



MEGA FORTRIS BERHAD
(Registration No: 199801004408 (460535 - H))
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FIRST QUARTER ENDED 30 SEPTEMBER 2024

MEGA FORTRIS BERHAD

(Incorporated in Malaysia)

(Registration No: 199801004408 (460535 - H))

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2024 ^(a)

	Current Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30-Sep-2024 Unaudited RM'000	30-Sep-2023 ^(b) Unaudited RM'000	30-Sep-2024 Unaudited RM'000	30-Sep-2023 ^(b) Unaudited RM'000
Continuing operations				
Revenue	49,158	N/A	49,158	N/A
Cost of sales	(25,942)	N/A	(25,942)	N/A
Gross profit	23,216	N/A	23,216	N/A
Other operating income	3,659	N/A	3,659	N/A
Selling and distribution expenses	(427)	N/A	(427)	N/A
Administrative expenses	(13,205)	N/A	(13,205)	N/A
Other operating expenses	(2)	N/A	(2)	N/A
Finance costs	(1,406)	N/A	(1,406)	N/A
Profit before taxation	11,835	N/A	11,835	N/A
Taxation	(2,630)	N/A	(2,630)	N/A
Profit after taxation for the financial period from continuing operations	9,205	N/A	9,205	N/A
Discontinuing operations^(c)				
Loss for the financial period from discontinuing operations, net of tax	(685)	N/A	(685)	N/A
Profit after taxation for the financial period	8,520	N/A	8,520	N/A
Other comprehensive income, net of tax:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences	(5,014)	N/A	(5,014)	N/A
Total comprehensive income for the financial period	3,506	N/A	3,506	N/A

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2024 ^(a) (Cont'd)

	Current Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30-Sep-2024 Unaudited RM'000	30-Sep-2023 ^(b) Unaudited RM'000	30-Sep-2024 Unaudited RM'000	30-Sep-2023 ^(b) Unaudited RM'000
Profit after taxation attributable to:				
Equity holder of the Company	8,230	N/A	8,230	N/A
Non-controlling interests	290	N/A	290	N/A
	<u>8,520</u>	<u>N/A</u>	<u>8,520</u>	<u>N/A</u>
Total comprehensive income attributable to:				
Equity holder of the Company	3,246	N/A	3,246	N/A
Non-controlling interests	260	N/A	260	N/A
	<u>3,506</u>	<u>N/A</u>	<u>3,506</u>	<u>N/A</u>
Earnings per share attributable to owners of the Company (sen per share)				
- Basic ^(d)	<u>1.18</u>	<u>N/A</u>	<u>1.18</u>	<u>N/A</u>

Notes:

- (a) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note A2 of the notes to this interim financial report and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 21 October 2024 ("Prospectus") and the accompanying explanatory notes attached in this interim financial report.
- (b) This is the first interim financial report announced in compliance with the Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). There are no comparative figures for the preceding corresponding quarter and period as there is no interim financial report prepared for the comparative period concerned.
- (c) Mega Fortris South Africa Pty Ltd, and its subsidiary, was presented as a discontinuing operations following the commitment of the Group to a plan on 30 June 2020 to liquidate the entities. The liquidation proceeding is ongoing as at the end of the reporting period.
- (d) The basic earnings per share ("EPS") is computed based on the profit attributable to owners of the Company for the period divided by the weighted average number of ordinary shares in issue during the financial period under review.

N/A – Not applicable

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ^(a)
AS AT 30 SEPTEMBER 2024

	As at 30-Sep-2024 Unaudited RM'000	As at 30-Jun-2024 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	81,587	81,207
Right-of-use assets	19,445	12,183
Intangible assets	4,966	5,018
Other investments	717	717
Trade and other receivables	4,408	4,408
Deferred tax assets	509	411
	111,632	103,944
Current assets		
Inventories	35,293	34,082
Trade and other receivables	79,977	67,906
Contract assets	-	29
Current tax assets	1,719	1,516
Fixed deposit with a licensed bank	3,096	-
Cash and bank balances	31,824	42,694
	151,909	146,227
Assets of disposal groups classified as held for sale	601	649
TOTAL ASSETS	264,142	250,820
EQUITY AND LIABILITIES		
Equity attributable to owner of the Company		
Share capital	34,855	34,855
Reserves	93,283	90,037
Shareholders' equity	128,138	124,892
Non-controlling interests	1,524	1,264
TOTAL EQUITY	129,662	126,156

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ^(a)
AS AT 30 SEPTEMBER 2024 (Cont'd)

	As at 30-Sep-2024 Unaudited RM'000	As at 30-Jun-2024 Audited RM'000
EQUITY AND LIABILITIES (Cont'd)		
LIABILITIES		
Non-current liabilities		
Other payables	465	487
Borrowings	37,758	38,438
Lease liabilities	14,269	7,000
Deferred tax liabilities	2,518	2,525
	55,010	48,450
Current liabilities		
Trade and other payables	25,718	22,050
Contract liabilities	434	550
Borrowings	44,478	47,368
Lease liabilities	4,825	4,615
Current tax liabilities	3,803	1,402
	79,258	75,985
Liabilities of disposal groups classified as held for sale	212	229
TOTAL LIABILITIES	134,480	124,664
TOTAL EQUITY AND LIABILITIES	264,142	250,820
Net assets per share attributable to owners of the Company (RM) ^(b)	<u>0.19</u>	<u>0.18</u>

Notes:

- (a) The basis of preparation of the Condensed Consolidated Statement of Financial Position is disclosed in Note A2 of the notes to this interim financial report and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached in this interim financial report.
- (b) The net asset per share attributable to owners of the Company is calculated based on net assets divided by the number of shares of 697,099,480 in issue before the completion of Public Issue.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2024**

Group	<-----Attributable to owner of the Company----->						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Merger reserve RM'000	Capital reserve RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Retained Earnings RM'000			
Balance as at 1 July 2024	34,855	(29,950)	(167)	15,988	10,389	93,777	124,892	1,264	126,156
Profit for the financial period	-	-	-	-	-	8,230	8,230	290	8,520
Other comprehensive income, net of tax	-	-	-	-	(4,984)	-	(4,984)	(30)	(5,014)
Total comprehensive (loss)/income for the financial period	-	-	-	-	(4,984)	8,230	3,246	260	3,506
Balance as at 30 September 2024	34,855	(29,950)	(167)	15,988	5,405	102,007	128,138	1,524	129,662

Notes:

- (a) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A2 of the notes to this interim financial report and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached in this interim financial report.
- (b) There are no comparative figures for the preceding corresponding period as there is no interim financial report prepared for the comparative period concerned.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2024 ^(a)**

	3 Months Ended 30-Sep-2024 Unaudited RM'000	3 Months Ended 30-Sep-2023^(b) Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before taxation	11,835	N/A
Loss from discontinued operations before taxation	(685)	N/A
	<u>11,150</u>	<u>N/A</u>
Adjustments for:		
Bad debts written off:		
- trade receivables	1	N/A
- other receivables	1	N/A
Amortisation of intangible assets	51	N/A
Depreciation of property, plant and equipment	565	N/A
Depreciation of right-of-use assets	1,328	N/A
Net gain on disposal of property, plant and equipment	(3,250)	N/A
Interest expense	1,406	N/A
Interest income	(114)	N/A
Inventory written off	5	N/A
Property, plant and equipment written off	6	N/A
Gain on derecognition upon early termination	(3)	N/A
Net unrealised loss on foreign exchange	279	N/A
Operating profit before working capital changes	<u>11,425</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2024 ^(a) (Cont'd)

	3 Months Ended 30-Sep-2024 Unaudited RM'000	3 Months Ended 30-Sep-2023^(b) Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)		
Changes in working capital:		
Increase in inventories	(2,273)	N/A
Increase in receivables	(14,315)	N/A
Decrease in contract assets net of liabilities	(88)	N/A
Increase in payables	3,740	N/A
Cash used in operations	(1,511)	N/A
Tax paid	(538)	N/A
Net cash used in operating activities	(2,049)	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	114	N/A
Repayment from former subsidiaries	3,644	N/A
Purchases of:		
- property, plant and equipment	(874)	N/A
- right-of-use assets	(6)	N/A
Net cash generated from investing activities	2,878	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,180)	N/A
Repayment of bank borrowings	(24,740)	N/A
Drawdown of bank borrowings	19,806	N/A
Placement of fixed deposit pledged to a licensed bank	(3,096)	N/A
Payment of lease liabilities	(1,407)	N/A
Net cash used in financing activities	(10,617)	N/A

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2024 ^(a) (Cont'd)

	3 Months Ended 30-Sep-2024 Unaudited RM'000	3 Months Ended 30-Sep-2023^(b) Unaudited RM
Net decrease in cash and cash equivalents	(9,788)	N/A
Effects of exchange rate differences	(2,723)	N/A
Cash and cash equivalents at beginning of financial period	43,342	N/A
Cash and cash equivalents at end of the financial period	30,831	N/A
Cash and cash equivalents at the end of the financial period comprises		
Cash and bank balances	32,425	N/A
Bank overdraft	(1,594)	N/A
	30,831	N/A

Notes:

- (a) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows is disclosed in Note A2 of the notes to this interim financial report and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (b) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding period as there is no interim financial report prepared for the comparative period concerned.

N/A – Not applicable

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PART A: NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1. Corporate Information

Mega Fortris Berhad (“the Company”) is a public limited liability company incorporated and domiciled in Malaysia and is expected to be listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 11 November 2024.

These condensed consolidated interim financial statements were approved by the Board of Directors on 1 November 2024.

A2. Basis of Preparation

The interim financial report of the Company and its subsidiaries (collectively, the “Group”) is unaudited and has been prepared in accordance with the requirements of MFRS 134: *Interim Financial Reporting* and paragraph 9.22 as well as Appendix 9B of the Main Market Listing Requirements of Bursa Securities.

This is the first interim financial report of unaudited condensed consolidated financial results for the first quarter of 30 September 2024 being announced by the Group in compliance with the Listing Requirements of Bursa Securities. As such, there are no comparative figures for the preceding corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

The interim financial report has been prepared in accordance with the same accounting policies and methods of computation adopted in the Accountants’ Report as disclosed in the Prospectus, except for the following amendments to MFRSs:

A2.1 Adoption of new or amendments to MFRS

During the financial period, the Group has adopted the following interpretations and amendments issued by the Malaysian Accounting Standards Board (“MASB”), which became effective for annual periods beginning on or after 1 January 2024:

- Amendments to MFRS 16 *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Non-current Liabilities with Covenants*
- Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures Supplier Finance Arrangements*

A2. Basis of Preparation (*Cont'd*)

A2.1 Adoption of new or amendments to MFRS (*Cont'd*)

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

A2.2 New MFRSs and Amendments to MFRSs issued but not yet effective

At the date of authorisation of these interim financial statements, the following new MFRSs and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group.

Effective for annual financial periods beginning on or after 1 January 2025

- Amendments to MFRS 121 *Lack of Exchangeability*

Effective for annual financial periods beginning on or after 1 January 2026

- Annual Improvements to MFRS Accounting Standards – Volume 11
- Amendments to MFRS 9 and MFRS 7 *Amendments to the Classification and Measurement of Financial Instruments*

Effective for annual financial periods beginning on or after 1 January 2027

- MFRS 18 *Presentation and Disclosure in Financial Statements*
- MFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Deferred to a date to be determined by the MASB

- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report for the financial year ended 30 June 2024 of the Group was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The operations and performance of the Group during the current quarter under review have not been materially affected by any seasonal or cyclical factors.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the current financial quarter under review, there were no items or events that arose, which affected assets, liabilities, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A6. Material Changes in Estimates

There were no changes in estimates that may have a material effect on the current financial quarter under review.

A7. Debt and Securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

A8. Dividends Paid

There was no dividend paid by the Company in the financial quarter under review.

A9. Segmental Information

The Group has arrived at two (2) reportable segments that are organised and managed separately based on information reported internally to the Management and the Board of Directors. The reportable segments are summarised as follows:

- i. **Manufacturing** – Manufacturing and trading of security seals and tamper evident bags
- ii. **Trading** – Trading and wholesale of security seals and tamper evident products

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A9. Segmental Information (Cont'd)

YTD 30-Sep-2024	Continuing operations		Discontinuing operations	Total RM'000
	Manufacturing RM'000	Trading RM'000	Trading RM'000	
Revenue				
Total revenue	32,076	29,431	-	61,507
Inter-segment revenue	(12,349)	-	-	(12,349)
Revenue from external customers	19,727	29,431	-	49,158
Finance costs	1,269	137	-	1,406
Depreciation and amortisation				
- Property, plant and equipment	498	67	-	565
- Right-of-use assets	617	711	-	1,328
- Intangible assets	50	1	-	51
Segment profit before income tax	8,996	2,839	(685)	11,150
Taxation	(1,936)	(694)	-	(2,630)
Capital expenditure	774	100	-	874
Segment assets	157,087	104,226	601	261,914
Segment liabilities	93,240	34,707	212	128,159

A9. Segmental Information (Cont'd)

Geographical information

In presenting information on the basis of geographical areas, segment revenue is based on the region and country of operations. The composition of each geographical segment is Asia Pacific, Europe, the United States of America (“USA”), Middle East and Africa.

	YTD	
	30-Sep-2024	
	RM'000	
Revenue from external customers		
Continuing operations		
Asia Pacific	23,705	48%
Europe	12,674	26%
USA	10,609	22%
Middle East	2,170	4%
	<u>49,158</u>	<u>100%</u>
Discontinued operations		
Africa	<u>-</u>	
	<u>49,158</u>	<u>100%</u>

A10. Valuation of Property, Plant and Equipment

There was no revaluation of the property, plant and equipment in the current quarter under review.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

A12. Contingent Assets and Liabilities

There were no contingent assets or contingent liabilities as at the end of the current financial quarter under review.

A13. Capital Commitments

The capital commitments of the Group as at 30 September 2024 were as follows:

	RM'000
Approved and contracted for	40,959
Approved but not contracted for	<u>109,748</u>
	<u><u>150,707</u></u>

A14. Related Party Transactions

	Cumulative Financial Quarter Ended	
	30-Sep-2024	30-Sep-2023^(a)
	RM'000	RM'000
Transactions with companies in which certain Directors have substantial financial interests:		
Lease payments made on offices	111	N/A
Income:		
- Sales of goods	12	N/A
Expenses:		
- Purchase of goods	1,124	N/A
- Electricity costs	2	N/A
- Purchase of services	<u>52</u>	<u>N/A</u>

Note:

- (a) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding period as there is no interim financial report prepared for the comparative period.

N/A – Not applicable

A15. Material Events Subsequent to the Reporting Date

Saved as disclosed below, there are no other significant events subsequent to the end of the interim financial period:

As disclosed in Note B7, the Company has undertaken an Initial Public Offering (“IPO”) to list its shares on the Main Market of Bursa Malaysia Securities Berhad (“Listing”). The Prospectus was launched on 21 October 2024 and the Listing is expected to take place on 11 November 2024.

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A16. Fair Value Information

The fair values of financial assets and financial liabilities are determined as follows:

- (a) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities of the Group, such as current portion of trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair values due to immaterial discounting.

- (b) Non-current trade and other receivables and long-term borrowings

The fair values of these financial instruments are estimated by discounting the expected future cash flows at market lending rates for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. At the end of the reporting period, these amounts are carried at amortised costs and the carrying amounts approximate to their fair values.

- (c) Investment in keyman insurance contracts

The fair value of the keyman insurance contracts purchases for key management personnel and director of the Group is determined based on the cash surrender value in accordance with the keyman insurance contract which is not an observable input. The fair value is categorised as Level 3 in fair value hierarchy.

The unobservable input is the cash surrender value quoted by the insurance company according to the keyman insurance contract. When the cash surrender value is higher, the fair value of the keyman insurance contract will be higher.

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PART B : NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Group Performance

The Group recorded a revenue of RM49.2 million and profit before tax of RM11.8 million for the current quarter and financial period to-date ended 30 September 2024.

Included in the other operating income is net gain on disposal of property, plant and equipment of RM3.2 million including the sale of certain production moulds to approved suppliers who contract manufactures some of our security seals. This will in turn optimise our production capabilities to meet the needs of our customers. Loss on foreign exchange of RM1.0 million has resulted in an increase in the administrative expenses.

The Group's revenue for the current quarter and financial period to date was mainly contributed by the Group's trading segment of RM29.4 million, which represents 59.87% of the Group's revenue. The manufacturing segment contributed RM19.7 million, which represents 40.13% of the Group's revenue.

No comparative figures for the preceding corresponding quarter are available as this is the first interim financial report on the consolidated results for the first quarter ended 30 September 2024 announced by the Company in compliance with the Listing Requirements.

B2. Comparison with Immediate Preceding Quarter's Results

There are no comparative figures for the immediate preceding corresponding quarter and period as this is the first interim financial report for the first quarter ended 30 September 2024 being announced by the Group in compliance with the Listing Requirements of Bursa Securities.

B3. Prospects for the Group for the Financial Year Ending 30 June 2025

Our Group is focused in enhancing our position as a security seal specialist with in-house design and manufacturing capabilities to meet the needs and requirements of target customers in a number of end-user industries. Our diverse range of offerings and broad customer base enables us to sustain and grow our business.

We are committed to enhancing our product performance and cost-effectiveness through ongoing research and development. We carry out research and development activities to focus on the design and development of new products and to ensure the quality standard of our security seals are maintained. Our R&D activities support our focus in sustaining and growing our business.

B3. Prospects for the Group for the Financial Year Ending 30 June 2025 (Cont'd)

In addition to the above, our Group is in the midst of undertaking our expansionary plan of upgrading and automating our production facilities in Malaysia to improve consistency in our product quality by reducing human intervention in certain processes. We anticipate that these initiatives will strengthen our operational capacity, enabling us to better meet the demands of our customers and enhance our competitive edge.

Despite the ongoing challenges that are beyond our control, such as the ongoing Russian-Ukraine war and Middle East conflict, the weakening of US Dollar and the rising inflation, we remain vigilant and prudent in managing our operations. While we benefit from the sustained demand for security seals which is also expected to improve after this period under review, we are continuously improving our efficiency, competitiveness as well as our ability to adapt to unexpected market shifts. Given the dynamic global economic and political environment, the Group will exercise cautious in managing our operations and executing our plans.

B4. Variance of Actual Profit from Profit Forecast

This note is not applicable as the Group did not issue nor publish any profit forecast or profit guarantee in any form of public documentation and announcement in relation to the current financial quarter under review.

B5. Profit Before Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	30-Sep-2024 RM'000	30-Sep-2023 ^(a) RM'000	30-Sep-2024 RM'000	30-Sep-2023 ^(a) RM'000
After charging:				
Amortisation of intangible assets	51	N/A	51	N/A
Bad debts written off				
- Trade receivables	1	N/A	1	N/A
- Other receivables	1	N/A	1	N/A
Depreciation of property, plant and equipment	565	N/A	565	N/A
Depreciation of right-of-use assets	1,328	N/A	1,328	N/A
Interest expenses	1,406	N/A	1,406	N/A
Inventories written off	5	N/A	5	N/A

B5. Profit Before Taxation (Cont'd)

	Current Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	30-Sep-2024 RM'000	30-Sep-2023 ^(a) RM'000	30-Sep-2024 RM'000	30-Sep-2023 ^(a) RM'000
Loss on foreign exchange:				
- Realised	682	N/A	682	N/A
- Unrealised	279	N/A	279	N/A
Property, plant and equipment written off	6	N/A	6	N/A
And crediting:				
Interest income	(114)	N/A	(114)	N/A
Rental income	(42)	N/A	(42)	N/A
Net gain on disposal of property, plant and equipment	(3,250)	N/A	(3,250)	N/A

Note:

- (a) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding period as there is no interim financial report prepared for the comparative period.

N/A – Not applicable

B6. Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	30-Sep-2024 RM'000	30-Sep-2023 ^(a) RM'000	30-Sep-2024 RM'000	30-Sep-2023 ^(a) RM'000
Continuing operations:				
Malaysian income tax:				
Current period	2,043	N/A	2,043	N/A
Foreign income tax:				
Current period	694	N/A	694	N/A
Deferred tax:				
Over provision in prior years	(107)	N/A	(107)	N/A
	<u>2,630</u>	<u>N/A</u>	<u>2,630</u>	<u>N/A</u>

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B6. Taxation (*Cont'd*)

	Current Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	30-Sep-2024 RM'000	30-Sep-2023 ^(a) RM'000	30-Sep-2024 RM'000	30-Sep-2023 ^(a) RM'000
Effective tax rate (%) ^(b)	22.2%	N/A	22.2%	N/A

Note:

- (a) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding period as there is no interim financial report prepared for the comparative period concerned.
- (b) The effective tax rate for the quarter ended 30 September 2024 was lower than the statutory tax rate of 24.0% mainly due to certain non-taxable income for tax purposes.

B7. Status of Corporate Proposals

The Company had launched its IPO and issued its prospectus on 21 October 2024. The Public Issue of 147,873,000 new Shares, representing 17.50% of the enlarged issued share capital of 844,972,480 to be allocated and allotted in the following manner:

- (a) 42,250,000 new Shares made available for application by Malaysian public;
- (b) 25,350,000 new Shares made available for application by the eligible directors of Mega Fortris Group, eligible employees and persons who have contributed to the success of the Group;
- (c) 38,024,000 new Shares made available by way of private placement to selected Bumiputera investors approved by the Ministry of International Trade and Industry, Malaysia; and
- (d) 42,249,000 new Shares made available by way of private placement to institutional and selected investors.

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B8. Utilisation of Proceeds from the Public Issue

As at the date of this interim report, the Company's IPO and Listing are pending completion. Upon completion of the IPO and Listing, the Group expects to raise and use the gross proceeds of approximately RM99.1 million are expected to be utilised in the following manner:

	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Estimated time frame for utilisation upon Listing RM'000
Capital expenditures:				
- new production facilities for security seals in United Kingdom	42,980	-	42,980	36 months
- new business in providing total solution in supplying and handling of playing cards in sealed security boxes in Macao	45,000	-	45,000	36 months
Estimated listing expenses	11,095	-	11,095	Immediate
	<u>99,075</u>	<u>-</u>	<u>99,075</u>	

The use of proceeds as disclosed above should be read in conjunction with the Company's Prospectus dated 21 October 2024.

B9. Group Borrowings and Debt Securities

	As at 30-Sep-2024 RM'000	As at 30-Jun-2024 RM'000
Non-current liabilities		
Secured:		
Term loans	<u>37,758</u>	<u>38,438</u>

B9. Group Borrowings and Debt Securities (Cont'd)

	As at 30-Sep-2024 RM'000	As at 30-Jun-2024 RM'000
Current liabilities		
Secured:		
Invoice financing	100	-
Revolving credits	17,000	17,000
Banker's acceptance	21,190	19,733
Term loans	4,594	10,635
Bank overdrafts	1,594	-
	<u>44,478</u>	<u>47,368</u>
Total borrowings		
Secured:		
Invoice financing	100	-
Revolving credits	17,000	17,000
Banker's acceptance	21,190	19,733
Term loans	42,352	49,073
Bank overdrafts	1,594	-
	<u>82,236</u>	<u>85,806</u>

The Group's borrowings in Ringgit Malaysia ("RM") equivalent analysed by currency are as follows:

	30-Sep-2024 RM'000	30-Jun-2023 RM'000
Ringgit Malaysia	82,236	79,763
United States Dollar	-	6,043
	<u>82,236</u>	<u>85,806</u>

B10. Material Litigations

Aside from the litigations disclosed in the Accountant's Report, there are no other material litigations or arbitrations that could significantly affect the financial position of the Group. As of the date of this interim financial report, the Board of Directors is not aware of any pending proceedings or any circumstances likely to lead to such proceedings.

B11. Dividend

The Board of Directors does not recommend any dividend in respect of the reporting quarter and financial period to date.

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B12. Earnings Per Share ^(a)**B12.1 Basic Earnings per Share**

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding as follows:

	Current Quarter Ended		Cumulative Financial Quarter Ended	
	30-Sep-2024	30-Sep-2023 ^(b)	30-Sep-2024	30-Sep-2023 ^(b)
Profit attributable to owners of the Company (RM'000)	8,230	N/A	8,230	N/A
Weighted average number of ordinary shares ('000)	<u>697,099</u>	<u>N/A</u>	<u>697,099</u>	<u>N/A</u>
	<u>1.18</u>	<u>N/A</u>	<u>1.18</u>	<u>N/A</u>

B12.2 Diluted Earnings Per Share

There is no effect of dilution for the current quarter and financial year-to-date.

Notes:

- (a) The basic earnings per share ("EPS") is computed based on the profit attributable to owners of the Company for the period divided by the weighted average number of ordinary shares in issue during the financial period under review. Diluted earnings per ordinary shares for the financial period is calculated by dividing the profit for the financial period attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares.
- (b) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding period as there is no interim financial report prepared for the comparative period concerned.

N/A – Not applicable

By Order of the Board of Directors
Company Secretary
1 November 2024