



**HIAP HUAT HOLDINGS BERHAD (200901038858 (881993-M))
(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2022**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

| | Individual Quarter | | Cumulative Quarter | |
|---|--|--|---|---|
| | Current Quarter Ended 30 June 2022 RM'000 | Preceding Year Corresponding Quarter Ended 30 June 2021 RM'000 | Current Year To Date Ended 30 June 2022 RM'000 | Preceding year To Date Ended 30 June 2021 RM'000 |
| Revenue | 20,840 | 12,126 | 38,127 | 22,895 |
| Cost of sales | (14,496) | (8,640) | (27,090) | (16,297) |
| Gross profit | 6,344 | 3,486 | 11,037 | 6,598 |
| Other income | 280 | 76 | 386 | 298 |
| Administration expenses | (2,187) | (1,824) | (4,053) | (3,368) |
| Selling and distribution costs | (260) | (129) | (398) | (290) |
| Finance costs | (219) | (138) | (429) | (341) |
| Profit before taxation | 3,958 | 1,471 | 6,543 | 2,897 |
| Taxation | (1,009) | (215) | (2,164) | (683) |
| Net profit for the financial period, representing total comprehensive income for the financial period | 2,949 | 1,256 | 4,379 | 2,214 |
| Profit for the period, representing total comprehensive income for the financial period attributable to: | | | | |
| Equity owners of the Company | 2,958 | 1,206 | 4,426 | 2,246 |
| Non-controlling interests | (9) | 50 | (47) | (32) |
| | 2,949 | 1,256 | 4,379 | 2,214 |
| Earnings per share attributable to the equity holders of the Company (sen) | 0.75 | 0.37 | 1.12 | 0.68 |

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

| | Unaudited As at 30 June 2022 RM'000 | Audited As at 31 December 2021 RM'000 |
|--|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 31,850 | 31,055 |
| Investment property | 7,450 | 7,541 |
| Right-of-use assets | 42,067 | 42,848 |
| Other receivables | 165 | 201 |
| | 81,532 | 81,645 |
| Current assets | | |
| Inventories | 8,122 | 7,065 |
| Trade receivables | 13,506 | 7,191 |
| Other receivables | 1,155 | 687 |
| Tax recoverable | - | 103 |
| Short term investment | 10,167 | 6,616 |
| Fixed deposits | 164 | 163 |
| Cash and bank balances | 4,750 | 7,554 |
| | 37,864 | 29,379 |
| TOTAL ASSETS | 119,396 | 111,024 |
| EQUITY | | |
| Share capital | 49,981 | 49,981 |
| Treasury shares | (401) | (401) |
| Merger deficit | (9,535) | (9,535) |
| Revaluation reserve | 8,881 | 8,881 |
| Retained profits | 31,581 | 27,155 |
| Equity attributable to owners of the Company | 80,507 | 76,081 |
| Non-controlling interests | (169) | (122) |
| Total equity | 80,338 | 75,959 |
| LIABILITY | | |
| Non-current liabilities | | |
| Lease liabilities | 560 | 839 |
| Bank borrowings | 21,994 | 21,479 |
| Deferred tax liabilities | 7,436 | 7,005 |
| | 29,990 | 29,323 |
| Current Liabilities | | |
| Trade payables | 3,914 | 2,981 |
| Other payables | 1,501 | 524 |
| Provision for taxation | 1,427 | - |
| Lease liabilities | 650 | 735 |
| Bank borrowings | 1,576 | 1,502 |
| | 9,068 | 5,742 |
| Total liabilities | 39,058 | 35,065 |
| TOTAL EQUITY AND LIABILITIES | 119,396 | 111,024 |
| Net assets per share attributable to equity holders of the Company (RM) | 0.20 | 0.19 |

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

| | <-----Attributable to Equity Holders of the Company -----> | | | | | | | |
|---|--|--------------------|------------------------|-------------------|---------------------|---------------|----------------------------------|-----------------|
| | <----- Non-distributable -----> | | | | Distributable | | | |
| | Share Capital | Treasury Shares | Revaluation Reserve | Merger Deficit | Retained Profits | Total | Non- Controlling Interests | Total Equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Current year to date ended 30 June 2022 | | | | | | | | |
| At 1 January 2022 | 49,981 | (401) | 8,881 | (9,535) | 27,155 | 76,081 | (122) | 75,959 |
| Profit for the financial period, representing total comprehensive income for the financial period | - | - | - | - | 4,426 | 4,426 | (47) | 4,379 |
| At 30 June 2022 | 49,981 | (401) | 8,881 | (9,535) | 31,581 | 80,507 | (169) | 80,338 |
| Preceding year to date ended 30 June 2021 | | | | | | | | |
| At 1 January 2021 | 41,093 | (401) | 8,881 | (9,535) | 23,600 | 63,638 | - | 63,638 |
| Profit for the financial period, representing total comprehensive income for the financial period | - | - | - | - | 2,246 | 2,246 | (32) | 2,214 |
| Transactions with owner | | | | | | | | |
| Disposal in shareholding of a subsidiary | - | - | - | - | - | - | (97) | (97) |
| At 30 June 2021 | 41,093 | (401) | 8,881 | (9,535) | 25,846 | 65,884 | (129) | 65,755 |

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

| | Current Year To-date Ended 30 June 2022 RM'000 | Preceding Year To-date Ended 30 June 2021 RM'000 |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 6,543 | 2,897 |
| Adjustments: | | |
| Depreciation of property, plant and equipment | 2,524 | 1,764 |
| Depreciation of investment properties | 91 | 91 |
| Depreciation of right-of-use assets | 780 | 1,010 |
| Dividend income on short term investment | (113) | - |
| Fair value loss on short term investment | 62 | 2 |
| Gain on disposal of a subsidiary | - | (137) |
| Reversal of impairment loss on trade receivables | - | (7) |
| Property, plant and equipment written off | 10 | 31 |
| Gain on disposal of property, plant and equipment | (27) | - |
| Interest income | (1) | (36) |
| Interest expenses | 429 | 341 |
| Operating profit before working capital changes | 10,298 | 5,956 |
| (Increase)/decrease in working capital: | | |
| Inventories | (1,057) | 307 |
| Receivables | (6,747) | (1,847) |
| Payables | 1,910 | 295 |
| Cash generated from operations | 4,404 | 4,711 |
| Interest received | 1 | 36 |
| Interest paid | (421) | (325) |
| Tax refund | 2 | - |
| Tax paid | (205) | (216) |
| Net cash from operating activities | 3,781 | 4,206 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (3,331) | (5,653) |
| Proceeds from disposal of investment property | - | 1,380 |
| Disposal of short term investment | - | 3,971 |
| Proceeds from decrease in shareholding of a subsidiary | - | 40 |
| Proceeds from disposal of property, plant and equipment | 29 | - |
| Placement of short term investment | (3,500) | - |
| Net cash used in investing activities | (6,802) | (262) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Drawdown of borrowings | 1,131 | - |
| Repayment of bank borrowings | (542) | (479) |
| Repayment of lease liabilities | (371) | (680) |
| Net cash from/(used in) financing activities | 218 | (1,159) |
| Net (decrease)/increase in cash & cash equivalents | (2,803) | 2,785 |
| Cash and cash equivalents at beginning of the financial period | 7,717 | 7,720 |
| Cash and cash equivalents at end of the financial period | 4,914 | 10,505 |
| <u>Cash and Cash Equivalents at end of the period comprise the followings:</u> | | |
| Fixed deposits with licenced banks | 164 | 3,823 |
| Cash and bank balances | 4,750 | 6,682 |
| | 4,914 | 10,505 |

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial statement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS 134):

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

A2. Summary of significant accounting policies

The significant accounting policies and methods of computation adopted in the preparation of this interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2021 except for the following standards, amendments to published standards and interpretations to existing standards which are applicable in the current financial year:

- Amendment to MFRS 16, Leases – Covid-19 – Related Rent Concessions

The application of the standards and amendments to the standards above does not have a material impact to the financial statements of the Group and the Company.

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and Issue Committee (“IC”) Interpretations were issued but not yet effective and have not been applied by the Group and the Company:-

(i) MFRSs, Interpretations and Amendments effective for annual financial periods beginning on or after 1 January 2022

- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018 - 2020

(ii) MFRSs, Interpretations and Amendments effective for annual financial periods beginning on or after 1 January 2023

- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

A2. Summary of significant accounting policies (continued)

(iii) MFRSs, Interpretations and Amendments effective for annual financial periods beginning on or after a date yet to be confirmed

- Amendment to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company intend to adopt the abovementioned accounting standards, interpretations and amendments when they become effective.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

A3. Auditors' report

The audit report of the Group's preceding annual Financial Statements was not subject to any qualification.

A4. Seasonal or cyclical factors

The principal businesses of the Group were not significantly affected by seasonal or cyclical factors.

A5. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

A6. Material changes in estimates

There were no changes in the estimates of amount reported in prior financial period that had a material effect in the current quarter under review.

A7. Issuances, cancellations, repurchase, resale and repayments of debts and equity securities

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current financial period under review.

As at 30 June 2022, a total of 4,113,000 buy-back shares were held as treasury shares and carried at cost.

A8. Dividends paid

No dividend has been paid during the quarter under review.

A9. Segmental information

No segmental reporting is prepared as the principal activities of the Group are predominantly carried out in Malaysia and are engaged in a single business segment of manufacturing, recycling and refining all kinds of petroleum based products.

A10. Valuation of property, plant and equipment

The property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses. There was no revaluation of property, plant and equipment for the current financial period. The valuation of property, plant and equipment of the Group has been brought forward without amendment from the previous financial years.

A11. Capital commitments

Authorised capital expenditures for property, plant and equipment not provided for in the financial statements were as follows:

| | Group 30 June 2022 RM'000 |
|-------------------------------|--|
| Contracted and approved for: | |
| - Purchase of industrial land | 2,250 |
| - Purchase of equipments | 6,907 |
| | 9,157 |

A12. Material subsequent event

There are no material events subsequent to the end of the current financial period under review up to the date of this announcement that have not been reflected in these interim financial statements.

A13. Significant event during the period

There were no significant events during the current financial period under review that have not been reflected in these interim financial statements.

A14. Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial period under review.

A15. Contingent liabilities and contingent assets

The contingent liabilities as at 30 June 2022 were as follows:

| <u>Unsecured contingent liabilities</u> | Company 30 June 2022 RM'000 |
|--|--|
| Corporate guarantee given to financial institutions in respect of banking facilities granted to subsidiaries | 39,645 |

A16. Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as for the financial year ended 31 December 2021.

A17. Status of corporate exercise

Employee Share option Scheme (“ESOS”)

As at the current quarter ended 30 June 2022, there was no ESOS option has been granted to the employee of the Group.

Private Placement

In the previous financial year, the Company proposes to undertake a private placement of up to 66,660,000 new ordinary shares in the Company, representing up to approximately 20% of the total number of issued shares of the Company (excluding treasury shares) (“Private Placement”). The Private Placement has been approved by Bursa Securities with conditional on the compliance of relevant provisions under listing requirements.

A total of 65,837,000 placement shares have been allotted and listed to third party investors at an issue price of RM0.135 with gross proceeds of RM8,887,995.

As at the date of this report, the status of utilisation of proceeds from the Private Placement is as below:

| | Purpose | Proposed Utilisation After Variation RM'000 | Actual Utilisation RM'000 | Balance Utilisation RM'000 | Intended Timeframe for Utilisation |
|-------|---|--|----------------------------------|-----------------------------------|---|
| (i) | Part finance the construction of a new waste treatment facility | 3,000 | - | 3,000 | Within 18 months |
| (ii) | Purchase of new palm oil waste refining system | 4,000 | 4,000 | - | Within 18 months |
| (iii) | Estimated expenses for the Private Placement | 250 | 76 | 174* | Within 1 months |
| (iv) | Working capital requirements | 1,638 | 1,500 | 138 | Within 12 months |
| | Total | 8,888 | 5,576 | 3,312 | |

* The amount unutilised for private placement expenses will be used for general working capital purposes.

A18. Related party transaction

Related party transactions for the quarter under review in which certain Directors have direct/indirect interest are as follows:

| | Group | |
|--------------------------|-----------------------------------|----------------------------------|
| | Quarter ended 30 June 2022 | Year-to-date 30 June 2022 |
| | RM'000 | RM'000 |
| Allowance to shareholder | 17 | 34 |

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of performance

Financial review for second quarter ended 30 June 2022 (“Q2 FY2022”) versus corresponding quarter ended 30 June 2021 (“Q2 FY2021”)

| | Current Quarter Ended | | | | Cumulative Quarter Ended | | | |
|---|-----------------------|--------------|--------|---------|--------------------------|--------------|--------|---------|
| | 30 June 2022 | 30 June 2021 | Change | | 30 June 2022 | 30 June 2021 | Change | |
| | RM'000 | RM'000 | RM'000 | % | RM'000 | RM'000 | RM'000 | % |
| Revenue | 20,840 | 12,126 | 8,714 | 71.86% | 38,127 | 22,895 | 15,232 | 66.53% |
| Profit before taxation | 3,958 | 1,471 | 2,487 | 169.07% | 6,543 | 2,897 | 3,646 | 125.85% |
| Earnings before interest, taxes, depreciation and amortisation (“EBITDA”) | 5,905 | 3,023 | 2,882 | 95.34% | 10,366 | 6,068 | 4,298 | 70.83% |

In Q2 FY2022, the Group registered a revenue of RM20.84 million against RM12.13 million in Q2 FY2021, with a surge of 71.86%. Both local and export sales were on a hike in the current quarter with 78.71% increase of export to mainly Vietnam and Singapore while 70.43% increase for local sales against the corresponding quarter. On the product segment, the major increase was from recycled petroleum products which made up of 74.29% of the total revenue in the current quarter. Revenue from scheduled waste collection services has increased by 20.49% while a decrease of 40.77% in the recycled petrochemicals products in comparison of the quarters.

The gross profit margin was increased slightly from 28.75% in Q2 FY2021 to 30.44% in the current quarter. The increase in the margin was due to higher selling prices within the product mix in view of rising oil prices in the market. However, it was off-setting against the increase in labour cost, overhead cost and higher depreciation charges which trimmed down its gross profit margin.

Other income was increased by RM0.20 million with the foreign exchange gain incurred, higher dividend income received from the additional investment in short-term investment as well as the gain on disposal of fixed assets.

The Group incurred RM2.67 million of total operating expenses in the current quarter, an increase of RM0.58 million against RM2.09 million in Q2 FY2021. The increase was due to the higher staff cost incurred with additional headcount and salary adjustment in the current quarter amounted to RM0.35 million. Furthermore, there was higher commission paid out and travelling expenses of RM0.12 million in Q2 FY2022 compared against Q2 FY2021. Finance cost has also increased by RM0.08 million in the current quarter resulting from additional borrowings drawdown in the second half of the year 2021.

Overall, the Group registered a considerable profit before tax of RM3.96 million, with approximately 169.07% increase from profit before tax of RM1.47 million in Q2 FY2021. EBITDA has been better off by RM2.88 million, bringing it up to RM5.91 million at the quarter end.

B1. Review of performance (continued)

Financial review for the financial period year-to-date ended 30 June 2022 (“YTD FY2022”) versus 30 June 2021 (“YTD FY2021”)

On year-to-date, the Group recorded revenue of RM 38.13 million in YTD FY2022, an increase of 66.53% as compared to RM22.90 million in YTD FY2021. Sales to export market have doubled up to approximately RM9.88 million in YTD FY2022 while local sales have increased by 57.49% with higher sales orders. The significant rise in revenue was attributed to recycled petroleum products, followed by the scheduled waste collection services and recycled petrochemicals products.

Despite the increased revenue in the current financial period, the gross profit margin was fairly consistent at 28.95% in YTD FY2022 compared to 28.82% in YTD FY2021. This was due to the higher overhead cost incurred with an increase of 32.46%, mainly on the upkeep of machinery and factory, transportation charges, rental of tanks and higher depreciation charged subsequent to the capitalisation of fixed assets at the previous year-end date. Higher labour cost of RM0.28 million with headcount increase as well as increase of overtime charges has also shrunk the gross profit margin.

Increase in other income of RM0.09 million was due to the foreign exchange gain arising from receivables and higher dividend received from the investment in short term investment.

Total operating expenses of the Group marked at RM4.88 million in YTD FY2022, 22.03% increase as compared to RM4.00 million in YTD FY2021. The increase was mainly resulted from the increase in staff cost in the current financial period.

With the above, the Group recorded a profit before tax of RM6.54 million with EBITDA of RM10.37 million in the 6 months financial period. In the corresponding financial period, the profit before tax of the Group was at RM2.90 million and EBITDA of RM6.07 million.

B2. Financial review of current quarter ended 30 June 2022 (“Q2 FY2022”) versus immediate preceding quarter ended 31 March 2022 (“Q1 FY2022”)

| | Financial Quarter Ended | | | |
|---|-------------------------|---------------|--------|--------|
| | 30 June 2022 | 31 March 2022 | Change | |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 20,840 | 17,287 | 3,553 | 20.55% |
| Profit before taxation | 3,958 | 2,585 | 1,373 | 53.11% |
| Earnings before interest, taxes, depreciation and amortisation (“EBITDA”) | 5,905 | 4,461 | 1,444 | 32.37% |
| | | | | |

The Group registered a revenue of RM20.84 million in the current quarter, rise by 20.55% from RM17.29 million in Q1 FY2022. The rise was contributed by the increase of local sales of 53.11% in the current quarter, with the main revenue arising from the recycled petroleum products. In term of product segment, the revenue from recycled petroleum and recycled petrochemicals products have hit an increase of 26.66% and 21.52% respectively as compared to Q1 FY2022. Nevertheless, the revenue from schedules waste collection services has decreased by 6.99% in the current quarter.

The gross profit margin of the Group was improved from 27.15% in Q1 FY2022 to 30.44% in Q2 FY2022. The bettered margin was resulted from the favorable selling price with higher margin coupled with the lower overhead cost incurred in the production.

B2. Financial review of current quarter ended 30 June 2022 (“Q2 FY2022”) versus immediate preceding quarter ended 31 March 2022 (“Q1 FY2022”) (continued)

Total operating expenses stood at RM2.67 million in the current quarter as compared to RM2.21 million in the immediate preceding quarter. The increase of approximate 20.42% was mainly due to increase in administration cost of RM0.32 million, mainly from the staff cost, professional fees and insurance expenses. Commission expenses has also increased by RM0.01 million in Q2 FY2022 in tandem with the increase in its revenue.

At quarter closed, the Group recorded a profit before tax of RM3.96 million and EBITDA of RM5.91 million, a better financial performance as compared to Q1 FY2022 with improved profit before tax and EBITDA of 53.11% and 32.37% respectively.

B3. Prospects

Malaysia’s economy continues to record recovery during the country's transition to the endemic phase after facing the threat of Covid-19 for two years. The economy will continue to grow, boosted by continued recovery in the job market, increased people’s mobility with the reopening of international borders as well as the less strict pandemic management strategy in the country.

Nevertheless, there are still risks to growth outlook which come mainly from external factors such as sluggish growth in China, the ongoing Russia-Ukraine war, changes in global commodity prices, volatility in the international financial markets and rising inflation across the market.

The business environment is challenging, yet, the Group remains conscious of the disruption of the market changes and be adaptive to grips with the potential business opportunity ahead. On the management side, the Group is always ensuring the effectiveness and efficiency of the internal control and production process as well as prudent financial management to sustain its business operations.

B4. Profit guarantee or profit forecast

No profit guarantee or profit forecast has been issued by the Group previously in any public document.

B5. Taxation

| | Quarter ended | | Cumulative Quarter ended | |
|---|---------------|--------------|--------------------------|--------------|
| | 30 June 2022 | 30 June 2021 | 30 June 2022 | 30 June 2021 |
| | RM’000 | RM’000 | RM’000 | RM’000 |
| Current Tax | | | | |
| - current year | 758 | 168 | 1,734 | 209 |
| Deferred Tax | | | | |
| - origination and reversal of temporary differences | 251 | 47 | 430 | 474 |
| | 1,009 | 215 | 2,164 | 683 |

The effective tax rate of the Group for the current financial period was higher than the statutory tax rate due to higher non-deductibility of certain expenses and movement of temporary differences arising.

B6. Bank borrowings

The Group's bank borrowings as at 30 June 2022 are as follows:

| | Long Term RM'000 | Short Term RM'000 | Total RM'000 |
|----------------|-----------------------------|------------------------------|-------------------------|
| <u>Secured</u> | | | |
| -Term Loans | 21,994 | 1,576 | 23,570 |
| | 21,994 | 1,576 | 23,570 |

B7. Material litigation

The Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and the Directors of the Group do not have any knowledge of proceedings pending or threatened against the Company and/or its subsidiaries, or of any fact likely to give rise to any proceeding, which might materially and adversely affect the financial position or business of the Group as at the date of this report.

B8. Dividends

No dividends has been declared or recommended in respect of the current financial period under review.

B9. Profit for the period

| | Current Quarter Ended 30 June | | Cumulative Quarter Ended 30 June | |
|--|--|------------------------|---|------------------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Profit before taxation is arrived at after charging/(crediting): | | | | |
| Interest income | - | (16) | (1) | (36) |
| Interest expenses | 219 | 138 | 429 | 341 |
| Depreciation of property, plant and equipment | 1,282 | 881 | 2,524 | 1,764 |
| Depreciation of investment properties | 45 | 45 | 91 | 91 |
| Depreciation of rights-of-use assets | 403 | 503 | 780 | 1,010 |
| Dividend income on short term investment | (57) | (8) | (113) | (29) |
| Fair value loss on short term investment | 42 | 21 | 62 | 2 |
| Gain on disposal of property, plant and equipment | (29) | - | (27) | - |
| Reversal of impairment loss on trade receivables | - | - | - | (7) |
| Property, plant and equipment written off | 3 | 31 | 10 | 31 |

B10. Earnings per share

Basic earnings per share is calculated by dividing the Group's net profit attributable to the owners of the Company for the financial period by the weighted average number of ordinary shares in issue during the financial period, excluding ordinary shares purchased by the Company and held as treasury shares.

| | Current Quarter Ended 30 June | | Cumulative Quarter Ended 30 June | |
|---|--|------------------------|---|------------------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Group's net profit attributable to equity holders of the Company (RM'000) | 2,958 | 1,206 | 4,426 | 2,246 |
| Weighted average number of ordinary shares ('000) | 395,025 | 329,188 | 395,025 | 329,188 |
| Earnings per share (sen) | | | | |
| - Basic | 0.75 | 0.37 | 1.12 | 0.68 |

The Group has no dilution impact in their earnings per share as there was no potential dilutive ordinary shares during the current financial period.

B11. Authority for issue

The interim financial statements were reviewed by the Audit Committee of the Company and duly authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 26 August 2022.

By order of the Board of Directors

DATO' CHAN SAY HWA
Group Managing Director

26 August 2022