

# **HPP HOLDINGS BERHAD**

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

## **Unaudited Condensed Consolidated Interim Financial Report for the Second Quarter Ended 30 November 2022**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2022<sup>(1)</sup>**

		Individual Quarter ended 30 November		Cumulative Quarter ended 30 November	
		2022	2021	2022	2021
	NOTE	RM'000	RM'000	RM'000	RM'000
Revenue	A12	21,259	25,452	45,317	43,839
Cost of sales		(17,267)	(20,087)	(33,907)	(33,863)
Gross profit		3,992	5,365	11,410	9,976
Other income		558	655	1,251	1,066
Administrative expenses		(3,247)	(3,836)	(5,324)	(6,024)
<b>Profit from operations</b>		<b>1,303</b>	<b>2,184</b>	<b>7,337</b>	<b>5,018</b>
Finance costs		(124)	(142)	(239)	(321)
<b>Profit before tax</b>	B11	<b>1,179</b>	<b>2,042</b>	<b>7,098</b>	<b>4,697</b>
Tax expense	B6	(870)	(627)	(2,368)	(1,315)
<b>Profit and total comprehensive income for the financial period</b>		<b>309</b>	<b>1,415</b>	<b>4,730</b>	<b>3,382</b>
<b>Total comprehensive income for the financial period attributable to:</b>					
- Owners of the Company		208	1,271	4,491	3,248
- Non-controlling interests		101	144	239	134
		309	1,415	4,730	3,382

**Earnings Per Share**

Basic (Sen)	B10(A)	0.05	0.33	1.16	0.84
Diluted (Sen)	B10(B)	-	-	-	-

**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 Company's and its subsidiaries' ("**Group**") Audited Consolidated Financial Statements for the financial year ended ("**FYE**") 31 May 2022 and the accompanying explanatory notes attached to this condensed consolidated interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2022<sup>(1)</sup>**

	NOTE	Unaudited As at 30 November 2022 RM'000	Audited As at 31 May 2022 RM'000
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment		60,882	60,086
		<u>60,882</u>	<u>60,086</u>
<b>Current assets</b>			
Inventories		14,697	15,904
Trade receivables		25,401	25,003
Other receivables		746	917
Tax recoverable		2,762	3,479
Short-term fund		(2)13,191	(2)13,529
Fixed deposits with licensed banks		16,831	15,000
Cash and bank balances		13,638	13,288
		<u>87,266</u>	<u>87,120</u>
<b>TOTAL ASSETS</b>		<b><u>148,148</u></b>	<b><u>147,206</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		90,208	90,208
Retained earnings		78,120	76,542
Share-based payment reserve		5,643	3,189
Restructuring reserve		(54,452)	(54,452)
<b>Total equity attributable to owners of the Company</b>		<b><u>119,519</u></b>	<b><u>115,487</u></b>
Non-controlling interests		2,059	1,820
<b>Total equity</b>		<b><u>121,578</u></b>	<b><u>117,307</u></b>
<b>Non-current liabilities</b>			
Borrowings	B7	6,737	7,873
Lease liabilities	B7	428	214
Deferred tax liabilities		8,227	8,041
		<u>15,392</u>	<u>16,128</u>
<b>Current liabilities</b>			
Borrowings	B7	2,533	2,678
Lease liabilities	B7	160	283
Trade payables		5,271	8,426
Other payables		3,117	2,297
Amount due to holding company		27	18
Tax payable		70	69
		<u>11,178</u>	<u>13,771</u>
<b>Total liabilities</b>		<b><u>26,570</u></b>	<b><u>29,899</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>148,148</u></b>	<b><u>147,206</u></b>
Number of issued shares ('000)		388,430	388,430
Net asset per share attributable to owners of the Company (RM)		0.31	0.30

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 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 Group's Audited Consolidated Financial Statements for the FYE 31 May 2022 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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	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 2022</b>	90,208	<sup>(2)</sup> (54,452)	3,189	76,542	115,487	1,820	117,307
Profit and total comprehensive income for the financial period	-	-	-	4,491	4,491	239	4,730
Dividend to owners of the Company	-	-	-	(2,913)	(2,913)	-	(2,913)
Issuance of shares: - Share-based payment	-	-	2,454	-	2,454	-	2,454
<b>Unaudited As at 30 November 2022</b>	<b>90,208</b>	<b>(54,452)</b>	<b>5,643</b>	<b>78,120</b>	<b>119,519</b>	<b>2,059</b>	<b>121,578</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 Group's Audited Consolidated Financial Statements for the FYE 31 May 2022 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.
- (2) 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 2022<sup>(1)</sup>**

	<b>Unaudited Cumulative</b>	
	<b>Quarter ended 30 November</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	7,098	4,698
<i>Adjustment for:</i>		
Depreciation of property, plant and equipment	2,273	2,228
Gain on disposal of property, plant and equipment	-	(35)
Finance costs:		
- Term loans	227	311
- Lease liabilities	12	10
Interest income	(318)	(241)
Realised loss/(gain) on foreign exchange	(418)	19
Unrealised loss/(gain) on foreign exchange	63	(15)
Share-based payment	2,454	3,335
<b>Operating profit before working capital changes</b>	<b>11,391</b>	<b>10,310</b>
Change in working capital:		
Inventories	1,207	(1,868)
Receivables	(17)	(5,560)
Payables	(2,336)	(350)
Amount due to holding company	9	(13)
<b>Cash generated from operations</b>	<b>10,254</b>	<b>2,519</b>
Interest paid	(239)	(321)
Interest received	318	241
Tax paid	(1,631)	(1,068)
Tax refunded	168	-
<b>Net cash from operating activities</b>	<b>8,870</b>	<b>1,371</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	35
Purchase of property, plant and equipment	(3,069)	(2,637)
<b>Net cash used in investing activities</b>	<b>(3,069)</b>	<b>(2,602)</b>
<b>Cash flow from financing activities</b>		
Dividend paid	(2,913)	(3,884)
Drawdown of bank borrowings	245	860
Repayment of borrowings	(1,280)	(4,969)
Repayment of lease liabilities	(154)	(144)
<b>Net cash used in financing activities</b>	<b>(4,102)</b>	<b>(8,137)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>1,699</b>	<b>(9,368)</b>
Cash and cash equivalents at the beginning of the financial period	41,818	48,717
Effect of exchange rate changes on cash and cash equivalents	143	(8)
<b>Cash and cash equivalents at the end of the financial period</b>	<b>43,660</b>	<b>39,341</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 Group's Audited Consolidated Financial Statements for the FYE 31 May 2022 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 FYE 31 May 2022 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 2022.

### 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 Group’s audited consolidated financial statements for the FYE 31 May 2022.

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 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	

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 2023***

MFRS 17	Insurance Contracts
Amendments to MFRS 16	Leases - Lease liability in a sale and leaseback
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 2022.

**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:

	<b>Unaudited As at 30 November 2022 RM'000</b>	<b>Audited As at 31 May 2022 RM'000</b>
<b>Approved but not contracted for:</b>		
Purchase of property, plant and equipment	6,499	6,499
<b>Approved and contracted for:</b>		
Purchase of property, plant and equipment	12,355	1,620

**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**

On 27 October 2022, the shareholders approved the final single-tier dividend of 0.75 sen per ordinary share amounting to RM2,913,225 for the FYE 31 May 2022, which was paid on 30 November 2022.

**A12. Segmental Revenue Information**

	Unaudited Individual Quarter ended 30 November		Unaudited Cumulative Quarter ended 30 November	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Corrugated packaging	3,667	9,880	10,265	17,322
Non-corrugated packaging	13,018	9,447	26,168	16,844
Rigid box				
– Trading	2,604	4,465	4,877	6,752
– Production	722	719	1,710	1,237
Others (brochure, leaflet, label, paper bag)	1,248	941	2,297	1,684
<b>Total</b>	<b>21,259</b>	<b>25,452</b>	<b>45,317</b>	<b>43,839</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		Unaudited Cumulative Quarter ended 30 November	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Transactions 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 revenue of approximately RM21.26 million and RM45.32 million in the current financial quarter and the cumulative financial quarter ended 30 November 2022 respectively. The Group's revenue was mainly contributed by the sales of paper-based packaging.

The Group recorded a profit before tax of approximately RM1.18 million and RM7.10 million in the current financial quarter and the cumulative financial quarter ended 30 November 2022 respectively.

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

The Group registered a lower revenue of approximately RM21.26 million in the current financial quarter as compared to approximately RM25.45 million in the corresponding financial quarter. The decrease in revenue by approximately 16.47% in the current financial quarter against its revenue for the corresponding financial quarter was mainly due to lower contribution from the corrugated packaging segment and rigid box trading. However, this was partially offset by higher contribution from the non-corrugated packaging segment, in particular the food and beverage industry, as well as higher contribution from the other segments. The Group registered a higher revenue of approximately RM45.32 million in the current cumulative financial quarter as compared to approximately RM43.84 million in the corresponding cumulative financial quarter, representing an increase of approximately 3.37%.

The overall gross profit margin decreased from approximately 21.08% in the corresponding financial quarter to approximately 18.78% in the current financial quarter. This was mainly due to the provision for 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. The overall gross profit margin increased from approximately 22.76% in the corresponding cumulative financial quarter to approximately 25.18% in the current cumulative financial quarter.

In line with the lower revenue recorded in the current financial quarter, the Group recorded a lower profit before tax of approximately RM1.18 million in the current financial quarter as compared to approximately RM2.04 million in the corresponding financial quarter. The Group recorded a higher profit before tax of approximately RM7.10 million in the current cumulative financial quarter as compared to approximately RM4.70 million in the corresponding cumulative 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:

	Individual Quarter ended 30 November		Cumulative Quarter ended 30 November	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Gross profit	(1)5,398	(1)7,418	(1)12,816	(1)12,029
Gross profit margin:				
Including the effect of share-based payment	18.78%	21.08%	25.18%	22.76%
Excluding the effect of share-based payment	(1)25.39%	(1)29.15%	(1)28.28%	(1)27.44%
Profit before tax	(2)3,633	(2)5,377	(2)9,552	(2)8,032
Profit and total comprehensive income for the financial period	(2)2,763	(2)4,750	(2)7,184	(2)6,717

**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 lower revenue of approximately RM21.26 million in the current financial quarter as compared to approximately RM24.06 million in the preceding financial quarter. The decrease in revenue was mainly due to lower sales of paper-based packaging to its customers, in particular the electrical and electronics ("E&E") contraceptive and food and beverage industries. However, the decrease in revenue was partially offset by the increase in revenue from trading of rigid box and others segments to its customers.

The overall gross profit margin decreased from approximately 30.83% in the preceding financial quarter to approximately 18.78% in the current financial quarter mainly due to the provision for the share-based payment resulting from the granting of ESOS options to the eligible production staff.

As a result of the share-based payment, the Group recorded a lower profit before tax of approximately RM1.18 million in the current financial quarter as compared to approximately RM5.92 million in the preceding financial quarter.

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 2022	31 August 2022
	RM'000	RM'000
Revenue	21,259	24,058
Gross profit	(1)5,398	7,418
Gross profit margin:		
Including the effect of share-based payment	18.78%	30.83%
Excluding the effect of share-based payment	(1)25.39%	30.83%
Profit before tax	(2)3,633	5,919
Profit and total comprehensive income for the financial period	(2)2,763	4,421

**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**

The International Monetary Fund projected that Malaysia would grow at 4.4% in 2023 while Bank Negara Malaysia has projected the growth rate at the range of 4.0% to 5.0% in the same year. Malaysia's economic recovery is underpinned by the continued expansion in external demand upon the reopening of international borders since 1 April 2022. The Group believes that the growth of external demand for goods will remain stable, especially for consumer E&E products.

While fulfilling local market demand continues to be the mainstay of our business, the Group will also continue to explore for more export opportunities.

The Group will continue in developing and expanding on its strategic proposition as a one-stop solution packaging hub by expanding its packaging product range and offering innovative solutions to existing and potential new customers. In line with this strategy, the Group will be investing on facilities to provide paper pulp moulded trays, having received requests and inquiries from existing customers.

The market for the supply of the key raw material components have consolidated, allowing us to offer more competitive prices to our customers. However, with rising oil prices, interest rates, implementation of minimum wage, and rising inflation, the Group will continue to monitor and cushion such impact through prudent cost optimisation and tight management of internal efficiencies.

As part of the Group's expansion plan, the Group has:

- (i) acquired two (2) pieces of land in Taman Teknologi Cheng, Melaka in August 2022. The Group plans to construct a 4-storey factory and foreign workers' hostel on the newly acquired land. The building plan for this land has been approved by the relevant authorities on 12 December 2022 and construction is currently undergoing. The construction will be funded through a combination of internally generated funds and bank borrowings and is expected to be completed in the 2<sup>nd</sup> half of 2023; and
- (ii) entered into a conditional sale and purchase agreement ("**SPA**") to acquire a piece of leasehold land together with a double storey office and a single storey warehouse erected thereon ("**Property**") for a cash consideration of RM7.70 million on 19 December 2022. The Group plans to convert the warehouse into a factory for the paper pulp moulded segment and construct a new factory for the rigid boxes manufacturing segment on this Property. The acquisition of this Property and relevant construction/ renovation costs will be funded through a combination of internally generated funds and bank borrowings. The SPA is expected to be completed by the 1<sup>st</sup> half of 2023.

**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	
	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	774	627	2,181	1,315
<b>Deferred tax expense</b>				
Current financial period	96	-	181	-
Underprovision in prior year	-	-	6	-
<b>Total</b>	<b>870</b>	<b>627</b>	<b>2,368</b>	<b>1,315</b>
Effective tax rate (%) <sup>(1)</sup>	73.79	30.71	33.36	28.00

**Note:**

- (1) The effective tax rates for the individual quarter and cumulative quarter ended 30 November 2022 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 and depreciation for non-qualifying expenditure.

**B7. Loans and Borrowings**

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

	Unaudited As at 30 November 2022 RM'000	Audited As at 31 May 2022 RM'000
<b>Non-current</b>		
Term loans	6,737	7,873
Lease liabilities	428	214
	<b>7,165</b>	<b>8,087</b>
<b>Current</b>		
Term loans	2,533	2,678
Lease liabilities	160	283
	<b>2,693</b>	<b>2,961</b>
<b>Total</b>	<b>9,858</b>	<b>11,048</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**

The Board had on 16 January 2023 declared the first interim single-tier dividend of 0.75 sen per ordinary share in HPP Holdings Berhad (“Share”) in respect of the financial year ending 31 May 2023. The entitlement date for the first interim single-tier dividend is fixed on 15 February 2023 and to be paid on 7 March 2023. The total dividend declared to date for the current financial year ending 31 May 2023 is 0.75 sen per Share.

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

The earnings per share for the current financial quarter and cumulative financial quarter ended 30 November 2022 and 30 November 2021 is based on the profit attributable to owners of the Company and weighted average number of Shares as follows:

**A. Basic Earnings per Share**

	Unaudited Individual Quarter ended 30 November		Unaudited Cumulative Quarter ended 30 November	
	2022	2021	2022	2021
Profit for the financial period attributable to owners of the Company (RM'000)	208	1,271	4,491	3,248
Weighted average number of Shares during the financial period ('000)	388,430	388,430	388,430	388,430
Basic earnings per Share (sen)	0.05	0.33	1.16	0.84

**B. Diluted Earnings per Share**

Diluted earnings per Share for the financial period is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of Shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares.

The earnings per Share of the Company is not expected to be diluted as the exercise price of the ESOS options has exceeded the average market price of Shares during the financial period and therefore, the ESOS options do not have any dilutive effect on the weighted average number of Shares.

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**B11. Profit before tax**

	Unaudited Individual Quarter ended 30 November		Unaudited Cumulative Quarter ended 30 November	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Material expenses/(income)</b>				
Auditor's remuneration:				
- current year	28	26	56	49
Depreciation of property, plant and equipment	1,134	1,127	2,273	2,228
Directors' remuneration:				
- Directors' fee	150	120	300	225
- Salaries, wages, allowances and bonus	207	190	408	369
- Contributions to defined contribution plan	38	34	76	68
Finance costs:				
- Term loans	118	137	227	311
- Lease liabilities	6	5	12	10
Gain on disposal of property, plant and equipment	-	-	-	(35)
Interest income	(176)	(116)	(318)	(241)
Rental expenses/Short-term lease rental:				
- Equipment	1	-	2	1
- Warehouse	2	4	2	10
- Hostel	18	23	35	45
Right-of-use assets:				
- Lease of low value assets	-	-	1	1
Staff costs:				
- Salaries, wages, allowances and bonus	2,726	2,393	5,527	4,490
- Contributions to defined contribution plan	249	214	489	424
- Contributions to social security	41	33	80	61
- Share-based payment expense	2,454	3,335	2,454	3,335
Unrealised loss/(gain) on foreign exchange	38	(25)	63	(15)
Realised loss/(gain) on foreign exchange	(193)	30	(418)	19

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 36 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**”) and the announcement in relation to the extension of time for the utilisation of proceeds raised from the Public Issue dated 16 December 2022.

### 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

16 January 2023