>41,119,322</u>	<u>30,257,813</u>	<u>548,813</u>	<u>71,925,948</u>
Segment liabilities	<u>(4,024,215)</u>	<u>(4,821,145)</u>	<u>(33,000)</u>	<u>(8,878,360)</u>

By geographical segment:

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

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to section 8 of this announcement for the review of the performance of the Group.

18. A breakdown of sales as follows:

	Group		Increase / (Decrease) %
	Financial year ended 31-Mar-19 RM	31-Mar-18 RM	
Revenue reported for first half year	113,080,956	51,219,431	120.8
Profit after tax before deducting non-controlling interests reported for first half year	3,098,880	7,467,842	(58.5)
Revenue reported for second half year	130,377,501	94,029,534	38.7
Profit after tax before deducting non-controlling interests reported for second half year	(1,154,164)	1,440,929	NM

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:

No dividends were declared for FY2018 and FY2019 by the Company.

Menang Nusantara Sdn. Bhd. ("**MNSB**"), a subsidiary corporation of the Group, had declared and paid dividends of approximately RM1.95 million and RM0.15 million to the MNSB shareholders in respect of FY2018 and FY2019 respectively prior to the IPO.

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	42	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.
Wong Sai Keat	35	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	There is no change during the year.

			<p>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 relationships with our customers, principals and suppliers, primarily with a focus on customer, principals and suppliers who are located outside of Malaysia.</p>	
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BY ORDER OF THE BOARD

Wong Cheong Chee
Executive Chairman and Chief Executive Officer

30th May 2019