



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

INTERIM FINANCIAL REPORT
SECOND QUARTER ENDED 31 DECEMBER 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 31 DECEMBER 2024 ^(a)

	Current Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	31-Dec-2024	31-Dec-2023^(b)	31-Dec-2024	31-Dec-2023^(b)
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Continuing operations				
Revenue	55,098	N/A	104,256	N/A
Cost of sales	(28,635)	N/A	(54,577)	N/A
Gross profit	26,463	N/A	49,679	N/A
Other operating income	621	N/A	4,280	N/A
Net gain on impairment of financial assets	57	N/A	57	N/A
Selling and distribution expenses	(967)	N/A	(1,394)	N/A
Administrative expenses	(13,142)	N/A	(26,347)	N/A
Other operating expenses ^(c)	(5)	N/A	(7)	N/A
Finance costs	(1,346)	N/A	(2,752)	N/A
Core profit before taxation	11,681	N/A	23,516	N/A
Expenses in relation to listing	(3,402)	N/A	(3,402)	N/A
Profit before taxation	8,279	N/A	20,114	N/A
Taxation	(2,234)	N/A	(4,864)	N/A
Profit after taxation for the financial period from continuing operations	6,045	N/A	15,250	N/A
Discontinuing operations^(d)				
Loss for the financial period from discontinuing operations, net of tax	(66)	N/A	(751)	N/A
Profit after taxation for the financial period	5,979	N/A	14,499	N/A
Other comprehensive income, net of tax:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences	1,759	N/A	(3,255)	N/A
Total comprehensive income for the financial period	7,738	N/A	11,244	N/A
Profit after taxation attributable to:				
Equity holder of the Company	5,613	N/A	13,843	N/A
Non-controlling interests	366	N/A	656	N/A
	5,979	N/A	14,499	N/A

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2024 ^(a) (Cont'd)

	Current Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	31-Dec-2024 Unaudited RM'000	31-Dec-2023^(b) Unaudited RM'000	31-Dec-2024 Unaudited RM'000	31-Dec-2023^(b) Unaudited RM'000
Total comprehensive income attributable to:				
Equity holder of the Company	7,297	N/A	10,543	N/A
Non-controlling interests	441	N/A	701	N/A
	<u>7,738</u>	<u>N/A</u>	<u>11,244</u>	<u>N/A</u>
Earnings per share attributable to owners of the Company (sen per share)				
- Basic ^(e)	<u>0.66</u>	<u>N/A</u>	<u>1.64</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 second 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) Other operating expenses include one-off expenses of RM3.4 million for the current quarter and current period-to-date. The normalised results excluding the one-off expenses are disclosed in Note B1.
- (d) 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.
- (e) 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 shares of 844,972,480 in issue after the completion of Public Issue.

N/A – Not applicable

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(Registration No: 199801004408 (460535 - H))

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ^(a)
AS AT 31 DECEMBER 2024

	As at 31-Dec-2024 Unaudited RM'000	As at 30-Jun-2024 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	82,172	81,207
Right-of-use assets	20,051	12,183
Intangible assets	4,920	5,018
Other investments	717	717
Trade and other receivables	4,408	4,408
Deferred tax assets	506	411
	112,774	103,944
Current assets		
Inventories	38,558	34,082
Trade and other receivables	90,711	67,906
Contract assets	-	29
Current tax assets	2,150	1,516
Fixed deposit with a licensed bank	3,392	-
Short term investments	30,028	-
Cash and bank balances	81,949	42,694
	246,788	146,227
Assets of disposal groups classified as held for sale	595	649
TOTAL ASSETS	<u>360,157</u>	<u>250,820</u>
EQUITY AND LIABILITIES		
Equity attributable to owner of the Company		
Share capital	131,495	34,855
Reserves	100,580	90,037
Shareholders' equity	232,075	124,892
Non-controlling interests	1,825	1,264
TOTAL EQUITY	<u>233,900</u>	<u>126,156</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ^(a)
AS AT 31 DECEMBER 2024 (Cont'd)

	As at 31-Dec-2024 Unaudited RM'000	As at 30-Jun-2024 Audited RM'000
EQUITY AND LIABILITIES (Cont'd)		
LIABILITIES		
Non-current liabilities		
Other payables	522	487
Borrowings	37,077	38,438
Lease liabilities	14,067	7,000
Deferred tax liabilities	2,520	2,525
	54,186	48,450
Current liabilities		
Trade and other payables	20,377	22,050
Contract liabilities	346	550
Borrowings	41,063	47,368
Lease liabilities	5,119	4,615
Current tax liabilities	4,956	1,402
	71,861	75,985
Liabilities of disposal groups classified as held for sale	210	229
TOTAL LIABILITIES	126,257	124,664
TOTAL EQUITY AND LIABILITIES	360,157	250,820
Net assets per share attributable to owners of the Company (RM) ^(b)	0.28	0.15

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 as at 31 December 2024 and 30 June 2024 is calculated based on net assets divided by the weighted average number of shares of 844,972,480 in issue after the completion of Public Issue.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2024 ^(a)**

Group	<-----Attributable to owner of the Company----->					Retained Earnings RM'000	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				
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	-	-	-	-	-	13,843	13,843	656	14,499
Other comprehensive income, net of tax	-	-	-	-	(3,300)	-	(3,300)	45	(3,255)
Total comprehensive (loss)/income for the financial period	-	-	-	-	(3,300)	13,843	10,543	701	11,244
Transactions with owner:									
Dividends paid to non- controlling interests	-	-	-	-	-	-	-	(140)	(140)
New shares issued by the Company for public issue	99,075	-	-	-	-	-	99,075	-	99,075
New shares issuance expenses for public issue	(2,435)	-	-	-	-	-	(2,435)	-	(2,435)
Total transactions with owner	96,640	-	-	-	-	-	96,640	(140)	96,500
Balance as at 31 December 2024	131,495	(29,950)	(167)	15,988	7,089	107,620	232,075	1,825	233,900

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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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2024 ^(a)**

	6 Months Ended 31-Dec-2024 Unaudited RM'000	6 Months Ended 31-Dec-2023^(b) Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before taxation	20,114	N/A
Loss from discontinued operations before taxation	(751)	N/A
	<u>19,363</u>	<u>N/A</u>
Adjustments for:		
Bad debts written off:		
- trade receivables	6	N/A
- other receivables	1	N/A
Amortisation of intangible assets	97	N/A
Allowance for impairment losses:		
- trade receivables	14	N/A
Reversal of impairment losses:		
- trade receivables	(71)	N/A
Depreciation of property, plant and equipment	1,074	N/A
Depreciation of right-of-use assets	2,834	N/A
Net gain on disposal of property, plant and equipment	(2,849)	N/A
Interest expense	2,752	N/A
Interest income	(301)	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
Loss on lease reassessment	238	N/A
Net unrealised loss on foreign exchange	113	N/A
Operating profit before working capital changes	<u>23,279</u>	<u>N/A</u>
Changes in working capital:		
Increase in inventories	(5,079)	N/A
Increase in receivables	(26,591)	N/A
Decrease in contract assets net of liabilities	(175)	N/A
Decrease in payables	(1,417)	N/A
Cash used in operations	<u>(9,983)</u>	<u>N/A</u>
Tax paid	<u>(2,050)</u>	<u>N/A</u>
Net cash used in operating activities	<u>(12,033)</u>	<u>N/A</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	261	N/A
Repayment from former subsidiaries	5,651	N/A
Purchases of:		
- property, plant and equipment	(1,989)	N/A
- right-of-use assets	(609)	N/A
Net cash generated from investing activities	3,314	N/A

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2024 ^(a) (Cont'd)**

	6 Months Ended 31-Dec-2024 Unaudited RM'000	6 Months Ended 31-Dec-2023^(b) Unaudited RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,127)	N/A
Interest income	40	N/A
Dividend paid to non-controlling interest	(140)	N/A
Repayment of bank borrowings	(45,644)	N/A
Drawdown of bank borrowings	38,027	N/A
Placement of fixed deposit pledged to a licensed bank	(3,392)	N/A
Payment of lease liabilities	(3,439)	N/A
Payment of share issuance expenses	(2,435)	N/A
Proceeds from issue of shares	99,075	N/A
Net cash generated from financing activities	79,965	N/A
Net increase in cash and cash equivalents	71,246	N/A
Effects of exchange rate differences	(2,189)	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	112,399	N/A
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	81,949	N/A
Fixed deposit pledged with a licensed bank	3,392	N/A
Short term investments	30,028	N/A
Bank overdraft	(173)	N/A
	115,196	N/A
Add: Cash and cash equivalents included in disposal group held for sale	595	N/A
Less: Fixed deposit pledged with a licensed bank	(3,392)	N/A
	112,399	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 second 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 listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

These condensed consolidated interim financial statements were approved by the Board of Directors on 13 February 2025.

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 second interim financial report of unaudited condensed consolidated financial results for the second quarter of 31 December 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*

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*

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

A2.2 New MFRSs and Amendments to MFRSs issued but not yet effective (*Cont'd*)

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. (*Cont'd*)

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.

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A7. Debt and Securities

	Number of ordinary shares '000	Amount RM'000
Issued share capital		
As at 1 July 2024	697,099	34,855
Public Issue	147,873	99,075
New share issuance expenses	-	(2,435)
As at 31 December 2024	844,972	131,495

On 7 November 2024, the Company had a public issue of 147,873,000 new ordinary shares at the issue price of RM0.67 per issued share in conjunction with the Initial Public Offering ("IPO") of the Company.

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

YTD 31-December-2024	Continuing operations		Discontinuing operations	Total RM'000
	Manufacturing RM'000	Trading RM'000	Trading RM'000	
Revenue				
Total revenue	71,424	56,684	-	128,108
Inter-segment revenue	(23,852)	-	-	(23,852)
Revenue from external customers	47,572	56,684	-	104,256
Finance costs	2,308	444	-	2,752
Depreciation and amortisation				
- Property, plant and equipment	945	129	-	1,074
- Right-of-use assets	1,197	1,637	-	2,834
- Intangible assets	96	1	-	97
Segment profit before income tax	16,152	3,962	(751)	19,363
Taxation	(3,502)	(1,362)	-	(4,864)
Capital expenditure	1,733	255	-	1,988
Segment assets	254,198	102,708	595	357,501
Segment liabilities	85,126	33,445	210	118,781

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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 31-Dec-2024 RM'000	
Revenue from external customers		
Continuing operations		
Asia Pacific	55,156	53%
Europe	24,206	23%
USA	20,429	20%
Middle East	4,465	4%
	<u>104,256</u>	<u>100%</u>
Discontinued operations		
Africa	-	
	<u>104,256</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 31 December 2024 were as follows:

	RM'000
Approved and contracted for	41,952
Approved but not contracted for	<u>107,875</u>
	<u>149,827</u>

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A14. Related Party Transactions

	Cumulative Financial Quarter Ended	
	31-Dec-2024	31-Dec-2023^(a)
	RM'000	RM'000
Transactions with companies in which certain Directors have substantial financial interests:		
Lease payments made on offices	221	N/A
Income:		
- Sales of goods	24	N/A
Expenses:		
- Purchase of goods	1,771	N/A
- Electricity costs	7	N/A
- Purchase of services	95	N/A

Note:

- (a) This is the second 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

There was no material event subsequent to the end of the current quarter up to the date of the interim financial report.

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, short term investments, 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.

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A16. Fair Value Information (Cont'd)**(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.

PART B : NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B1. Review of Group Performance****B1.1 Review of Current Quarter Performance versus Corresponding Last Year (2025-Q2 vs 2024-Q2)**

	3 months ended		Movement	
	31-Dec-2024	31-Dec-2023	RM'000	%
	RM'000	RM'000		
<u>Continuing operations</u>				
Revenue	55,098	N/A	N/A	N/A
Cost of Sales	(28,635)	N/A	N/A	N/A
Gross Profit	26,463	N/A	N/A	N/A
Other operating income	621	N/A	N/A	N/A
Profit from operations	27,084	N/A	N/A	N/A
Net gain on impairment of financial assets	57	N/A	N/A	N/A
Selling and distribution expenses	(967)	N/A	N/A	N/A
Administrative expenses	(13,142)	N/A	N/A	N/A
Other operating expenses	(5)	N/A	N/A	N/A
Finance cost	(1,346)	N/A	N/A	N/A
Core profit before taxation	11,681	N/A	N/A	N/A
Expenses related to listing	(3,402)	N/A	N/A	N/A
Profit before taxation	8,279	N/A	N/A	N/A
Taxation	(2,234)	N/A	N/A	N/A
Profit after taxation	6,045	N/A	N/A	N/A

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B1. Review of Group Performance (Cont'd)**B1.1 Review of Current Quarter Performance versus Corresponding Last Year (FY2025-Q2 vs FY2024-Q2) (Cont'd)**Financial performance excluding one-off expenses in FY2025-Q2 and FY2024-Q2

	3 months ended		Movement	
	31-Dec-2024	31-Dec-2023		
	RM'000	RM'000	RM'000	%
<u>Continuing operations</u>				
Profit before taxation	8,279	N/A	N/A	N/A
Add:				
Expenses in relation to listing*	3,402	N/A	N/A	N/A
Normalised Profit before taxation	11,681	N/A	N/A	N/A
Normalised income tax expenses	(2,234)	N/A	N/A	N/A
Normalised Profit after taxation	9,447	N/A	N/A	N/A
GP %	48.0%	N/A		N/A
PBT %	15.0%	N/A		N/A
PAT %	11.0%	N/A		N/A
Normalised PBT %	21.2%	N/A		N/A
Normalised PAT %	17.2%	N/A		N/A

* This represents the remaining IPO listing expenses after accounting for the share issuance expenses recorded under equity.

The Group recorded a revenue of RM55.1 million, gross profit of RM26.5 million and profit before taxation of RM8.3 million for the current quarter ended 31 December 2024. The revenue for the current quarter is primarily contributed by the Group's sales derived from manufacturing segment of RM27.8 million, which represents 50.54% of the Group's revenue. Sales from trading segment contributed RM27.3 million to the Group's revenue for the current quarter ended 31 December 2024, representing 49.5% of the Group's revenue.

The Group had incurred one-off listing expenses of approximately RM3.4 million in the current quarter ended 31 December 2024

In order to provide a clearer view of the Group's financial performance, the Group had computed the normalised profit before tax and normalised profit after tax excluding the one-off expenses. The Group would record a normalised PBT and normalised PAT of RM11.7 million and RM9.4 million, respectively. The normalised PBT % and normalised PAT % stood at 21.2% and 17.2%, respectively.

No comparative figures for the preceding corresponding quarter are available as this is the second interim financial report on the consolidated results for the second quarter ended 31 December 2024 announced by the Company in compliance with the Listing Requirements.

MEGA FORTRIS BERHAD

(Incorporated in Malaysia)

(Registration No: 199801004408 (460535 - H))

B1. Review of Group Performance (Cont'd)**B1.2 Review of Current Cumulative Quarter Performance versus Corresponding Last Year Cumulative Quarter Performance (FY2025-6M vs FY2024-6M)**

	6 months ended		Movement	
	31-Dec-2024	31-Dec-2023		
	RM'000	RM'000	RM'000	%
<u>Continuing operations</u>				
Revenue	104,256	N/A	N/A	N/A
Cost of Sales	(54,577)	N/A	N/A	N/A
Gross Profit	49,679	N/A	N/A	N/A
Other operating income	4,280	N/A	N/A	N/A
Profit from operations	53,959	N/A	N/A	N/A
Net gain on impairment of financial assets	57	N/A	N/A	N/A
Selling and distribution expenses	(1,394)	N/A	N/A	N/A
Administrative expenses	(26,347)	N/A	N/A	N/A
Other operating expenses	(7)	N/A	N/A	N/A
Finance cost	(2,752)	N/A	N/A	N/A
Core profit before taxation	23,516	N/A	N/A	N/A
Expenses in relation to listing	(3,402)	N/A	N/A	N/A
Profit before taxation	20,114	N/A	N/A	N/A
Taxation	(4,864)	N/A	N/A	N/A
Profit after taxation	15,250	N/A	N/A	N/A

Financial performance excluding one-off expenses in FY2025-6M and FY2024-6M

	6 months ended		Movement	
	31-Dec-2024	31-Dec-2023		
	RM'000	RM'000	RM'000	%
<u>Continuing operations</u>				
Profit before taxation	20,114	N/A	N/A	N/A
Add:				
Expenses in relation to listing*	3,402	N/A	N/A	N/A
Normalised Profit before taxation	23,516	N/A	N/A	N/A
Normalised income tax expenses	(4,864)	N/A	N/A	N/A
Normalised Profit after taxation	18,652	N/A	N/A	N/A
GP %	47.7%	N/A		N/A
PBT %	19.3%	N/A		N/A
PAT %	14.6%	N/A		N/A
Normalised PBT %	22.6%	N/A		N/A
Normalised PAT %	17.9%	N/A		N/A

* This represents the remaining IPO listing expenses after accounting for the share issuance expenses recorded under equity.

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B1. Review of Group Performance (Cont'd)**B1.2 Review of Current Cumulative Quarter Performance versus Corresponding Last Year Cumulative Quarter Performance (FY2025-6M vs FY2024-6M) (Cont'd)**

The Group's revenue for the financial period-to-date ended 31 December 2024 of RM104.3 million, gross profit of RM49.7 million and profit before taxation of RM20.1 is mainly contributed by the Group's sales of trading segment of RM56.7 million, which represents 54.4% of the Group's revenue. The Group's manufacturing segment contributed RM47.6 million to the Group's revenue, representing 45.6% of the Group's revenue.

Included in the other operating income is net gain on disposal of property, plant and equipment of RM2.8 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.

The Group had incurred one-off listing expenses of approximately RM3.4 million in the current financial period to-date ended 31 December 2024.

Based on the computed normalised PBT and normalised PAT, the Group reported a normalised PBT and normalised PAT of RM23.5 million and RM18.7 million, respectively. The normalised PBT % and the normalised PAT % stood at 22.6% and 17.9%, respectively.

No comparative figures for the corresponding cumulative quarter for the financial period ended 31 December 2023 are available as this is the second interim financial report on the consolidated results for the second quarter ended 31 December 2024 announced by the Company in compliance with the Listing Requirements.

B2. Comparison with Immediate Preceding Quarter's Results (FY2025-Q2 vs FY2025-Q1)

	3 months ended		Movement	
	31-Dec-2024	30-Sep-2024		
	RM'000	RM'000	RM'000	%
<u>Continuing operations</u>				
Revenue	55,098	49,158	5,940	12.1
Cost of Sales	(28,635)	(25,942)	2,693	10.4
Gross Profit	26,463	23,216	3,247	14.0
Other operating income	621	3,659	(4,280)	-117.0
Profit from operations	27,084	26,875	209	0.8
Net gain on impairment of financial assets	57	-	57	-
Selling and distribution expenses	(967)	(427)	540	126.5
Administrative expenses	(13,142)	(13,205)	(63)	-0.5
Other operating expenses	(5)	(2)	3	150.0
Finance cost	(1,346)	(1,406)	(60)	-4.3
Core profit before taxation	11,681	11,835	(154)	-1.30
Expenses in relation to listing	(3,402)	-	3,402	-
Profit before taxation	8,279	11,835	(3,556)	-30.0
Taxation	(2,234)	(2,630)	(396)	-15.1
Profit after taxation	6,045	9,205	(3,160)	-34.3

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B2. Comparison with Immediate Preceding Quarter's Results (FY2025-Q2 vs FY2025-Q1) (Cont'd)

	3 months ended		Movement	
	31-Dec-2024	30-Sep-2024		
	RM'000	RM'000	RM'000	%
<u>Continuing operations</u>				
Profit before taxation	8,279	11,835	(3,556)	-30.0
Add:				
Expenses in relation to listing*	3,402	-	3,402	-
Normalised Profit before taxation	11,681	11,835	(154)	-1.3
Normalised income tax expenses	(2,234)	(2,630)	(396)	-15.1
Normalised Profit after taxation	9,447	9,205	242	2.6
GP %	48.0%	47.2%		0.8%
PBT %	15.0%	24.1%		-11.4%
PAT %	11.0%	18.7%		-7.7%
Normalised PBT %	21.2%	24.1%		-2.9%
Normalised PAT %	17.1%	18.7%		-1.6%

* This represents the remaining IPO listing expenses after accounting for the share issuance expenses recorded under equity.

The Group's revenue for the current quarter ended 31 December 2024 increased by RM5.9 million or approximately 12.1% to RM104.3 million compared to the preceding quarter ended 30 September 2024. The increase in Group's revenue was contributed by the increase in selling price as well as the increase in quantity sold to end users.

The Gross Profit and Gross Profit Margin of the Group for the current quarter ended 31 December 2024 increased by RM3.2 million and 0.8%, respectively. The Group recorded Gross Profit margin of 48.0% in the current quarter ended 31 December 2024 and 47.2% in the preceding quarter ended 30 September 2024.

Profit before tax of the Group for the current quarter reduced by 30.0% from RM11.8 million in the preceding quarter ended 30 September 2024 to RM8.3 million in the current quarter ended 31 December 2024. This was mainly due to the one-off listing expense incurred by the Group for IPO exercise.

Other operating expenses increased significantly due to the one-off IPO expenses incurred by the Group in the current quarter ended 31 December 2024.

The Group's profit after tax for the current quarter ended 31 December 2024 reduced by RM2.5 million or approximately 29.8% to RM14.5 million compared to the preceding quarter ended 30 September 2024 due to the one-off listing expense incurred by the Group for IPO exercise.

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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.

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

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 6 Months ended	
	31-Dec-2024 RM'000	31-Dec-2023^(a) RM'000	31-Dec-2024 RM'000	31-Dec-2023^(a) RM'000
After charging:				
Amortisation of intangible assets	46	N/A	97	N/A
Bad debts written off				
- trade receivables	5	N/A	6	N/A
- other receivables	-	N/A	1	N/A
Depreciation of property, plant and equipment	509	N/A	1,074	N/A
Depreciation of right-of-use assets	1,506	N/A	2,834	N/A
Fair value adjustment	1	N/A	1	N/A
Impairment losses on:				
- trade receivables	14	N/A	14	N/A
Interest expenses	1,346	N/A	2,752	N/A
Inventories written off	-	N/A	5	N/A

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B5. Profit Before Taxation (Cont'd)

	Current Quarter 3 Months ended		Cumulative Quarter 6 Months ended	
	31-Dec-2024 RM'000	31-Dec-2023^(a) RM'000	31-Dec-2024 RM'000	31-Dec-2023^(a) RM'000
After charging: (Cont'd)				
Loss on foreign exchange:				
- realised	895	N/A	1,577	N/A
- unrealised	(166)	N/A	113	N/A
Property, plant and equipment written off	-	N/A	6	N/A
And crediting:				
Dividend income received from:				
- investment funds	(76)	N/A	(76)	N/A
Interest income	(187)	N/A	(301)	N/A
Rental income	-	N/A	(41)	N/A
Reversal of impairment losses on:				
- trade receivables	(71)	N/A	(71)	N/A
Net gain on disposal of property, plant and equipment	401	N/A	(2,849)	N/A

Note:

- (a) This is the second 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 6 Months ended	
	31-Dec-2024 RM'000	31-Dec-2023^(a) RM'000	31-Dec-2024 RM'000	31-Dec-2023^(a) RM'000
Continuing operations:				
Malaysian income tax:				
Current period	2,010	N/A	4,053	N/A
Foreign income tax:				
Current period	248	N/A	942	N/A
Over provision in prior year	(24)	N/A	(24)	N/A
	224	N/A	918	N/A

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B6. Taxation (Cont'd)

	Current Quarter 3 Months ended		Cumulative Quarter 6 Months ended	
	31-Dec-2024	31-Dec-2023 ^(a)	31-Dec-2024	31-Dec-2023 ^(a)
	RM'000	RM'000	RM'000	RM'000
Continuing operations: (Cont'd)				
Deferred tax:				
Over provision in prior years	-	N/A	(107)	N/A
	<u>2,234</u>	<u>N/A</u>	<u>4,864</u>	<u>N/A</u>
Effective tax rate (%) ^(b)	27.0%	N/A	24.2%	N/A

Note:

- (a) This is the second 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 period to-date ended 31 December 2024 is approximately the statutory tax rate of 24.0%.

B7. Status of Corporate Proposals

The Company was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on the 11 November 2024.

On 7 November 2024, the Company had a public issue of 147,873,000 new ordinary shares at the issue price of RM0.67 per issued share in conjunction with the IPO of the Company.

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B8. Utilisation of Proceeds from the Public Issue

The status of utilisation of proceeds from the public issue as at 31 December 2024 is as follows:

	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>(11,095)</u>	<u>87,980</u>	

Pending the eventual utilisation of the proceeds from our Public Issue for the above intended purposes, we had placed the balance of the proceeds raised (including accrued interest, if any) in interest-bearing accounts with licensed financial institutions in Malaysia and/or money market deposit instruments / funds.

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

B9. Group Borrowings

	As at 31-Dec-2024 RM'000	As at 30-Jun-2024 RM'000
Non-current liabilities		
Secured:		
Term loans	<u>37,077</u>	<u>38,438</u>
	As at 31-Dec-2024 RM'000	As at 30-Jun-2024 RM'000
Current liabilities		
Secured:		
Revolving credits	17,000	17,000
Banker's acceptance	15,822	19,733
Term loans	8,068	10,635
Bank overdrafts	<u>173</u>	<u>-</u>
	<u>41,063</u>	<u>47,368</u>

B9. Group Borrowings (Cont'd)

	As at 31-Dec-2024 RM'000	As at 30-Jun-2024 RM'000
Total borrowings		
Secured:		
Revolving credits	17,000	17,000
Banker's acceptance	15,822	19,733
Term loans	45,145	49,073
Bank overdrafts	173	-
	<u>78,140</u>	<u>85,806</u>

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

	31-Dec-2024 RM'000	30-Jun-2024 RM'000
Ringgit Malaysia	78,140	79,763
United States Dollar	-	6,043
	<u>78,140</u>	<u>85,806</u>

B10. Material Litigations

There is no material litigation or arbitration 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.

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	
	31-Dec-2024	31-Dec-2023 ^(b)	31-Dec-2024	31-Dec-2023 ^(b)
Profit attributable to owners of the Company (RM'000)	5,613	N/A	13,843	N/A
Weighted average number of ordinary shares ('000)	<u>844,972</u>	<u>N/A</u>	<u>844,972</u>	<u>N/A</u>
	<u>0.66</u>	<u>N/A</u>	<u>1.64</u>	<u>N/A</u>

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B12. Earnings Per Share ^(a) (Cont'd)

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 after the completion of Public Issue. 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 second 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
13 February 2025