

HPP HOLDINGS BERHAD

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

Unaudited Condensed Consolidated Interim Financial Report for the Third Quarter Ended 28 February 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2022⁽¹⁾

	NOTE	Individual Quarter ended 28 February		Cumulative Quarter ended 28 February	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Revenue	A12	20,866	23,592	64,705	81,494
Cost of sales		(16,803)	(17,069)	(50,666)	(59,404)
Gross profit		4,063	6,523	14,039	22,090
Other income		403	963	1,469	2,100
Administrative expenses		(2,087)	(2,723)	(8,111)	(7,801)
Profit from operations		2,379	4,763	7,397	16,389
Finance costs		(122)	(185)	(443)	(629)
Profit before tax	B11	2,257	4,578	6,954	15,760
Tax expense	B6	(573)	(827)	(1,888)	(3,711)
Profit and total comprehensive income for the financial period		1,684	3,751	5,066	12,049
Total comprehensive income for the financial period attributable to:					
- Owners of the Company		1,666	3,820	4,914	11,802
- Non-controlling interests		18	(69)	152	247
		1,684	3,751	5,066	12,049
Earnings Per Share					
Basic (Sen)	B10(A)	0.43	0.98	1.27	3.04
Diluted (Sen)	B10(B)	0.43	0.98	1.26	3.04

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 28 FEBRUARY 2022⁽¹⁾

	NOTE	Unaudited As at 28 February 2022 RM'000	Audited As at 31 May 2021 RM'000
ASSETS			
Non-current asset			
Property, plant and equipment		58,104	57,767
		<u>58,104</u>	<u>57,767</u>
Current assets			
Inventories		13,561	13,410
Trade receivables		25,385	27,982
Other receivables		4,946	870
Tax recoverable		3,622	4,041
Short-term fund		(2)13,466	(2)21,181
Fixed deposits with licensed banks		5,876	5,801
Cash and bank balances		21,279	21,735
		<u>88,135</u>	<u>95,020</u>
TOTAL ASSETS		<u>146,239</u>	<u>152,787</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		90,208	90,208
Retained earnings		72,925	74,809
Share-based payment reserve		3,335	-
Restructuring reserve		(54,452)	(54,452)
Total equity attributable to owners of the Company		<u>112,016</u>	<u>110,565</u>
Non-controlling interests		1,886	2,061
Total equity		<u>113,902</u>	<u>112,626</u>
Non-current liabilities			
Borrowings	B7	7,601	12,826
Lease liabilities	B7	36	256
Deferred tax liabilities		7,107	6,773
		<u>14,744</u>	<u>19,855</u>
Current liabilities			
Borrowings	B7	3,803	3,530
Lease liabilities	B7	290	284
Trade payables		8,613	9,352
Other payables		4,881	7,123
Amount due to holding company		4	13
Tax payable		2	4
		<u>17,593</u>	<u>20,306</u>
Total liabilities		<u>32,337</u>	<u>40,161</u>
TOTAL EQUITY AND LIABILITIES		<u>146,239</u>	<u>152,787</u>
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 28 FEBRUARY 2022 (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 THIRD QUARTER ENDED 28 FEBRUARY 2022⁽¹⁾

←----- 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
Unaudited As at 1 June 2020⁽²⁾	5,500	-	-	61,888	67,388	1,926	69,314
Profit and total comprehensive income for the financial period	-	-	-	11,802	11,802	247	12,049
Issuance of shares:							
- Issuance of new shares pursuant to Pre-IPO Exercise	54,452	-	-	-	54,452	-	54,452
- Issuance of new shares pursuant to the IPO	31,921	-	-	-	31,921	-	31,921
- Expenses relating to issuance of new shares for the IPO	(1,665)	-	-	-	(1,665)	-	(1,665)
- Adjustment on acquisition of subsidiaries	-	(54,452)	-	-	(54,452)	-	(54,452)
Unaudited As at 28 February 2021	90,208	(54,452)	-	73,690	109,446	2,173	111,619

	← 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
Unaudited As at 1 June 2021	90,208	⁽³⁾(54,452)	-	74,809	110,565	2,061	112,626
Profit and total comprehensive income for the financial period	-	-	-	4,914	4,914	152	5,066
Dividend to owners of the Company	-	-	-	(6,798)	(6,798)	-	(6,798)
Dividend to non-controlling shareholders of a subsidiary	-	-	-	-	-	(327)	(327)
Issuance of shares: - Share-based payment	-	-	3,335	-	3,335	-	3,335
Unaudited As at 28 February 2022	90,208	(54,452)	3,335	72,925	112,016	1,886	113,902

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 THIRD QUARTER ENDED 28 FEBRUARY 2022⁽¹⁾

	Unaudited Cumulative	
	Quarter ended 28 February	
	2022	2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	6,954	15,760
<i>Adjustment for:</i>		
Depreciation of property, plant and equipment	3,388	3,068
Gain on disposal of property, plant and equipment	(35)	(293)
Reversal of impairment of inventories	-	(66)
Finance costs:		
- Term loans	428	614
- Lease liabilities	15	15
Interest income	(326)	(183)
Realised loss on foreign exchange	9	351
Unrealised gain on foreign exchange	(9)	(26)
Share-based payment	3,335	-
Operating profit before working capital changes	13,759	19,240
Change in working capital:		
Inventories	(151)	(2,794)
Receivables	(1,467)	(13,047)
Payables	(2,980)	3,228
Amount due to directors	-	(11)
Amount due to holding company	(9)	-
Cash generated from operations	9,152	6,616
Interest paid	(443)	(629)
Interest received	326	183
Tax paid	(1,137)	(2,890)
Net cash from operating activities	7,898	3,280
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	35	1,700
Purchase of property, plant and equipment	(3,725)	(2,120)
Net cash used in investing activities	(3,690)	(420)
Cash flow from financing activities		
Dividend paid to owners of the Company	(6,798)	-
Dividend paid to non-controlling shareholders of a subsidiary	(327)	-
Drawdown of bank borrowings	860	1,556
Repayment of borrowings	(5,813)	(1,637)
Repayment of lease liabilities	(214)	(156)
Increase in share capital	-	30,256
Net cash (used in)/from financing activities	(12,292)	30,019
Net (decrease)/increase in cash and cash equivalents	(8,084)	32,879
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	(12)	26
Cash and cash equivalents at the end of the financial period	40,621	57,912

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
Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)

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 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
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 17	Initial Application of MFRS 17 and MFRS 9 — Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
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 28 February 2022 RM'000	Audited As at 31 May 2021 RM'000
Approved but not contracted for:		
Purchase of property, plant and equipment	<u>6,949</u>	<u>-</u>
Approved and contracted for:		
Purchase of property, plant and equipment	<u>2,934</u>	<u>1,310</u>

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

Since the end of previous financial period, the shareholders approved the final single tier dividend of 1.00 sen per ordinary share amounting to RM3,884,300 in respect of FYE 31 May 2021 on 29 October 2021 and was paid on 1 December 2021.

The Board declared a first single-tier interim dividend of 0.75 sen per ordinary share amounting to RM 2,913,225 in respect of FYE 31 May 2022 on 21 January 2022 and was paid on 7 March 2022.

A12. Segmental Information

	Unaudited Individual Quarter ended 28 February		Unaudited Cumulative Quarter ended 28 February	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Corrugated packaging	6,029	9,190	23,351	27,951
Non-corrugated packaging	8,137	7,464	24,981	26,470
Rigid box				
– Trading	4,800	5,735	11,552	23,100
– Production	1,012	473	2,249	1,053
Others (brochure, leaflet, label, paper bag)	888	730	2,572	2,920
Total	<u>20,866</u>	<u>23,592</u>	<u>64,705</u>	<u>81,494</u>

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 28 February 2022		Unaudited Cumulative Quarter ended 28 February 2022	
	RM'000	RM'000	RM'000	RM'000
Transactions				
A. Directors/ substantial shareholders				
Purchase of sub-printing, binding and folding services	-	-	-	9
Purchase of machine spare part	-	-	-	1
B. Holding Company				
Hostel rental	13	13	39	39

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 RM20.87 million and RM64.71 million in the current financial quarter and the cumulative financial quarter ended 28 February 2022 respectively. The Group's revenue is mainly contributed by the sales of paper-based packaging.

The Group recorded a profit before tax of approximately RM2.26 million and RM6.95 million in the current financial quarter and cumulative financial quarter ended 28 February 2022.

B2. Variation of Results Against Corresponding Quarter

The Group registered a lower revenue of approximately RM20.87 million and RM64.71 million in the current financial quarter and the cumulative financial quarter as compared to approximately RM23.59 million and RM81.49 million in the corresponding financial quarter and the corresponding cumulative financial quarter respectively. The decrease in revenue by approximately 11.53% in the current financial quarter against its revenue for the corresponding financial quarter was mainly due to (i) lower contribution from the corrugated packaging segment; and (ii) lower sales of paper-based packaging to its customers, in particular the consumer electrical & electronics ("E&E") and food and beverage industries.

The overall gross profit margin reduced from approximately 27.65% and 27.11% in the corresponding financial quarter and the corresponding cumulative financial quarter respectively to approximately 19.47% and 21.70% in the current financial quarter and the cumulative financial quarter respectively. Such decrease was mainly due to changing product mix where there was a decrease in the sales of corrugated packaging (which yields a higher gross profit margin) due to the E&E industry as a result of temporary shortage of chip and labour supply during the financial quarter.

In line with the above, the Group also recorded a lower profit before tax of RM2.26 million and RM6.95 million in the current financial quarter and the cumulative financial quarter respectively as compared to approximately RM4.58 million and RM15.76 million in the corresponding financial quarter and the corresponding cumulative financial quarter respectively.

B3. Variation of Results Against Immediate Preceding Quarter

The Group registered a lower revenue of approximately RM20.87 million in the current financial quarter as compared to approximately RM25.45 million in the preceding financial quarter. The decrease in revenue was due to lower sales of paper-based packaging to its customers in particular the consumer E&E and contraceptive industries. However, the decrease in revenue was partially offset by the increase in revenue from trading and production of rigid boxes.

The overall gross profit margin reduced from approximately 21.08% in the preceding financial quarter to approximately 19.47% in the current financial quarter mainly due to changing product mix where there was a decrease in the sales of corrugated packaging (which yields a higher gross profit margin) due to the E&E industry as a result of temporary shortage of chip and labour supply during the financial quarter. Notwithstanding this, the Group's profit before tax increased slightly from approximately RM2.04 million in the preceding financial quarter to RM2.26 million in the current financial quarter as a result of lower administrative expenses and finance costs.

B4. Commentary on Prospects

Most countries are transitioning progressively to endemic phase in their management of COVID-19 in 2022. Notwithstanding this, there is still uncertainty surrounding the medium-term outlook for the global economy, stemming mainly from the extent of the impact of COVID-19 on the economy and post-pandemic structural shifts. As such, the Board believes that the Group will need to remain responsive to the economic and market developments, domestically, regionally and globally, as to their impact on its business. There may be a need to improvise with the Group's business plans as it moves forward.

The Malaysian economic recovery is underpinned by the continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and further improvement in labour market conditions. Amid the resurgences and containment measures, the demand for goods is expected to be strong, especially for E&E and commodities products, subject to the resolution of the chip shortage and labour supply issues.

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.

Notwithstanding the progressive transition towards endemic management of COVID-19 globally (including Malaysia), the Group 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.

Premised on the above and subject to the speed of the recovery of the E&E industry vis-a-vis alleviation of the chip shortage and labour issues, the Board will continue to exercise caution in managing the Group's business 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 28 February		Unaudited Cumulative Quarter ended 28 February	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Recognised in profit or loss				
Current tax expense				
Current financial period	239	827	1,554	3,711
Deferred tax expense				
Current financial period	334	-	334	-
Total	573	827	1,888	3,711
Effective tax rate (%)	(1)25.39	18.06	(1)27.15	23.55

Note:

- (1) The effective tax rate for the individual quarter and cumulative quarter ended 28 February 2022 is higher than the statutory tax rate of 24% mainly due to certain expenses which are not allowed for tax deduction purposes

B7. Loans and Borrowings

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

	Unaudited As at 28 February 2022 RM'000	Audited As at 31 May 2021 RM'000
Non-current		
Term loans	7,601	12,826
Lease liabilities	36	256
	7,637	13,082
Current		
Term loans	3,803	3,530
Lease liabilities	290	284
	4,093	3,814
Total	11,730	16,896

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.

B10. Basic and Diluted Earnings Per Share

The earnings per share for the current financial quarter and cumulative financial quarter ended 28 February 2022 and 28 February 2021 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 28 February		Unaudited Cumulative Quarter ended 28 February	
	2022	2021	2022	2021
Profit for the financial period attributable to owners of the Company (RM'000)	1,666	3,820	4,914	11,802
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)	0.43	0.98	1.27	3.04

B. Diluted Earnings per Share

	Unaudited Individual Quarter ended 28 February		Unaudited Cumulative Quarter ended 28 February	
	2022	2021	2022	2021
Profit for the financial period attributable to owners of the Company (RM'000)	1,666	3,820	4,914	11,802
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)2,353	-	(1)2,899	-
	390,783	388,430	391,329	388,430
Diluted earnings per share (sen)	0.43	0.98	1.26	3.04

Note:

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

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B11. Profit before tax

	Unaudited Individual Quarter ended 28 February 2022		Unaudited Cumulative Quarter ended 28 February 2022	
	RM'000	RM'000	RM'000	RM'000
Material expenses/(income)				
Auditor's remuneration:				
- current year	25	47	74	77
Depreciation of property, plant and equipment	1,160	1,038	3,388	3,068
Directors' remuneration:				
- Directors' fee	150	66	375	222
- Salaries, wages, allowances and bonus	118	205	487	578
- Contributions to defined contribution plan	21	39	89	108
Finance costs:				
- Term loans	117	182	428	614
- Lease liabilities	5	3	15	15
Gain on disposal of property, plant and equipment	-	(293)	(35)	(293)
Interest income	(85)	(94)	(326)	(183)
Rental expenses/Short-term lease rental:				
- Equipment	1	-	2	18
- Warehouse	3	-	13	59
- Hostel	24	21	69	64
Rental income	-	-	-	(66)
Right-of-use assets:				
- Lease of low value assets	-	1	1	2
Staff costs:				
- Salaries, wages, allowances and bonus	2,437	2,339	6,927	6,929
- Contributions to defined contribution plan	200	216	624	616
- Contributions to social security	36	31	97	91
- Share-based payment expense	-	-	3,335	-
Unrealised loss/(gain) on foreign exchange	(10)	47	(9)	(26)
Realised loss on foreign exchange	6	359	9	351

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:

Details of utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Reallocation RM'000	Unutilised amount RM'000	Intended timeframe for utilisation after listing
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	5,021	⁽¹⁾ (186)	-	Within 24 months
Sales and marketing expenses	2,000	-	-	2,000	Within 36 months
Estimated listing expenses	3,900	⁽¹⁾ 4,086	⁽¹⁾ 186	-	Within 3 months
Total	31,921	23,487	-	8,434	

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

22 April 2022