

# **HPP HOLDINGS BERHAD**

Registration No: 201801043588 (1305620-D)  
(Incorporated in Malaysia)

## **Unaudited Condensed Consolidated Interim Financial Report for the Second Quarter Ended 30 November 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2021<sup>(1)</sup>**

	NOTE	Individual Quarter ended 30 November		Cumulative Quarter ended 30 November	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Revenue	A12	25,452	31,208	43,839	57,902
Cost of sales		(20,087)	(22,320)	(33,863)	(42,335)
Gross profit		5,365	8,888	9,976	15,567
Other income		655	551	1,066	1,137
Administrative expenses		(3,836)	(3,140)	(6,024)	(5,078)
<b>Profit from operations</b>		<b>2,184</b>	<b>6,299</b>	<b>5,018</b>	<b>11,626</b>
Finance costs		(142)	(181)	(321)	(444)
<b>Profit before tax</b>	B12	<b>2,042</b>	<b>6,118</b>	<b>4,697</b>	<b>11,182</b>
Tax expense	B6	(627)	(1,648)	(1,315)	(2,884)
<b>Profit and total comprehensive income for the financial period</b>		<b>1,415</b>	<b>4,470</b>	<b>3,382</b>	<b>8,298</b>
<b>Total comprehensive income for the financial period attributable to:</b>					
- Owners of the Company		1,271	4,232	3,248	7,982
- Non-controlling interests		144	238	134	316
		1,415	4,470	3,382	8,298
<b>Earnings Per Share</b>					
Basic (Sen)	B10(A)	0.33	1.09	0.84	2.05
Diluted (Sen)	B10(B)	0.33	1.09	0.84	2.05

**Note:**

- (1) The basis of preparation of the Unaudited Consolidated Statement of Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 May 2021 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2021<sup>(1)</sup>**

	NOTE	Unaudited As at 30 November 2021 RM'000	Audited As at 31 May 2021 RM'000
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment		58,177	57,767
		<u>58,177</u>	<u>57,767</u>
<b>Current assets</b>			
Inventories		15,278	13,410
Trade receivables		28,442	27,982
Other receivables		5,973	870
Tax recoverable		3,792	4,041
Short-term fund		(2)13,409	(2)21,181
Fixed deposits with licensed banks		4,951	5,801
Cash and bank balances		20,981	21,735
		<u>92,826</u>	<u>95,020</u>
<b>TOTAL ASSETS</b>		<b><u>151,003</u></b>	<b><u>152,787</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		90,208	90,208
Retained earnings		74,173	74,809
Share-based payment reserve		3,335	-
Restructuring reserve		(54,452)	(54,452)
<b>Total equity attributable to owners of the Company</b>		<b><u>113,264</u></b>	<b><u>110,565</u></b>
Non-controlling interests		2,195	2,061
<b>Total equity</b>		<b><u>115,459</u></b>	<b><u>112,626</u></b>
<b>Non-current liabilities</b>			
Borrowings	B7	8,642	12,826
Lease liabilities	B7	109	256
Deferred tax liabilities		6,773	6,773
		<u>15,524</u>	<u>19,855</u>
<b>Current liabilities</b>			
Borrowings	B7	3,606	3,530
Lease liabilities	B7	287	284
Trade payables		8,962	9,352
Other payables		7,162	7,123
Amount due to holding company		-	13
Tax payable		3	4
		<u>20,020</u>	<u>20,306</u>
<b>Total liabilities</b>		<b><u>35,544</u></b>	<b><u>40,161</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>151,003</u></b>	<b><u>152,787</u></b>
Number of issued shares ('000)		388,430	388,430
Net asset per share attributable to owners of the Company (RM)		0.29	0.28

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2021 (CONT'D)**

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 May 2021 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.
- (2) Short-term fund represents investment in highly liquid money market instrument and deposits with financial institution in Malaysia. The short-term fund is subject to an insignificant risk of change in value. The distribution income from this fund is tax exempted and is being treated as interest income by the Group and the Company.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2021<sup>(1)</sup>

	← Non-distributable	→	Attributable to owners of the Company		→		
	Share capital RM'000	Restructuring reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
<b>Unaudited As at 1 June 2020<sup>(2)</sup></b>	5,500	-	-	61,888	67,388	1,926	69,314
Profit and total comprehensive income for the financial period	-	-	-	7,982	7,982	316	8,298
Issuance of shares:							
- Issuance of shares	54,452	-	-	-	54,452	-	54,452
- Adjustment on acquisition of subsidiaries	-	(54,452)	-	-	(54,452)	-	(54,452)
Total transactions with Owners of the group	54,452	(54,452)	-	-	-	-	-
<b>Unaudited As at 30 November 2020</b>	<b>59,952</b>	<b>(54,452)</b>	<b>-</b>	<b>69,870</b>	<b>75,370</b>	<b>2,242</b>	<b>77,612</b>

	← Non-distributable	Attributable to owners of the Company			Distributable →		
	Share capital RM'000	Restructuring reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
<b>Unaudited As at 1 June 2021</b>	90,208	(3)(54,452)	-	74,809	110,565	2,061	112,626
Profit and total comprehensive income for the financial period	-	-	-	3,248	3,248	134	3,382
Dividend to owners of the Company	-	-	-	(3,884)	(3,884)	-	(3,884)
Issuance of shares: - Share-based payment	-	-	3,335	-	3,335	-	3,335
<b>Unaudited As at 30 November 2021</b>	<b>90,208</b>	<b>(54,452)</b>	<b>3,335</b>	<b>74,173</b>	<b>113,264</b>	<b>2,195</b>	<b>115,459</b>

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 May 2021 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.
- (2) The comparative figures in the Group's condensed consolidated interim financial report are presented as if the restructuring had occurred before the start of the earliest period presented.
- (3) This restructuring reserve of RM54,452,000 arose from the restructuring exercise that was undertaken in conjunction with the IPO. The restructuring reserve arose from the difference between the carrying value of the investment and the nominal value of the shares of subsidiaries upon consolidation under the merger accounting principles.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2021<sup>(1)</sup>**

	<b>Unaudited Cumulative Quarter ended 30 November</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	4,698	11,182
<i>Adjustment for:</i>		
Depreciation of property, plant and equipment	2,228	2,030
Gain on disposal of property, plant and equipment	(35)	-
Finance costs:		
- Term loans	311	432
- Lease liabilities	10	12
Interest income	(241)	(89)
Net realised loss/(gain) on foreign exchange	19	(8)
Net unrealised loss/(gain) on foreign exchange	(15)	(73)
Share-based payment	3,335	-
<b>Operating profit before working capital changes</b>	<b>10,310</b>	<b>13,486</b>
Change in working capital:		
Inventories	(1,868)	150
Receivables	(5,560)	(12,968)
Payables	(350)	7,517
Amount due to directors	-	(11)
Amount due to holding company	(13)	-
<b>Cash generated from operations</b>	<b>2,519</b>	<b>8,174</b>
Interest paid	(321)	(444)
Interest received	241	89
Tax paid	(1,068)	(2,017)
<b>Net cash from operating activities</b>	<b>1,371</b>	<b>5,802</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	35	-
Purchase of property, plant and equipment	(2,637)	(1,795)
<b>Net cash used in investing activities</b>	<b>(2,602)</b>	<b>(1,795)</b>
<b>Cash flow from financing activities</b>		
Dividend paid	(3,884)	-
Drawdown of bank borrowings	860	1,556
Repayment of borrowings	(4,969)	(347)
Repayment of lease liabilities	(144)	(103)
<b>Net cash (used in)/from financing activities</b>	<b>(8,137)</b>	<b>1,106</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,368)</b>	<b>5,113</b>
Cash and cash equivalents at the beginning of the financial period	48,717	25,007
Effect of exchange rate changes on cash and cash equivalents	(8)	73
<b>Cash and cash equivalents at the end of the financial period</b>	<b>39,341</b>	<b>30,193</b>

**Note:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 May 2021 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.

## A. NOTES TO THE INTERIM FINANCIAL REPORT

### A1. Basis of Preparation

The condensed consolidated interim financial report is unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements (“**Listing Requirements**”).

The condensed consolidated interim financial report should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended (“FYE”) 31 May 2021 and the accompanying explanatory notes attached to the condensed consolidated interim financial report. The explanatory notes attached to the condensed consolidated interim financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the FYE 31 May 2021.

### A2. Significant Accounting Policies

Except as described below, the same accounting policies and methods of computation are followed in this condensed consolidated interim financial report as compared with the audited consolidated financial statements for the FYE 31 May 2021.

The Group has also considered the new accounting pronouncements in the preparation of the financial statements.

#### (i) Accounting pronouncements that are effective and adopted during the financial year

Amendments to MFRS 16	COVID-19 - Related Rent Concessions
Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group.

#### (ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group has not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group:

##### ***Effective for financial periods beginning on or after 31 December 2021***

Amendment to MFRS 17	Comparative Information
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##### ***Effective for financial periods beginning on or after 1 January 2022***

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 101 Presentation of Financial Statements	Classification of Liabilities as Current or Non-current
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
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Annual Improvements to MFRSs 2018 - 2020

***Effective for financial periods beginning on or after 1 January 2023***

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

***Effective date to be announced***

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application.

**A3. Auditors' Report**

There was no qualified audit report issued by the auditors in the audited consolidated financial statements for the FYE 31 May 2021.

**A4. Seasonal or Cyclical Factors**

The nature of the Group's business was not subject to any significant seasonal and cyclical factors.

**A5. Exceptional items**

There were no material exceptional items during the current financial quarter under review.

**A6. Material Changes in Accounting Estimates**

There were no material changes in estimates for the current financial quarter under review.

**A7. Material Events Subsequent to the Statement of Financial Position Date**

There were no material events subsequent to the financial period under review.

**A8. Changes in Composition of the Group**

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

#### A9. Capital Commitments

Save as disclosed below, there were no other material capital commitments incurred or known to be incurred:

	Unaudited As at 30 November 2021 RM'000	Audited As at 31 May 2021 RM'000
<b>Approved but not contracted for:</b>		
Purchase of property, plant and equipment	6,949	-
<b>Approved and contracted for:</b>		
Purchase of property, plant and equipment	1,472	1,310

#### A10. Debt and Equity Securities

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

#### A11. Dividend Paid

There were no dividends paid during the current financial quarter under review.

#### A12. Segmental Information

	Unaudited Individual Quarter ended 30 November		Unaudited Cumulative Quarter ended 30 November	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Corrugated packaging	9,880	10,802	17,322	18,761
Non-corrugated packaging	9,447	9,948	16,844	19,006
Rigid box				
– Trading	4,465	8,961	6,752	17,365
– Production	719	579	1,237	580
Others (brochure, leaflet, label, paper bag)	941	918	1,684	2,190
<b>Total</b>	<b>25,452</b>	<b>31,208</b>	<b>43,839</b>	<b>57,902</b>

#### A13. Valuation of Property, Plant and Equipment

There was no valuation of the property, plant and equipment in the current financial quarter review.

#### A14. Contingent Liabilities

There were no contingent assets and contingent liabilities as at the date of this condensed consolidated interim financial report.

**A15. Related Party Transactions**

	Unaudited Individual Quarter ended 30 November 2021		Unaudited Cumulative Quarter ended 30 November 2021	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Transactions</b>				
<b>A. Directors/ substantial shareholders</b>				
Purchase of sub-printing, binding and folding services	-	2	-	9
Purchase of machine spare part	-	1	-	1
<b>B. Holding Company</b>				
Hostel rental	13	13	26	26

**A16. Fair value information**

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amounts of long-term floating rate borrowings approximate their fair value as the borrowings will be repriced to market interest rate on or near reporting date.

There was no gain or loss arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.

**A17. Holding Company**

The Directors regard Aurora Meadow Sdn Bhd, a company incorporated in Malaysia, as the holding company.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS****B1. Review of Financial Performance**

The Group recorded a revenue of approximately RM25.45 million and RM43.84 million in the current financial quarter and the cumulative financial quarter ended 30 November 2021 respectively. The Group's revenue is mainly contributed by the sales of paper-based packaging.

The Group recorded a profit before tax of approximately RM2.04 million and RM4.70 million in the current financial quarter and cumulative financial quarter ended 30 November 2021.

**B2. Variation of Results Against Corresponding Quarter**

The Group registered a lower revenue of approximately RM25.45 million and RM43.84 million in the current financial quarter and the cumulative financial quarter as compared to approximately RM31.21 million and RM57.90 million in the corresponding financial quarter and the corresponding cumulative financial quarter respectively. The decrease in revenue by approximately 18.44% in the current financial quarter against its revenue for the corresponding financial quarter was mainly due to (i) lower contribution from the trading of rigid box segment; and (ii) lower sales of paper-based packaging to its customers in particular the consumer electrical & electronics and food and beverage industries.

The overall gross profit margin reduced from approximately 28.48% and 26.89% in the corresponding financial quarter and the corresponding cumulative financial quarter respectively to approximately 21.08% and 22.76% in the current financial quarter and the cumulative financial quarter respectively. Such decrease was mainly due to lower revenue as well as higher production cost such as staff cost (including the share-based payment resulting from the granting of employees' share option scheme ("ESOS") options to the eligible production staff during the current financial quarter under review).

In line with the lower revenue, the Group also recorded a lower profit before tax of RM2.04 million and RM4.70 million in the current financial quarter and the cumulative financial quarter respectively as compared to approximately RM6.12 million and RM11.18 million in the corresponding financial quarter and the corresponding cumulative financial quarter respectively.

For information purposes, please refer to the table below for the Group's gross profit, profit before tax and profit and total comprehensive income for the respective financial period excluding the effect of share-based payment:

	Individual Quarter ended 30 November		Cumulative Quarter ended 30 November	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Gross profit	(1)7,418	8,888	(1)12,029	15,567
Gross profit margin:				
Including the effect of share-based payment	21.09%	28.48%	22.76%	26.89%
Excluding the effect of share-based payment	(1)29.15%	28.48%	(1)27.44%	26.89%
Profit before tax	(2)5,377	6,118	(2)8,032	11,182
Profit and total comprehensive income for the financial period	(2)4,750	4,470	(2)6,717	8,298

**Notes:**

- (1) Excluding the effect of share-based payment for production staff for comparable purposes.
- (2) Excluding the effect of share-based payment for eligible Directors and employees (including production staff) for comparable purposes.

**B3. Variation of Results Against Immediate Preceding Quarter**

The Group registered a higher revenue of approximately RM25.45 million in the current financial quarter as compared to approximately RM18.39 million in the preceding financial quarter. The increase in revenue was mainly because the Group is allowed to resume 100% operating capacity starting from 18 September 2021.

Notwithstanding the higher revenue, the overall gross profit margin reduced from approximately 25.08% in the preceding financial quarter to approximately 21.08% in the current financial quarter mainly due to the share-based payment for production staff as elaborated in Note B2.

As a result of the share-based payment, the Group recorded a lower profit before tax of approximately RM2.04 million in the current financial quarter as compared to approximately RM2.66 million in the preceding financial quarter.

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For information purposes, please refer to the table below for the Group's gross profit, profit before tax and profit and total comprehensive income for the respective financial period excluding the effect of share-based payment:

	<b>Individual Quarter ended</b>	
	<b>30 November 2021</b>	<b>31 August 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	25,452	18,387
Gross profit	<sup>(1)</sup> 7,418	4,611
<b>Gross profit margin:</b>		
Including the effect of share-based payment	21.09%	25.08%
Excluding the effect of share-based payment	<sup>(1)</sup> 29.15%	25.08%
Profit before tax	<sup>(2)</sup> 5,377	2,655
Profit and total comprehensive income for the financial period	<sup>(2)</sup> 4,750	1,967

**Notes:**

- (1) Excluding the effect of share-based payment for production staff for comparable purposes.
- (2) Excluding the effect of share-based payment for eligible Directors and employees (including production staff) for comparable purposes.

**B4. Commentary on Prospects**

In light of the uncertainties caused by the ongoing COVID-19 pandemic, the Board believes that the Group needs to be responsive to the economic and market developments, domestically, regionally and globally, as to their impact on its business. While the Group does have its business plans in place, there may be a need to improvise with these as the Group moves forward. The realities may warrant the exercise of prudence to delay certain plans in certain situation, or to modify, and even accelerate plans in order to capture growth opportunities of new positive developments, which are deemed sustainable.

According to the World Economic Outlook October 2021 published by International Monetary Fund, the global economy is projected to grow at 4.9% in 2022. The Malaysian gross domestic product's growth performance is supported mainly by the improvement in domestic demand and continued robust exports performance, particularly for electronic and electrical ("E&E") products. With the Government's continuous initiative for COVID-19 vaccine and booster shot, the Board believes that consumer spending level will remain constant during this pandemic with minimal disruption to most businesses that continue to operate and supported by the acceleration in online shopping. Taking these into account, the Board is optimistic that the prospects of E&E industry will remain positive and will augur well for the Group's business.

Moving forward, the Group will further explore new business opportunities arising from the radical shift in consumers' behaviour to online shopping. The Group will also look into expanding the range of packaging products by offering innovative solutions that would appeal to its existing customers and to attract potential new customers.

While local market demand will remain the mainstay of the Group's business, the Board envisages that there will be new opportunities arising in the ASEAN region as the global economy slowly opens up further. The Board sees that this will also give the Group further impetus for growth and the Group is well positioned to seize such opportunities to expand its paper-based packaging business.

Furthermore, in response to the COVID-19 pandemic, the Group has and will continue to implement various precautionary measures at its factories and offices to minimise the risk of COVID-19 infections and to ensure compliance with the standard operating procedures imposed by the Government. As at 21 October 2021, the Group's employees have completed 2 doses of COVID-19 vaccine.

Premised on the above and after taking into consideration the potential impact brought upon by the COVID-19 pandemic, the Board is cautiously optimistic of the Group's prospects for the financial year ending 31 May 2022.

**B5. Profit Forecast**

Not applicable as the Group does not publish any profit forecast.

**B6. Tax Expense**

	Unaudited Individual Quarter ended 30 November		Unaudited Cumulative Quarter ended 30 November	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Recognised in profit or loss</b>				
<b>Current tax expense</b>				
Current financial period	627	1,648	1,315	2,884
<b>Deferred tax expense</b>				
Current financial period	-	-	-	-
<b>Total</b>	<b>627</b>	<b>1,648</b>	<b>1,315</b>	<b>2,884</b>
Effective tax rate (%) <sup>(1)</sup>	30.71	26.94	28.00	25.79

**Note:**

(1) The effective tax rates for the quarter ended 30 November 2021 and 30 November 2020 are higher than the statutory tax rate of 24% mainly due to certain expenses which are not allowed for tax deduction purposes, in particular the share-based payment.

**B7. Loans and Borrowings**

The details of the Group's borrowings are as follows:

	Unaudited As at 30 November 2021 RM'000	Audited As at 31 May 2021 RM'000
<b>Non-current</b>		
Term loans	8,642	12,826
Lease liabilities	109	256
	<b>8,751</b>	<b>13,082</b>
<b>Current</b>		
Term loans	3,606	3,530
Lease liabilities	287	284
	<b>3,893</b>	<b>3,814</b>
<b>Total</b>	<b>12,644</b>	<b>16,896</b>

All the borrowings are secured and denominated in Ringgit Malaysia.

**B8. Material Litigation**

There is no material litigation pending as at the date of this interim financial report.

## B9. Dividends

There were no dividends declared for the current financial quarter under review.

On 29 October 2021, the shareholders approved the final single tier dividend of 1.00 sen per ordinary share amounting to RM3,884,300 for the FYE 31 May 2021, which was paid on 1 December 2021.

The Board had on 21 January 2022 declared the first interim single tier dividend of 0.75 sen per ordinary share in respect of the financial year ending 31 May 2022. The entitlement date for the first interim single tier dividend is fixed on 15 February 2022 and to be paid on 7 March 2022. The total dividend declared to date for the current financial year ending 31 May 2022 is 0.75 sen per ordinary share.

## B10. Basic and Diluted Earnings Per Share

The earnings per share for the current financial quarter and cumulative financial quarter ended 30 November 2021 and 30 November 2020 is based on the profit attributable to owners of the Company and weighted number of ordinary shares in issue as follows:

### A. Basic Earnings per Share

	Unaudited Individual Quarter ended 30 November		Unaudited Cumulative Quarter ended 30 November	
	2021	2020	2021	2020
Profit for the financial period attributable to owners of the Company (RM'000)	1,271	4,232	3,248	7,982
Weighted average number of ordinary shares in issue during the financial period ('000)	388,430	388,430	388,430	388,430
Basic earnings per share (sen)	0.33	1.09	0.84	2.05

### B. Diluted Earnings per Share

	Unaudited Individual Quarter ended 30 November		Unaudited Cumulative Quarter ended 30 November	
	2021	2020	2021	2020
Profit for the financial period attributable to owners of the Company (RM'000)	1,271	4,232	3,248	7,982
Weighted average number of ordinary shares in issue during the financial period ('000)	388,430	388,430	388,430	388,430
No. of shares to be issued pursuant to exercise of ESOS options ('000)	(1)546	-	(1)546	-
	388,976	388,430	388,976	388,430
Diluted earnings per share (sen)	0.33	1.09	0.84	2.05

#### Note:

- (1) Based on the number of ESOS options that was offered by the Company to the eligible directors and employees on 18 November 2021.

**B11. Profit before tax**

	Unaudited Individual Quarter ended 30 November 2021		Unaudited Cumulative Quarter ended 30 November 2021	
	RM'000	RM'000	RM'000	RM'000
<b>Material expenses/(income)</b>				
Auditor's remuneration:				
- current year	26	15	49	30
Depreciation of property, plant and equipment	1,127	1,010	2,228	2,030
Directors' remuneration:				
- Directors' fee	120	78	225	156
- Salaries, wages, allowances and bonus	190	186	369	373
- Contributions to defined contribution plan	34	34	68	69
Finance costs:				
- Term loans	137	177	311	432
- Lease liabilities	5	4	10	12
Gain on disposal of property, plant and equipment	-	-	(35)	-
Interest income	(116)	(37)	(241)	(89)
Rental expenses/Short-term lease rental:				
- Equipment	-	7	1	18
- Warehouse	4	15	10	59
- Hostel	23	27	45	43
Rental income	-	(58)	-	(66)
Right-of-use assets:				
- Lease of low value assets	-	1	1	1
Staff costs:				
- Salaries, wages, allowances and bonus	2,393	2,378	4,490	4,590
- Contributions to defined contribution plan	214	202	424	400
- Contributions to social security	33	31	61	60
- Share-based payment expense	3,335	-	3,335	-
Net realised (gain)/loss on foreign exchange	30	(3)	19	(8)
Net unrealised gain on foreign exchange	(25)	(44)	(15)	(73)

The Group did not report any other income including investment income, provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets and gain or loss on derivatives for the financial period under review.

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**B12. Utilisation of Proceeds Raised from Public Issue**

The utilisation of proceeds from the Public Issue of RM31.92 million is as follows:

<b>Details of utilisation</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Reallocation RM'000</b>	<b>Unutilised amount RM'000</b>	<b>Intended timeframe for utilisation after listing</b>
Capital expenditure and expansion	13,031	6,597	-	6,434	Within 24 months
Repayment of bank borrowings	7,783	7,783	-	-	Within 12 months
Working capital	5,207	747	<sup>(1)</sup> (186)	4,274	Within 24 months
Sales and marketing expenses	2,000	-	-	2,000	Within 36 months
Estimated listing expenses	3,900	<sup>(1)</sup> 4,086	<sup>(1)</sup> 186	-	Within 3 months
<b>Total</b>	<b>31,921</b>	<b>19,213</b>	<b>-</b>	<b>12,708</b>	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus dated 15 December 2020 ("**Prospectus**").

**Note:**

- (1) As the actual amount incurred for listing expenses is higher than estimated, the shortfall has been funded out of the amount allocated for working capital purposes, as set out in Section 2.7.5 of the Prospectus.

By order of the Board of Directors

21 January 2022