

MEGROUP LTD.

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

(Company Registration Number: 201804996H)

Half Year Financial Statements and Related Announcement For The Six Months Ended 30 September 2018

*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**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor 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 Catalist. Please refer to the Company's offer document dated 22 October 2018 (the "**Offer Document**") for further details on the Restructuring Exercise. The Company was admitted to Catalist on 31st October 2018.

For the purpose of this announcement, our Group's results for the six months ended 30 September 2018 ("**1H2019**") and comparative results for the six months ended 30 September 2017 ("**1H2018**") 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) %
	Six Months Ended 30-Sep-18 RM	30-Sep-17 RM	
Revenue	115,844,697	52,304,366	121.5
Cost of sales	<u>(104,585,575)</u>	<u>(43,000,220)</u>	143.2
Gross profit	11,259,122	9,304,146	21.0
Other income	188,956	5,104,316	(96.3)
Other gains and losses, net	143,631	(308,228)	NM
Expenses			
– Selling and distribution	(2,146,581)	(1,032,361)	107.9
– Administrative	(4,784,555)	(4,070,355)	17.5
– Finance	(735,395)	(442,064)	66.4
Profit before tax	3,925,178	8,555,454	(54.1)
Income tax expense	<u>(826,298)</u>	<u>(1,087,612)</u>	(24.0)
Total comprehensive income, representing net profit for the financial period	<u>3,098,880</u>	<u>7,467,842</u>	(58.5)
Total comprehensive income, representing net profit attributable to:			
Equity holders of the Company	2,682,255	7,441,285	(64.0)
Non-controlling interests	<u>416,625</u>	<u>26,557</u>	1468.8
	<u>3,098,880</u>	<u>7,467,842</u>	(58.5)
Earnings per share for profit attributable to equity holders of the company (Sen)			
Basic and diluted	<u>2.63</u>	<u>7.30</u>	(64.0)

NM Denotes not meaningful.

Note:

The combined statement of comprehensive income for the financial period ended 30 September 2017 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		
	Six Months Ended		Increase/ (Decrease)
	30-Sep-18	30-Sep-17	%
	RM	RM	
Interest income	35,610	29,155	22.1
Commission Received	67,730	29,724	127.9
Dividend received from short-term money market fund	-	23,021	n/a
MRT Compensation	-	4,825,734	n/a
Fees from Yatta Group Sdn. Bhd.	69,806	150,000	(53.5)
Realised currency exchange gain/(loss) – net	21,672	762,894	(97.2)
Gain/(loss) on disposal of property, plant and equipment	121,959	-	-
Property, plant and equipment written-off	-	(1,071,123)	-
Sales commission	(1,196,877)	(476,843)	151.0
Rental of premises	(328,488)	(149,300)	120.0
Salary, wages, allowances & bonus	(918,056)	(897,199)	2.3
Directors' Remuneration	(1,033,610)	(971,327)	6.4
Entertainment expenses	(314,868)	(223,659)	40.8
Security charges	(201,454)	(129,848)	55.2
Depreciation expense	(1,321,019)	(1,035,910)	27.5
Amortization expense	(331,455)	(55,243)	500.0
Interest on borrowings	(735,395)	(442,064)	66.4

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	
	30-Sep-18	31-Mar-18	30-Sep-18	31-Mar-18
	RM	RM	RM	RM
ASSETS				
Current assets				
Cash and cash equivalents	11,505,823	11,018,846	-	3
Trade and other receivables	14,331,640	14,638,541	-	-
Inventories	5,997,902	10,043,213	-	-
Total current assets	31,835,365	35,700,600	-	3
Non-current assets				
Property, plant and equipment	32,857,827	32,258,050	-	-
Investment in subsidiaries	-	-	26,094,134	-
Intangible assets	3,635,843	3,967,298	-	-
Total non-current assets	36,493,670	36,225,348	26,094,134	-
Total assets	68,329,035	71,925,948	26,094,134	3
LIABILITIES				
Current liabilities				
Trade and other payables	6,225,344	8,878,360	-	-
Current income tax liabilities	1,058,701	735,885	-	-
Borrowings	5,847,697	10,553,427	-	-
Total current liabilities	13,131,742	20,167,672	-	-
Non-current liabilities				
Deferred tax liabilities	2,637,499	2,637,499	-	-
Borrowings	17,258,928	16,768,806	-	-
Total non-current liabilities	19,896,427	19,406,305	-	-
Total liabilities	33,028,169	39,573,977	-	-
NET ASSETS	35,300,866	32,351,971	26,094,134	3
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	26,094,134	1,499,852	26,094,134	3
Merger reserve	(24,594,282)	-	-	-
Retained profits	31,534,327	29,002,057	-	-
Total equity attributable to equity holders of the Company	33,034,179	30,501,909	26,094,134	3
Non-controlling interests	2,266,687	1,850,062	-	-
Total Equity	35,300,866	32,351,971	26,094,134	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 30-Sep-18		As at 31-Mar-18	
	Secured RM	Unsecured RM	Secured RM	Unsecured RM
Amount repayable in one year or less, or on demand	3,394,776	2,452,921	3,392,441	7,160,986
Amount repayable after one year	13,029,503	4,229,425	14,173,333	2,595,473

Details of Collaterals

As at 30 September 2018 and 31 March 2018, the Group's borrowings are secured by:

- Joint and Several Guarantee by the following directors and executive officers of the Company 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 Otomobil Sdn Bhd and MJN Motors Sdn Bhd
- Half-year sinking fund bank deposits of RM75,000.00 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 for facility of Menang Nusantara Sdn Bhd
- 1st party all monies legal charge over the property at Lot 14, Jalan CJ 1/7, Cheras Jaya for facility 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	
	Six Months Ended	
	30-Sep-18	30-Sep-17
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	3,925,178	8,555,454
Adjustments for:		
Amortization of intangible assets	331,455	55,243
Depreciation of property, plant & equipment	1,321,019	1,035,910
Gain on disposal of property, plant and equipment	(121,959)	-
Property, plant & equipment written off	-	1,071,123
Interest income	(35,610)	(52,176)
Interest expense	735,395	442,064
Operating profit before working capital changes	6,155,478	11,107,618
Trade and other receivables	306,901	709,147
Inventories	4,045,311	(1,329,745)
Trade and other payables	(2,653,016)	(6,304,431)
Cash generated from operations	7,854,674	4,182,589
Income tax paid	(503,482)	(206,122)
Interest paid	(735,395)	(442,064)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,615,797	3,534,403
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	35,610	52,176
Purchase of property, plant and equipment	(565,670)	(4,780,650)
Proceeds from disposal of property, plant & equipment	218,332	-
Investment into a subsidiary	-	(2,131,250)
Investment of non-controlling interests	-	450,055
Fixed deposits pledged to licensed banks	-	(252,272)
NET CASH USED IN INVESTING ACTIVITIES	(311,728)	(6,661,941)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	437,000	2,389,891
Repayment of bank borrowings	(5,385,765)	(660,357)
Dividends paid	(149,985)	(149,985)
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	(5,098,750)	1,579,549
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,205,319	(1,547,989)
CASH AND CASH EQUIVALENTS		
Beginning of financial year	8,106,220	9,282,285
End of the financial period	9,311,539	7,734,296

Note:

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

	Group	
	Six Months Ended	
	30-Sep-18	30-Sep-17
	RM	
Cash and bank balances	11,505,823	9,687,107
Less: Short-term bank deposits pledged	(833,738)	(770,738)
Less: Bank overdraft	(1,360,546)	(1,182,073)
	9,311,539	7,734,296

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 6 months	-	-	2,682,255	2,682,255	416,625	3,098,880
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	26,094,134	-	-	26,094,134	-	26,094,134
As at 30th September 2018	26,094,134	(24,594,282)	31,534,327	33,034,179	2,266,687	35,300,866
As at 1 April 2017	1,499,852	-	22,007,427	23,507,279	-	23,507,279
Total comprehensive income for the 6 months	-	-	7,441,285	7,441,285	26,557	7,467,842
Dividends paid	-	-	(149,985)	(149,985)	-	(149,985)
Acquisition of a subsidiary	-	-	-	-	1,885,726	1,885,726
As at 30th September 2017	1,499,852	-	29,298,727	30,798,579	1,912,283	32,710,862

	Company		
	Share capital	Retained profits	Total equity
	RM	RM	RM
As at 1 April 2018	3	-	3
Total comprehensive income for the 6 months	-	-	-
Issuance of new shares	26,094,131	-	26,094,131
As at 30th September 2018	26,094,134	-	26,094,134

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	101,999,999	26,094,131
Issued and paid up share capital as at 30 September 2018	102,000,000	26,094,134

Note:

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 Khoo 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.

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	
	30-Sep-18	31-Mar-18
Total number of issued shares excluding treasury shares	102,000,000	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 30 September 2018 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 30 September 2018 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.

Save as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statement for the current financial period as those applied for the audited combined financial statements for the financial year ended 31 March 2018 as set out in the Offer Document.

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 is not expected 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	
	Six Months Ended	
	30-Sep-18	30-Sep-17
Total comprehensive income, representing net profit attributable to equity holders of the Company (RM)	2,682,255	7,441,285
Weighted average number of Shares	102,000,000	102,000,000
Earnings per Share - basic and diluted (Sen)	2.63	7.30

Note:

For illustrative and comparative 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 entire six months ended 30 September 2017 and 30 September 2018.

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	
	30-Sep-18	31-Mar-18	30-Sep-18	31-Mar-18
NAV per Share (Sen)	32.39	29.90	25.58	3
Equity Attributable to Owners of the Company (RM)	33,034,179	30,501,909	26,094,134	3
Number of Shares used in computation of NAV per Share	102,000,000	102,000,000	102,000,000	1

Notes:

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 of 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

Our revenue increased by approximately RM63.54 million or 121.5% from RM52.30 million in 1H2018 to RM115.84 million in 1H2019.

Manufacturing Business

Revenue from our manufacturing business decreased by RM0.76 million from RM18.48 million in 1H2018 to RM17.72 million in 1H2019. The decrease was largely due to the decrease in the volume of NVH components supplied, as the Group phased out the production of NVH components for an automobile model since September 2017. This was partially offset by the introduction of the supply of NVH components for a new automobile model in October 2017.

Dealership Business

Revenue from our dealership business increased by RM64.30 million from RM33.83 million in 1H2018 to RM98.13 million in 1H2019. The increase is largely due to the additional revenue contributed from the operations of our Honda Dealership located at 58274, Jalan Rasa Sayang 1, Taman Rasa Sayang, Batu 9 Jalan Cheras, Mukim Cheras, Daerah Hulu Langat, Selangor ("**Honda Cheras**") which commenced operations in September 2017.

Cost of sales

Our cost of sales increased by approximately RM61.59 million or 143.2% from RM43.0 million in 1H2018 to RM104.59 million in 1H2019.

Manufacturing Business

Cost of sales from our manufacturing business increased by RM0.19 million from RM12.31 million in 1H2018 to RM12.50 million in 1H2019. 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.

Dealership Business

Cost of sales from our dealership business increased by RM61.4 million from RM30.69 million in 1H2018 to RM92.08 million in 1H2019. The increase is in line with the additional revenue generated from the Cheras Operations.

Gross profit and Gross Profit Margin

For the reasons discussed above, our gross profit increased by approximately RM1.95 million or 21.0% from RM9.30 million in 1H2018 to RM11.26 million in 1H2019. The increase was due to an increase in gross profit from our dealership business of approximately RM2.91 million from RM3.13 million in 1H2018 to RM6.04 million in 1H2019. This was slightly offset by a decrease in gross profit from our manufacturing business of approximately RM0.95 million from RM6.17 million in 1H2018 to RM5.21 million in 1H2019

Our overall gross profit margin decreased by approximately 8.07 percentage points from 17.8% in 1H2018 to 9.7% in 1H2019. The decrease in gross profit margin was due to the decrease in gross profit margin from our manufacturing business and dealership business. The gross profit margin of our manufacturing business decreased by 3.95 percentage points from 33.4% in 1H2018 to 29.4% in 1H2019, 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 our dealership business decreased by 3.11 percentage points from 9.3% in 1H2018 to 6.2% in 1H2019, the decrease is largely due to the increase in revenue contributed from the sales of automobiles being greater than the increase in revenue from after-sales automobile services, where the sales of automobiles generally have a lower gross profit margin compared to after-sales automobile services.

Other income

Our other income decreased by approximately RM4.91 million or 96.3% from RM5.10 million in 1H2018 to RM0.19 million in 1H2019. This is largely due to the absence of the compensation from a Malaysian government body of RM4.83 million for relocating our Mazda dealership from Lot304A, 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 1H2018 ("**MRT Compensation**").

Other gains and losses, net

Our other gains and losses was reversed from a net loss of RM0.31 million in 1H2018 to a net gain of RM0.14 million in 1H2019. This is largely due to the absence of the property, plant and equipment written-off of RM1.07 million in 1H2018, which was partially offset by the decrease in the realized currency exchange gain by RM0.74 million from RM0.76 million in 1H2018 to RM0.02 million in 1H2019.

Selling and distribution expenses

Our selling & distribution expenses increased by approximately RM1.11 million or 107.9% from RM1.03 million in 1H2018 to RM2.15 million in 1H2019. This is due mainly to the corresponding increase in sales commission, sales salary, rental of premises and costs of advertising & promotions in line with the commencement of the operations of Honda Cheras.

Administrative expenses

Our administrative expenses increased by approximately RM0.71 million or 17.5% from RM4.07 million in 1H2018 to RM4.78 million in 1H2019. This is mainly due to the increase in (i) amortization expense of approximately RM0.28 million, where it was recognised for a period of 6 months in 1H2019 amounting to approximately RM0.33 million compared to a period of 1 month in 1H2018 amounting to RM0.06 million; and (ii) depreciation expense of RM0.28 million.

Finance expenses

Our finance expenses increased by approximately RM0.30 million or 66.4% from RM0.44 million in 1H2018 to RM0.74 million in 1H2019. This is largely due to the bank interest from the usage of the new floor stock facility utilized by Honda Cheras.

Profit before tax

Our profit before tax decreased by approximately RM4.63 million or 54.1% from RM8.56 million in 1H2018 to RM3.93 million in 1H2019. This is largely due to the absence of the MRT Compensation of RM4.83 million received in 1H2018. Based on the profit before tax of RM8.56 million in 1H2018 and adjusting for the MRT Compensation of RM4.83 million received in 1H2018, the adjusted profit before tax in 1H2018 is approximately RM3.73 million. On comparison with the profit before tax of RM3.93 million in 1H2019, this shows a positive increase of approximately RM0.20 million or 5.4% from 1H2018 to 1H2019.

(b) Review of Group's Financial Position

Current assets

Our current assets decreased by approximately RM3.87 million or 10.8% from RM35.70 million as at 31st March 2018 to RM31.84 million as at 30th September 2018. This is largely due to the (i) reduction in inventories from RM10.04 million as at 31st March 2018 to RM6.0 million as at 30th September 2018, due to fewer automobiles held by the Group, as the Group experienced an increase in demand for automobiles during the three-month period commencing 1st June 2018 due to the zero-rating of Malaysia's good and services tax during this period (the "**Tax Holiday**") and (ii) a decrease in trade and other receivables of RM0.31 million from RM14.64 million as at 31st March 2018 to RM14.33 million as at 30th September 2018 due to lower sales of automobiles at end of month September 2018.

Non-current assets

Our non-current assets increased by approximately RM0.27 million or 0.74% from RM36.23 million as at 31st March 2018 to RM36.49 million as at 30th September 2018. This is largely due to purchases of (i) new tools & machinery worth RM0.15 million and (ii) web & email hosting software of RM0.05 million.

Current liabilities

Our current liabilities decreased by approximately RM7.04 million or 34.9% from RM20.17 million as at 31st March 2018 to RM13.13 million as at 30th September 2018. This is largely due to (i) a decrease in trade and other payables of RM2.66 million or 29.9% from RM8.88 million as at 31st March 2018 to RM6.22 million as at 30th September 2018 largely due to a decrease in number of automobiles purchased towards the end of the month of September 2018, which was after the 'Tax Holiday' and (ii) a decrease in current borrowings of RM4.71 million or 44.6% from RM10.55 million as at 31st March 2018 to RM5.85 million as at 30th September 2018, which was due to the reduction in the usage of Floor stock facility at end month September 2018 brought about by a decrease in number of automobile purchased after the 'Tax Holiday'.

Non-current liabilities

Our non-current liabilities increased by approximately RM0.49 million or 2.5% from RM19.41 million as at 31st March 2018 to RM19.90 million as at 30th September 2018. This is mainly due to the increase in non-current borrowings of RM0.49 million or 2.9% from RM16.77 million as at 31st March 2018 to RM17.26 million as at 30th September 2018 due to new hire purchase financing obtained from banks.

Equity

The increase in equity of approximately RM2.95 million from RM32.35 million as at 31st March 2018 to RM35.30 million as at 30th September 2018 was largely due to an increase in (i) share capital of RM24.59 million from RM1.50 million as at 31st March 2018 to RM26.09 million as at 30th September 2018, and (ii) retained profits of RM2.53 million from RM29.00 million as at 31st March 2018 to RM31.54 million as at 30th September 2018, which was partially offset by the merger reserve which was recognised pursuant to the Restructuring Exercise which amounted to RM24.59 million as at 30th September 2018. The increase in share capital and the recognition of merger reserve is largely due to the Restructuring Exercise.

(c) Review of Group's Cash Flows

In 1H2019, our net cash flow from operating activities amounted to RM6.62 million. We generated operating cash flow before changes in working capital of RM6.16 million, adjusted by net working capital inflow of RM1.70 million. The net working capital inflow was mainly due to (i) a decrease in inventories of RM4.05 million arising from fewer inventories held by the Group due to more automobiles sold during the Tax Holiday; and (ii) a decrease in trade receivables of RM1.49 million arising from lower sales of automobiles after the Tax Holiday. This was partially offset by (i) an increase in other receivables, deposits & prepayments of RM1.19 million; (ii) a decrease in trade payables of RM1.75 million arising from fewer automobiles purchased at end month September 2018 and (iii) a decrease in other payables & accruals of RM0.90 million.

Net cash used in investing activities amounted to RM0.31 million. This was largely due to the purchase of property, plant and equipment amounted to RM0.57 million partially offset by proceeds from disposal of RM0.22 million.

Net cash used in financing activities amounted to RM5.10 million. This was largely due to repayment of net term loans, floor stock facilities and hire purchases amounting to RM4.95 million and 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 first 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, 21st November 2018).

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 will also be commencing 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 project with Mazda 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 28th November 2018, the Group has commenced operations of a second Honda 3S dealership at an interim location in Kuala Selangor, Malaysia. The Group has identified a plot for the construction of a permanent facility for the new dealership and is negotiating a lease with the landlord. Honda's formal written approval for the new dealership is expected to be received by end-December 2018.

MN Otomobil Sdn Bhd, the Group's subsidiary that operates its Peugeot dealerships has been awarded a Best Service Quality Achievement award at the Peugeot Challenge 2018 held in Dubai. This is recognition of the Group's commitment to service quality that it strives to deliver to its customers.

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.

No dividend has been declared (recommended) for the half-year ended 30th September 2018.

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. Negative confirmation pursuant to the Rule 705(5)

The Board of Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to its attention which may render financial results for the half-year ended 30th September 2018 to be false or misleading in any material aspect.

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

16. Use of Proceeds

The Company was listed on Catalist of the SGX-ST on 31 October 2018. The initial public offering of the Company raised gross proceeds and net proceeds of approximately S\$3.80 million and approximately S\$2.38 million respectively.

With reference to the section entitled "Use of Proceeds" in the Offer Document, the Company wishes to announce that the net proceeds of approximately S\$2.38 million remain unutilised.

BY ORDER OF THE BOARD

Wong Cheong Chee
Executive Chairman and Chief Executive Officer

12th December 2018