

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 31 DECEMBER 2022
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Quarter 31.12.2022 RM	Preceding Quarter 31.12.2021 RM	Current Year To Date 31.12.2022 RM	Preceding Year To Date 31.12.2021 RM
Revenue	A9	12,002,851	12,085,494	24,010,122	26,549,511
Cost of sales		(3,621,485)	(3,256,650)	(6,898,780)	(7,633,534)
Gross profit		8,381,366	8,828,844	17,111,342	18,915,977
Other income		967,833	231,936	1,378,270	293,395
Administrative expenses		(1,654,806)	(1,298,957)	(3,210,501)	(2,580,178)
Other operating expenses		(305,366)	(156,439)	(644,298)	(287,816)
Selling and distribution expenses		(1,730,334)	(1,744,052)	(3,335,071)	(3,600,663)
Profit before tax	B10	5,658,693	5,861,332	11,299,742	12,740,715
Taxation	B5	(1,376,860)	(1,449,303)	(2,747,415)	(3,125,195)
Profit after tax		4,281,833	4,412,029	8,552,327	9,615,520
Other comprehensive income		-	-	(66,667)	(33,333)
Total comprehensive income		4,281,833	4,412,029	8,485,660	9,582,187
Profit after tax attributable to:					
- Owners of the Company		4,281,833	4,412,029	8,552,327	9,615,520
Total comprehensive income attributable to:					
- Owners of the Company		4,281,833	4,412,029	8,485,660	9,582,187
Earnings per share (sen)					
- Basic	B9	1.35	1.39	2.69	3.03
- Diluted	B9	1.34	1.39	2.69	3.03

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial report.

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 31 DECEMBER 2022**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited As at 31.12.2022 RM	Audited As at 30.06.2022 RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	50,231,698	41,734,681
Intangible assets	7,160,304	7,324,788
Investment in quoted shares	4,900,000	4,966,667
	62,292,002	54,026,136
CURRENT ASSETS		
Inventories	21,934,174	19,720,507
Trade receivables	20,396,350	15,686,149
Other receivables, deposits and prepayments	1,208,176	2,390,804
Cash and cash equivalents	12,038,610	20,379,270
Asset classified as held for sale	-	232,473
	55,577,310	58,409,203
TOTAL ASSETS	117,869,312	112,435,339
EQUITY AND LIABILITIES		
EQUITY		
Share capital	60,862,780	60,122,500
Merger reserve	(14,225,998)	(14,225,998)
Share option reserve	731,680	640,000
Fair value reserve	3,700,000	3,766,667
Retained profits	54,805,880	50,234,351
TOTAL EQUITY	105,874,342	100,537,520
NON-CURRENT LIABILITIES		
Deferred tax liabilities	960,027	960,027
Government grants	4,714,673	5,021,225
	5,674,700	5,981,252
CURRENT LIABILITY		
Trade and other payables	6,320,270	5,916,567
	6,320,270	5,916,567
TOTAL LIABILITIES	11,994,970	11,897,819
TOTAL EQUITY AND LIABILITIES	117,869,312	112,435,339
No. of ordinary shares	318,563,815	317,793,815
Net asset per share	0.33	0.32

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial report.

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 31 DECEMBER 2022**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share Capital RM	Merger Reserve RM	Share Option Reserve RM	Fair Value Reserve RM	Retained Profits RM	Total Attributable to Owners of the Company RM
<u>Period Ended 31 December 2021</u>						
At 1 July 2021	60,074,000	(14,225,998)	-	3,800,000	44,296,734	93,944,736
Dividend	-	-	-	-	(3,812,926)	(3,812,926)
Total comprehensive income for the period	-	-	-	(33,333)	9,615,520	9,582,187
At 31 December 2021	60,074,000	(14,225,998)	-	3,766,667	50,099,328	99,713,997
<u>Period Ended 31 December 2022</u>						
At 1 July 2022	60,122,500	(14,225,998)	640,000	3,766,667	50,234,351	100,537,520
Share options granted under ESOS	-	-	214,880	-	-	214,880
Ordinary shares issued pursuant to ESOS	740,280	-	(123,200)	-	-	617,080
Dividend	-	-	-	-	(3,980,798)	(3,980,798)
Total comprehensive income for the period	-	-	-	(66,667)	8,552,327	8,485,660
At 31 December 2022	60,862,780	(14,225,998)	731,680	3,700,000	54,805,880	105,874,342

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial report.

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 31 DECEMBER 2022**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	For the Financial Period Ended 31.12.2022 RM	For the Financial Period Ended 31.12.2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,299,742	12,740,715
Adjustments for:		
Non-cash items	605,979	(2,411)
Non-operating items	(848,747)	173,104
Operating profit before working capital changes	<u>11,056,974</u>	<u>12,911,408</u>
Changes in working capital:		
Inventories	(2,213,667)	(3,863,129)
Receivables	(3,724,069)	(3,686,794)
Payables	381,301	1,104,522
Cash generated from operations	<u>5,500,539</u>	<u>6,466,007</u>
Interest received	191,010	246,967
Tax paid	(2,502,969)	(1,799,998)
Net cash generated from operating activities	<u>3,188,580</u>	<u>4,912,976</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,823,415)	(1,556,634)
Development expenditure	(355,516)	(510,175)
Proceeds from disposal of property, plant and equipment	836,876	-
Dividend received	53,333	33,333
Net cash used in investing activities	<u>(8,288,722)</u>	<u>(2,033,476)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(3,980,798)	(3,812,926)
Proceeds from the issuance of ESOS	740,280	-
Net cash used in financing activities	<u>(3,240,518)</u>	<u>(3,812,926)</u>
Net change in cash and cash equivalents	(8,340,660)	(933,426)
Cash and cash equivalents at beginning of the financial period	<u>20,379,270</u>	<u>27,688,434</u>
Cash and cash equivalents at end of the financial period	<u>12,038,610</u>	<u>26,755,008</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CON'T)

	For the Financial Period Ended 31.12.2022 RM	For the Financial Period Ended 31.12.2021 RM
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	110,672	108,293
Placement in Money Market Funds	11,210,644	25,560,050
Cash and bank balances	717,294	1,086,665
	<u>12,038,610</u>	<u>26,755,008</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial report.

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 31 DECEMBER 2022

A EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**A1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the Main Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirement”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to this interim financial report.

A2 Summary of Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 30 June 2022. The Group have not applied the following new standards, amendments and IC Interpretation that have been issued by the MASB and relevant to its operation but are not yet effective:

		Effective for financial periods beginning on or after
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 — Comparative Information	1 January 2023
Amendments to MFRS 112	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	To be announced by the MASB

The above standards, amendments and IC Interpretation are not expected to have significant impact on the financial statements of the Group upon their initial application.

A3 Auditors' Report

The audited financial statements of the Group for the financial year ended 30 June 2022 was not subject to any audit qualification.

A4 Comments about Seasonal and Cyclical Factors

The Group's business operations for the quarter ended 31 December 2022 were not materially affected by significant seasonal or cyclical fluctuations.

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 31 DECEMBER 2022**A EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022 (CON'T)****A5 Items or Unusual Nature and Amount**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the current quarter under review.

A6 Changes in Estimates

There were no major changes in estimates that have had a material effect in the current quarter under review.

A7 Debt and Equity Securities**Employees' Share Option Scheme ("ESOS")**

The Group has implemented an ESOS of up to fifteen percent (15%) of the issued and paid-up share capital for the eligible employees and directors of the Group effective from 24 November 2021. The Group had offered the options to its eligible employees and directors under the ESOS as follows:

Date Granted	Amount Granted	Exercise Price	Exercise Period
1 June 2022	4,050,000	RM0.81	01/06/2022 – 31/05/2024
1 September 2022	2,686,000	RM0.79	01/09/2022 – 31/08/2024

The movement of the ESOS granted during the quarter under review are disclosed as below:-

	Balance as at 1.10.2022 RM	Granted RM	Exercised RM	Balance as at 31.12.2022 RM
ESOS Grant 1	3,723,000	-	(162,000)	3,561,000
ESOS Grant 2	2,551,300	-	(196,300)	2,355,000
	<u>6,274,300</u>	<u>-</u>	<u>(358,300)</u>	<u>5,916,000</u>

Save as disclosed above, there was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the current financial quarter under review.

A8 Dividends Paid

A single tier tax exempt final dividend of 1.25 sen per ordinary share amounted to RM3,980,798 in respect of the financial year ended 30 June 2022 was paid on 8 December 2022.

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 31 DECEMBER 2022**A EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022 (CON'T)****A9 Segmental Reporting**

The Group's revenue based on the geographical location of its customers is as follows:

	Current Quarter 31.12.2022 RM	Preceding Quarter 31.12.2021 RM	Current Year To Date 31.12.2022 RM	Preceding Year To Date 31.12.2021 RM
Malaysia	11,947,377	11,878,608	23,662,704	26,158,968
Others	55,474	206,886	347,418	390,543
	12,002,851	12,085,494	24,010,122	26,549,511

The Group's revenue based on the activities is as follows:

	Current Quarter 31.12.2022 RM	Preceding Quarter 31.12.2021 RM	Current Year To Date 31.12.2022 RM	Preceding Year To Date 31.12.2021 RM
House Brand	11,390,840	11,268,894	22,442,425	25,017,110
OEM	612,011	816,600	1,567,697	1,532,401
	12,002,851	12,085,494	24,010,122	26,549,511

A10 Valuation of Property, Plant and Equipment

The Group did not carry out any valuation on property, plant and equipment in the current quarter under review.

A11 Capital Commitments

**As at
31.12.2022**

Purchase of property, plant and equipment	<u>47,037</u>
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A12 Subsequent Events

There were no events subsequent to the end of the current financial period from the date of the issue of this report that are expected to have a material impact on the Group.

A EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022 (CON'T)

A13 Changes in Composition of the Group

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

A14 Contingent Liabilities

There were no contingent liabilities as at the date of this interim report.

A15 Significant Related Party Transactions

There were no significant related party transactions in the current quarter under review.

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT

B1 Group Performance Review

(a) Performance of the current quarter (Q2 2023) against the preceding quarter (Q2 2022)

The Group recorded revenue of RM12 million for the current quarter under review compared to RM12.09 million for the preceding quarter. Revenue from House Brand of RM11.39 million contributed 94.9% of the total revenue for the current quarter under review with a slight increase of 1.1% comparing to the preceding quarter. The revenue from OEM experienced a decrease of 25.1% from preceding quarter since the Company focuses more on selling House Brand products.

The increase in other income was mainly due to the gain on disposal of land and building located at Mukim Rantau, Seremban during the current quarter under review.

The increase in administrative expenses were mainly due to the increase in staff costs resulting from annual bonus provisions and recognition of employee benefit expenses for second grant share options to the employees in the current quarter under review.

The increase in other operating expenses was mainly due to the increase in amortisation of research and development cost as a result of the increase in new products launched in the market as compared to the preceding quarter.

The selling and distribution expenses is consistent with preceding quarter since the Group managed to maintain consistent level of expenses during the current quarter under review.

The Group's profit after tax (PAT) for current quarter under review is RM4.28 million or slightly lower by 3% than the PAT of RM4.41 million recorded in the preceding quarter. The decrease in the PAT was mainly contributed by slightly lower revenue recorded in the current quarter followed by increase in administrative and operating expenses as described above.

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 31 DECEMBER 2022**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT (CON'T)****B1 Group Performance Review (Con't)****(b) Performance of the current cumulative quarter (6 months Q2 2023) against the preceding cumulative quarter (6 months Q2 2022)**

The Group recorded revenue of RM24.01 million for the current cumulative quarter under review compared to RM26.55 million for the preceding cumulative quarter. Revenue from House Brand contributed 93.5% of the total revenue for the current cumulative quarter under review and recorded a decrease of 10.3% as compared to preceding cumulative quarter. The decrease of 9.6% in the total revenue was mainly due to lower sales contribution from House Brand segment.

The increase in other income was mainly due to the gain on disposal of land and building located at Mukim Rantau, Seremban and amortization of government grant during cumulative quarter under review. No disposal and amortisation of government grant made in preceding cumulative quarter.

The increase in administrative expenses were mainly due to the increase in staff cost resulting from annual bonus provision and recognition of employee benefit expenses for second grant share options to the employees during current cumulative quarter under review.

The increase in other operating expenses was mainly due to the increase in amortisation of research and development cost as compared to the preceding cumulative quarter as a result of the increase in new products launched in the market.

The decrease in selling and distribution expenses were mainly due to the decrease in customer and salesman commission expenses which is in tandem with the decrease in revenue in the current cumulative quarter.

The Group's PAT for current cumulative quarter under review is RM8.55 million or 11.1% lower than the PAT of RM9.62 million recorded in the preceding cumulative quarter. The decrease in the PAT was mainly due to lower revenue generated by the Group in the current cumulative quarter.

B2 Performance of the current quarter (Q2 2023) against the immediate preceding quarter (Q1 2023)

	Current Quarter 31.12.2022 RM	Immediate Preceding Quarter 30.9.2022 RM	Difference RM	%
Revenue	12,002,851	12,007,271	(4,420)	(0.04)
Profit before tax	5,658,693	5,644,014	14,679	0.26
Profit after tax	4,281,833	4,273,459	8,374	0.20

The Group generates consistent revenue in the current and immediate preceding quarter. The profit before and after tax increase marginally as a results of consistent revenue and level of expenses maintained by the Group since immediate preceding quarter.

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 31 DECEMBER 2022**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT (CON'T)****B3 Prospects for the Current Financial Year**

The Group continued to drive its strategic initiatives with a focus on the fundamentals by expanding the product portfolio and reach, and production efficiencies within the Group. The Group will emphasis on sustaining market interests by paying close attention to meet consumer's expectations. The Group also has implemented adequate safety protocols to ensure the product quality is maintained.

B4 Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee during the current financial quarter under review.

B5 Taxation

	Current Quarter 31.12.2022 RM	Preceding Quarter 31.12.2021 RM	Current Year To Date 31.12.2022 RM	Preceding Year To Date 31.12.2021 RM
Income Tax	1,376,860	1,449,303	2,747,415	3,125,195
Deferred Tax	-	-	-	-
	<u>1,376,860</u>	<u>1,449,303</u>	<u>2,747,415</u>	<u>3,125,195</u>
Effective tax rate	24.3	24.7	24.3	24.5

The effective tax rate for the current quarter and current year to date were slightly higher than the statutory tax rate of 24% mainly due to certain expenses not deductible for tax purposes.

B6 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

B7 Group Borrowings

As at the date of this report, the Group has no bank borrowings.

B8 Material Litigation

As at the date of this report, the Group was not engaged in any material litigation.

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 31 DECEMBER 2022**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT (CON'T)****B9 Earnings per Share**

i) Basic Earnings Per Share

The basic earnings per share are computed based on the profit attributable to the equity shareholders of the Company divided by the total number of ordinary shares in issue for the period as follows:

	Current Quarter 31.12.2022	Preceding Quarter 31.12.2021	Current Year To Date 31.12.2022	Preceding Year To Date 31.12.2021
Profit after taxation attributable to owners of the Company (RM)	4,281,833	4,412,029	8,552,327	9,615,520
Weighted average issued share capital	318,256,718	317,743,815	318,256,718	317,743,815
Basic earnings per share (sen)	1.35	1.39	2.69	3.03

ii) Diluted Earnings Per Share

Diluted earnings per share arising from the share options granted under ESOS of the Group is computed as follows:

	Current Quarter 31.12.2022	Preceding Quarter 31.12.2021	Current Year To Date 31.12.2022	Preceding Year To Date 31.12.2021
Profit after taxation attributable to owners of the Company (RM)	4,281,833	4,412,029	8,552,327	9,615,520
Weighted average issued share capital	318,256,718	317,743,815	318,256,718	317,743,815
Effect of dilution due to ESOS	190,498	-	190,498	-
Adjusted weighted average number of share capital	318,447,216	317,743,815	318,447,216	317,743,815
Diluted earnings per share (sen)	1.34	1.39	2.69	3.03

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 31 DECEMBER 2022**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT (CON'T)****B10 Profit Before Tax**

Profit before tax is arrived at after charging/(crediting):

	Current Quarter 31.12.2022 RM	Preceding Quarter 31.12.2021 RM	Current Year To Date 31.12.2022 RM	Preceding Year To Date 31.12.2021 RM
Cost of inventories recognised as an expense	2,156,915	1,990,058	4,061,193	5,191,568
Depreciation	310,834	272,615	632,766	542,624
Amortisation of intangible assets	260,000	86,552	520,000	173,104
Share options granted under ESOS	107,440	-	214,880	-
Realised loss on foreign exchange	43,666	23,808	50,193	47,050
Unrealised loss on foreign exchange	9,436	1,060	8,256	2,065
Interest income	(96,391)	(123,298)	(191,010)	(246,967)
Amortisation of deferred income	(153,275)	-	(306,551)	-
Realised gain on foreign exchange	(98,405)	(20,621)	(155,099)	(40,469)
Unrealised gain on foreign exchange	-	(12,915)	(33,803)	(13,112)
Gain on disposal of fixed assets	(604,403)	-	(604,403)	-
Other income	(4,453)	-	(29,777)	-
Dividend income	-	(33,333)	(53,333)	(33,333)

B11 Declared Dividend

- (a) A single tier tax exempted interim dividend of 0.85 sen per ordinary share amounting to RM2,707,792 computed based on the issued capital of the Company comprising 318,563,815 shares as at 31 December 2022 has been declared by the Board on 21 February 2023.
- (b) A single tier tax exempted special dividend of 1.2 sen per ordinary share amounting to RM3,822,766 computed based on the issued capital of the Company comprising 318,563,815 shares as at 31 December 2022 has been declared by the Board on 21 February 2023.

B12 Authorisation for issue

The quarter financial report was authorised for issue by the Board in accordance with a resolution of the Board dated 21 February 2023.

BY ORDER OF THE BOARD

Wong Youn Kim (MAICSA 7018778)
Company Secretary

Kuala Lumpur
21 February 2023