

# **HPP HOLDINGS BERHAD**

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

## **Unaudited Condensed Consolidated Interim Financial Report for the Fourth Quarter Ended 31 May 2022**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 MAY 2022<sup>(1)</sup>**

		Individual Quarter ended 31 May		Cumulative Quarter ended 31 May	
		2022	2021	2022	2021
	NOTE	RM'000	RM'000	RM'000	RM'000
Revenue	A12	21,058	25,188	85,763	106,682
Cost of sales		(15,128)	(19,265)	(65,794)	(78,669)
Gross profit		5,930	5,923	19,969	28,013
Other income		845	424	2,314	2,524
Administrative expenses		(2,103)	(2,869)	(10,214)	(10,670)
<b>Profit from operations</b>		<b>4,672</b>	<b>3,478</b>	<b>12,069</b>	<b>19,867</b>
Finance costs		(112)	(265)	(555)	(894)
<b>Profit before tax</b>	B11	<b>4,560</b>	<b>3,213</b>	<b>11,514</b>	<b>18,973</b>
Tax expense	B6	(1,151)	1,678	(3,039)	(2,033)
<b>Profit and total comprehensive income for the financial period</b>		<b>3,409</b>	<b>4,891</b>	<b>8,475</b>	<b>16,940</b>
<b>Total comprehensive income for the financial period attributable to:</b>					
- Owners of the Company		3,489	5,003	8,403	16,805
- Non-controlling interests		(80)	(112)	72	135
		3,409	4,891	8,475	16,940
<b>Earnings Per Share</b>					
Basic (Sen)	B10(A)	0.90	1.29	2.16	4.33
Diluted (Sen)	B10(B)	0.90	1.29	2.14	4.33

**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 31 MAY 2022<sup>(1)</sup>**

	NOTE	Unaudited As at 31 May 2022 RM'000	Audited As at 31 May 2021 RM'000
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment		60,084	57,767
		<u>60,084</u>	<u>57,767</u>
<b>Current assets</b>			
Inventories		15,903	13,410
Trade receivables		25,002	27,982
Other receivables		918	870
Tax recoverable		3,436	4,041
Short-term fund		(2)13,529	(2)21,181
Fixed deposits with licensed banks		15,000	5,801
Cash and bank balances		13,288	21,735
		<u>87,076</u>	<u>95,020</u>
<b>TOTAL ASSETS</b>		<b><u>147,160</u></b>	<b><u>152,787</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		90,208	90,208
Retained earnings		76,414	74,809
Share-based payment reserve		3,298	-
Restructuring reserve		(54,452)	(54,452)
<b>Total equity attributable to owners of the Company</b>		<b><u>115,468</u></b>	<b><u>110,565</u></b>
Non-controlling interests		1,806	2,061
<b>Total equity</b>		<b><u>117,274</u></b>	<b><u>112,626</u></b>
<b>Non-current liabilities</b>			
Borrowings	B7	7,557	12,826
Lease liabilities	B7	214	256
Deferred tax liabilities		8,031	6,773
		<u>15,802</u>	<u>19,855</u>
<b>Current liabilities</b>			
Borrowings	B7	2,994	3,530
Lease liabilities	B7	283	284
Trade payables		8,423	9,352
Other payables		2,297	7,123
Amount due to holding company		18	13
Tax payable		69	4
		<u>14,084</u>	<u>20,306</u>
<b>Total liabilities</b>		<b><u>29,886</u></b>	<b><u>40,161</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>147,160</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)		0.30	0.28

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 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 up to 31 December 2021 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 FOURTH QUARTER ENDED 31 MAY 2022<sup>(1)</sup>**

	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	-	-	-	16,805	16,805	135	16,940
Dividend to owners of the Company	-	-	-	(3,884)	(3,884)	-	(3,884)
Issuance of shares:							
- Issuance of new shares pursuant to Pre- Initial Public Offering ("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)
<b>Unaudited As at 31 May 2021</b>	<b>90,208</b>	<b>(54,452)</b>	<b>-</b>	<b>74,809</b>	<b>110,565</b>	<b>2,061</b>	<b>112,626</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>	<b>90,208</b>	<b><sup>(3)</sup>(54,452)</b>	<b>-</b>	<b>74,809</b>	<b>110,565</b>	<b>2,061</b>	<b>112,626</b>
Profit and total comprehensive income for the financial period	-	-	-	8,403	8,403	72	8,475
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	-	-	3,298	-	3,298	-	3,298
<b>Unaudited As at 31 May 2022</b>	<b>90,208</b>	<b>(54,452)</b>	<b>3,298</b>	<b>76,414</b>	<b>115,468</b>	<b>1,806</b>	<b>117,274</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 FOURTH QUARTER ENDED 31 MAY 2022<sup>(1)</sup>**

	<b>Unaudited Cumulative Quarter ended 31 May</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	11,514	18,973
<i>Adjustment for:</i>		
Depreciation of property, plant and equipment	4,547	4,126
Gain on disposal of property, plant and equipment	(32)	(192)
Gain on lease modification	(5)	-
Reversal of impairment of inventories	(80)	(66)
Reversal of impairment on trade receivables	(83)	-
Bad debts written off	-	6
Impairment loss on trade receivables	-	14
Finance costs:		
- Term loans	536	876
- Lease liabilities	19	18
Interest income	(436)	(360)
Realised (gain)/loss on foreign exchange	(164)	340
Unrealised (gain)/loss on foreign exchange	(17)	(19)
Share-based payment	3,298	-
<b>Operating profit before working capital changes</b>	<b>19,097</b>	<b>23,716</b>
Change in working capital:		
Inventories	(2,414)	(4,366)
Receivables	3,053	(11,546)
Payables	(5,755)	3,921
Amount due to directors	-	(11)
Amount due to holding company	5	13
<b>Cash generated from operations</b>	<b>13,986</b>	<b>11,727</b>
Interest paid	(555)	(894)
Interest received	436	360
Tax paid	(1,110)	(3,954)
Tax refunded	-	3
<b>Net cash from operating activities</b>	<b>12,757</b>	<b>7,242</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	35	1,726
Purchase of property, plant and equipment	(6,618)	(9,609)
<b>Net cash used in investing activities</b>	<b>(6,583)</b>	<b>(7,883)</b>
<b>Cash flow from financing activities</b>		
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	(6,666)	(7,148)
Repayment of lease liabilities	(286)	(230)
Increase in share capital	-	30,256
<b>Net cash (used in)/from financing activities</b>	<b>(13,217)</b>	<b>24,434</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(7,043)</b>	<b>23,793</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	143	(83)
<b>Cash and cash equivalents at the end of the financial period</b>	<b>41,817</b>	<b>48,717</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
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 31 May 2022 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	1,639	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

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

#### A12. Segmental Information

	Unaudited Individual Quarter ended 31 May		Unaudited Cumulative Quarter ended 31 May	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Corrugated packaging	4,353	10,774	27,704	38,725
Non-corrugated packaging	10,073	7,918	35,054	34,388
Rigid box				
– Trading	4,056	5,009	15,608	28,109
– Production	1,152	380	3,401	1,433
Others (brochure, leaflet, label, paper bag)	1,424	1,107	3,996	4,027
<b>Total</b>	<b>21,058</b>	<b>25,188</b>	<b>85,763</b>	<b>106,682</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		Unaudited	
	Individual Quarter		Cumulative Quarter	
	ended 31 May		ended 31 May	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Transactions</b>				
<b>A. Directors/ substantial shareholders</b>				
Purchase of sub-printing, binding and folding services	3	10	3	19
Purchase of machine spare part	-	-	-	1
<b>B. Holding Company</b>				
Hostel rental	14	14	53	53

**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 revenue of approximately RM21.06 million and RM85.76 million in the current financial quarter and the cumulative financial quarter ended 31 May 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 RM4.56 million and RM11.51 million in the current financial quarter and cumulative financial quarter ended 31 May 2022.

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

The Group registered a lower revenue of approximately RM21.06 million and RM85.76 million in the current financial quarter and the cumulative financial quarter as compared to approximately RM25.19 million and RM106.68 million in the corresponding financial quarter and the corresponding cumulative financial quarter respectively. The decrease in revenue by approximately 16.40% in the current financial quarter against its revenue for the corresponding financial quarter was mainly due to lower contribution from the corrugated packaging and trading of rigid box segments, in particular the consumer electrical & electronics ("E&E").

The overall gross profit margin increased from approximately 23.52% in the corresponding financial quarter to approximately 28.16% in the current financial quarter. This was mainly due to different product mix for the financial quarter, namely higher contribution from the manufacturing of rigid box (which yields a higher gross profit margin as compared to trading of rigid box) to the E&E industry. The overall gross profit margin decreased from approximately 26.26% in the corresponding cumulative financial quarter to approximately 23.28% in the current cumulative financial quarter mainly due to higher staff costs.

Despite a lower revenue registered in the current financial quarter, the Group recorded a higher profit before tax of RM4.56 million in the current financial quarter as compared to approximately RM3.21 million in the corresponding financial quarter. This was mainly due to higher interest income received on the Group's investment in financial assets (including fixed deposits) as well as higher sales of scrap paper. The Group recorded a lower profit before tax of RM11.51 million in the current cumulative financial quarter as compared to approximately RM18.97 million in the corresponding cumulative financial quarter, which is in line with the lower revenue and lower other income recorded for the current cumulative financial quarter.

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

The Group registered a higher revenue of approximately RM21.06 million in the current financial quarter as compared to approximately RM20.87 million in the preceding financial quarter. The increase in revenue was due to higher sales of paper-based packaging to its customers, in particular the contraceptive and food and beverage industries. However, the increase in revenue was partially offset by the decrease in revenue from the sales of paper-based packaging as well as trading of rigid box to its customers in the E&E industry.

The overall gross profit margin increased from approximately 19.47% in the preceding financial quarter to approximately 28.16% in the current financial quarter mainly due to increase in sales to Mexico and Thailand as compared to the preceding financial quarter. As the sales to these 2 countries are mainly denominated in United States Dollar, which has appreciated against the Ringgit Malaysia during the financial quarter, the Group has benefitted from such appreciation. The Group's profit before tax also increased from approximately RM2.26 million in the preceding financial quarter to RM4.56 million in the current financial quarter mainly due to higher gross profit and other income recorded for the financial quarter.

### **B4. Commentary on Prospects**

On 8 March 2022, Ministry of Health of Malaysia had announced the transitioning of COVID-19 into the endemic phase from 1 April 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 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 Malaysia has entered into the endemic phase in the second (2<sup>nd</sup>) quarter of 2022, 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 2023.

#### B5. Profit Forecast

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

#### B6. Tax Expense

	Unaudited Individual Quarter ended 31 May		Unaudited Cumulative Quarter ended 31 May	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Recognised in profit or loss</b>				
<b>Current tax expense</b>				
Current financial period	389	41	1,943	2,591
Over provision in prior year	(162)	(2,992)	(162)	(1,831)
<b>Deferred tax expense</b>				
Current financial period	950	1,446	1,284	1,446
Over provision in prior year	(26)	(173)	(26)	(173)
<b>Total</b>	<b>1,151</b>	<b>(1,678)</b>	<b>3,039</b>	<b>2,033</b>
Effective tax rate (%)	(1)25.24	(2)(52.23)	(1)26.39	(2)10.72

#### Notes:

- (1) The effective tax rate for the individual quarter and cumulative quarter ended 31 May 2022 is higher than the statutory tax rate of 24% mainly due to certain expenses which are not allowed for tax deduction purposes, such as the share-based payment expenses.
- (2) The effective tax rate for the individual quarter and cumulative quarter ended 31 May 2021 is lower than the statutory tax rate of 24% mainly due to tax savings arising from reinvestment allowance and reversal of overprovision of taxation in prior year.

#### B7. Loans and Borrowings

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

	Unaudited As at 31 May 2022 RM'000	Audited As at 31 May 2021 RM'000
<b>Non-current</b>		
Term loans	7,557	12,826
Lease liabilities	214	256
	<b>7,771</b>	<b>13,082</b>
<b>Current</b>		
Term loans	2,994	3,530
Lease liabilities	283	284
	<b>3,277</b>	<b>3,814</b>
<b>Total</b>	<b>11,048</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****(i) Proposed final dividend**

The Board had on 22 July 2022 proposed a final single-tier dividend of 0.75 sen per ordinary share in respect of FYE 31 May 2022 amounting to RM 2,913,225.

The final single-tier dividend is subject to the approval of shareholders being obtained in the forthcoming annual general meeting.

The entitlement and payment dates for the final dividend will be announced at a later date.

**(ii) Total dividend**

The total dividend for the FYE 31 May 2022 are as follows:

- (a) first single-tier interim dividend of 0.75 sen per ordinary share declared on 21 January 2022 and paid on 7 March 2022; and
- (b) proposed final single-tier dividend of 0.75 sen per ordinary share, which is subject to shareholders' approval at the forthcoming annual general meeting.

**B10. Basic and Diluted Earnings Per Share**

The earnings per share for the current financial quarter and cumulative financial quarter ended 31 May 2022 and 31 May 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 31 May		Unaudited Cumulative Quarter ended 31 May	
	2022	2021	2022	2021
Profit for the financial period attributable to owners of the Company (RM'000)	3,489	5,003	8,403	16,805
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)	0.90	1.29	2.16	4.33

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**B10. Basic and Diluted Earnings Per Share (Cont'd)****B. Diluted Earnings per Share**

	Unaudited Individual Quarter ended 31 May		Unaudited Cumulative Quarter ended 31 May	
	2022	2021	2022	2021
Profit for the financial period attributable to owners of the Company (RM'000)	3,489	5,003	8,403	16,805
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)	1,206	-	4,105	-
	389,636	388,430	392,535	388,430
Diluted earnings per share (sen)	0.90	1.29	2.14	4.33

**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.

**B11. Profit before tax**

	Unaudited Individual Quarter ended 31 May		Unaudited Cumulative Quarter ended 31 May	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Material expenses/(income)</b>				
Auditor's remuneration:				
- current year	36	21	110	98
Bad debts written off	-	6	-	6
Depreciation of property, plant and equipment	1,159	1,058	4,547	4,126
Directors' remuneration:				
- Directors' fee	150	105	525	327
- Salaries, wages, allowances and bonus	184	179	671	757
- Contributions to defined contribution plan	36	35	125	143
Finance costs:				
- Term loans	108	262	536	876
- Lease liabilities	4	3	19	18
Impairment loss on trade receivable	-	14	-	14
Gain on disposal of property, plant and equipment	3	101	(32)	(192)
Gain on lease modification	(5)	-	(5)	-
Interest income	(110)	(177)	(436)	(360)
Rental expenses/Short-term lease rental:				
- Equipment	-	-	2	18
- Warehouse	5	-	18	59
- Hostel	21	21	90	85
Rental income	-	-	-	(66)
Reversal of impairment of inventories	(80)	-	(80)	(66)
Reversal of impairment of trade debtors	(83)	-	(83)	-
Right-of-use assets:				
- Lease of low value assets	1	-	2	2

	Unaudited Individual Quarter ended 31 May		Unaudited Cumulative Quarter ended 31 May	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Staff costs:				
- Salaries, wages, allowances and bonus	2,621	2,327	9,548	9,256
- Contributions to defined contribution plan	229	216	853	832
- Contributions to social security	32	31	129	122
- Share-based payment expense	(37)	-	3,298	-
Unrealised loss/(gain) on foreign exchange	(8)	7	(17)	(19)
Realised loss on foreign exchange	(173)	(11)	(164)	340

The Group did not report any other income including investment income, 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	5,021	<sup>(1)</sup> (186)	-	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>23,487</b>	<b>-</b>	<b>8,434</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

22 July 2022