

# **HPP HOLDINGS BERHAD**

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

## **Unaudited Condensed Consolidated Interim Financial Report for the Fourth Quarter Ended 31 May 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 MAY 2023<sup>(1)</sup>**

		Individual Quarter ended 31 May		Cumulative Quarter ended 31 May	
		2023	2022	2023	2022
	NOTE	RM'000	RM'000	RM'000	RM'000
Revenue	A12	18,788	21,058	80,804	85,763
Cost of sales		(13,056)	(15,076)	(60,136)	(65,742)
Gross profit		5,732	5,982	20,668	20,021
Other income		400	848	2,010	2,317
Administrative expenses		(2,310)	(2,159)	(9,348)	(10,270)
<b>Profit from operations</b>		<b>3,822</b>	<b>4,671</b>	<b>13,330</b>	<b>12,068</b>
Finance costs		(123)	(112)	(480)	(555)
<b>Profit before tax</b>	B11	<b>3,699</b>	<b>4,559</b>	<b>12,850</b>	<b>11,513</b>
Tax expense	B6	(606)	(1,117)	(3,569)	(3,005)
<b>Profit and total comprehensive income for the financial period</b>		<b>3,093</b>	<b>3,442</b>	<b>9,281</b>	<b>8,508</b>
<b>Total comprehensive income for the financial period attributable to:</b>					
- Owners of the Company		3,284	3,508	9,306	8,422
- Non-controlling interests		(191)	(66)	(25)	86
		<u>3,093</u>	<u>3,442</u>	<u>9,281</u>	<u>8,508</u>

**Earnings Per Share**

Basic (Sen)	B10(A)	0.85	0.90	2.40	2.17
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 31 MAY 2023<sup>(1)</sup>**

	NOTE	Unaudited As at 31 May 2023 RM'000	Audited As at 31 May 2022 RM'000
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment		60,783	60,086
		<u>60,783</u>	<u>60,086</u>
<b>Current assets</b>			
Inventories		14,219	15,904
Trade receivables		22,125	25,003
Other receivables		2,353	917
Tax recoverable		3,294	3,479
Short-term fund		(2)9,213	(2)13,529
Fixed deposits with licensed banks		22,321	15,000
Cash and bank balances		13,828	13,288
		<u>87,353</u>	<u>87,120</u>
<b>TOTAL ASSETS</b>		<b><u>148,136</u></b>	<b><u>147,206</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		90,208	90,208
Retained earnings		80,086	76,542
Share-based payment reserve		5,648	3,189
Restructuring reserve		(54,452)	(54,452)
<b>Total equity attributable to owners of the Company</b>		<b><u>121,490</u></b>	<b><u>115,487</u></b>
Non-controlling interests		1,795	1,820
<b>Total equity</b>		<b><u>123,285</u></b>	<b><u>117,307</u></b>
<b>Non-current liabilities</b>			
Borrowings	B7	703	-
Lease liabilities	B7	333	214
Deferred tax liabilities		7,789	8,041
		<u>8,825</u>	<u>8,255</u>
<b>Current liabilities</b>			
Borrowings	B7	7,360	10,551
Lease liabilities	B7	271	283
Trade payables		5,007	8,426
Other payables		3,348	2,297
Amount due to holding company		17	18
Tax payable		23	69
		<u>16,026</u>	<u>21,644</u>
<b>Total liabilities</b>		<b><u>24,851</u></b>	<b><u>29,899</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>148,136</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 31 MAY 2023 (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 institutions 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 2023<sup>(1)</sup>**

←————— Attributable to owners of the Company —————→  
 ←—— Non-distributable ———→      ←—— 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	<sup>(2)</sup> (54,452)	-	74,809	110,565	2,061	112,626
Profit and total comprehensive income for the financial period	-	-	-	8,422	8,422	86	8,508
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
- Forfeiture of employees' share option scheme ("ESOS")	-	-	(109)	109	-	-	-
<b>Audited As at 31 May 2022</b>	90,208	(54,452)	3,189	76,542	115,487	1,820	117,307

	Attributable to owners of the Company					Non-controlling interests RM'000	Total equity RM'000
	Non-distributable		Distributable				
	Share capital RM'000	Restructuring reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000		
<b>Unaudited As at 1 June 2022</b>	<b>90,208</b>	<sup>(2)</sup> <b>(54,452)</b>	<b>3,189</b>	<b>76,542</b>	<b>115,487</b>	<b>1,820</b>	<b>117,307</b>
Profit and total comprehensive income for the financial period	-	-	-	9,306	9,306	(25)	9,281
Dividend to owners of the Company	-	-	-	(5,826)	(5,826)	-	(5,826)
Issuance of shares:							
- Share-based payment	-	-	2,523	-	2,523	-	2,523
- Forfeiture of ESOS	-	-	(64)	64	-	-	-
<b>Unaudited As at 31 May 2023</b>	<b>90,208</b>	<b>(54,452)</b>	<b>5,648</b>	<b>80,086</b>	<b>121,490</b>	<b>1,795</b>	<b>123,285</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 initial public offering. 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 2023<sup>(1)</sup>**

	<b>Unaudited Cumulative Quarter ended 31 May</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	12,850	11,513
<i>Adjustment for:</i>		
Depreciation of property, plant and equipment	4,627	4,547
Gain on disposal of property, plant and equipment	-	(35)
Gain on lease modification	-	(5)
Impairment loss on trade receivables	418	-
Reversal of impairment of inventories	-	(80)
Reversal of impairment on trade receivables	-	(83)
Finance costs:		
- Term loans	439	536
- Lease liabilities	41	19
Interest income and fair value gain on investment from money market	(853)	(436)
Realised gain on foreign exchange	(219)	(164)
Unrealised gain on foreign exchange	(69)	(17)
Share-based payment	2,523	3,298
<b>Operating profit before working capital changes</b>	<b>19,757</b>	<b>19,093</b>
Change in working capital:		
Inventories	1,685	(2,414)
Receivables	1,101	3,057
Payables	(2,369)	(5,755)
Amount due to holding company	-	5
<b>Cash generated from operations</b>	<b>20,174</b>	<b>13,986</b>
Interest paid	(480)	(555)
Interest received	853	436
Tax paid	(3,850)	(1,205)
Tax refunded	168	95
<b>Net cash from operating activities</b>	<b>16,865</b>	<b>12,757</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	35
Purchase of property, plant and equipment	(5,102)	(6,618)
<b>Net cash used in investing activities</b>	<b>(5,102)</b>	<b>(6,583)</b>
<b>Cash flow from financing activities</b>		
Dividend paid to owners of the Company	(5,826)	(6,798)
Dividend paid to non-controlling shareholders of a subsidiary	-	(327)
Drawdown of bank borrowings	245	860
Repayment of borrowings	(2,488)	(6,666)
Repayment of lease liabilities	(360)	(286)
<b>Net cash used in financing activities</b>	<b>(8,429)</b>	<b>(13,217)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>3,334</b>	<b>(7,043)</b>
Cash and cash equivalents at the beginning of the financial period	41,817	48,717
Effect of exchange rate changes on cash and cash equivalents	211	143
<b>Cash and cash equivalents at the end of the financial period</b>	<b>45,362</b>	<b>41,817</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 for financial periods beginning on or after 1 January 2024***

Amendments to MFRS 101

Non-current liabilities with Covenants

***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

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 or 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 31 May 2023 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	<u>6,499</u>	<u>6,499</u>
<b>Approved and contracted for:</b>		
Purchase of property, plant and equipment	<u>11,529</u>	<u>1,620</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 Board of Directors of the Company (“**Board**”) declared a first single-tier interim dividend of 0.75 sen per ordinary share in respect of FYE 31 May 2023 on 16 January 2023, amounting to RM2,913,225, and was paid on 7 March 2023.

**A12. Segmental Revenue Information**

	Unaudited Individual Quarter ended 31 May		Unaudited Cumulative Quarter ended 31 May	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Corrugated packaging	2,962	4,353	15,947	27,704
Non-corrugated packaging	12,248	10,073	49,533	35,054
Rigid box				
– Trading	1,659	4,056	8,242	15,608
– Production	542	1,152	2,406	3,401
Others (brochures, leaflets, labels, paper bags)	1,377	1,424	4,676	3,996
<b>Total</b>	<b>18,788</b>	<b>21,058</b>	<b>80,804</b>	<b>85,763</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**

Transactions	Unaudited Individual Quarter ended 31 May		Unaudited Cumulative Quarter ended 31 May	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>A. Directors/ substantial shareholders</b>				
Purchase of sub-printing, binding and folding services	4	3	7	3
<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 RM18.79 million and RM80.80 million in the current financial quarter and the cumulative financial quarter ended 31 May 2023. The Group's revenue was mainly contributed by the sales of paper-based packaging.

The Group recorded a profit before tax of approximately RM3.70 million and RM12.85 million in the current financial quarter and the cumulative financial quarter ended 31 May 2023.

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

The Group registered a lower revenue of approximately RM18.79 million and RM80.80 million in the current financial quarter and the cumulative financial quarter as compared to approximately RM21.06 million and RM85.76 million in the corresponding financial quarter and the corresponding cumulative financial quarter respectively. The decrease in revenue by approximately 10.78% 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 segment (both trading and production) especially from the consumer electrical and electronics ("E&E") industry. However, this was partially offset by higher contribution from the non-corrugated packaging segment, in particular the pharmaceutical industry.

The overall gross profit margin increased from approximately 28.41% and 23.34% in the corresponding financial quarter and the corresponding cumulative financial quarter to approximately 30.51% and 25.58% in the current financial quarter and the cumulative financial quarter respectively. The increase was mainly due to a decrease in the cost of raw materials, namely paper, as well as a revision of selling price.

The Group recorded lower profit before tax of approximately RM3.70 million in the current financial quarter as compared to approximately RM4.56 million in the corresponding financial quarter. Notwithstanding this, the Group's profit before tax for the current cumulative financial quarter is higher at approximately RM12.85 million as compared to approximately RM11.51 million in the corresponding cumulative financial quarter mainly due to lower share-based payment expenses, improvement in gross profit margin and higher interest income received on the Group's investment in short-term funds and fixed deposits.

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

The Group registered a higher revenue of approximately RM18.79 million in the current financial quarter as compared to approximately RM16.70 million in the preceding financial quarter. The increase in revenue was mainly due to higher sales of paper-based packaging, in particular from the consumer E&E and contraceptive industries.

The overall gross profit margin increased from approximately 21.12% in the preceding financial quarter to approximately 30.51% in the current financial quarter. The increase was mainly due to new products using different technology which yielded higher gross profit margin.

In line with the higher revenue recorded and improved margin in the current financial quarter, the Group recorded a higher profit before tax of RM3.70 million as compared to approximately RM2.05 million in the preceding financial quarter. The higher profit before tax was also supported by higher interest income received on the Group's investment in short-term funds and fixed deposits as well as a gain on foreign exchange.

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

Considering that most countries have returned to normalcy i.e. pre-COVID-19, the Group believes that the growth of external demand for goods will remain stable in the coming years, especially for consumer E&E products. Personal spending in Malaysia is also expected to further improve in 2023/2024 with the reopening of international borders since April 2022. On this basis, the Group will continue to explore new business opportunities by expanding its packaging product range and offering innovative solutions to existing and potential new customers.

Notwithstanding the above, the Group will continue to cushion the impact of rising operating costs arising from rising oil prices and interest rates, implementation of minimum wage and rising inflation 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 ongoing. 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 has become unconditional on 9 May 2023 and the acquisition is expected to be completed in the 2<sup>nd</sup> half of 2023.

### **B5. Profit Forecast**

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

## B6. Tax Expense

	Individual Quarter ended 31 May		Cumulative Quarter ended 31 May	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Recognised in profit or loss</b>				
<b>Current tax expense</b>				
Current financial period	1,192	328	3,898	1,882
Over provision in prior year	(77)	(145)	(77)	(145)
<b>Deferred tax expense</b>				
Current financial period	(180)	946	71	1,280
Over provision in prior year	(329)	(12)	(323)	(12)
<b>Total</b>	<b>606</b>	<b>1,117</b>	<b>3,569</b>	<b>3,005</b>
Effective tax rate (%)	(1)16.38	(1)24.50	(2)27.77	(2)26.10

### Notes:

- (1) The effective tax rate for the individual quarter ended 31 May 2023 and 31 May 2022 are lower than the statutory tax rate of 24% mainly due to reversal of current and prior year deferred tax overprovided.
- (2) The effective tax rate for the cumulative quarter ended 31 May 2023 and 31 May 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 depreciation and share-based payment expenses.

## B7. Loans and Borrowings

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

	Unaudited As at 31 May 2023 RM'000	Audited As at 31 May 2022 RM'000
<b>Non-current</b>		
Term loans	703	-
Lease liabilities	333	214
	<b>1,036</b>	<b>214</b>
<b>Current</b>		
Term loans	7,360	10,551
Lease liabilities	271	283
	<b>7,631</b>	<b>10,834</b>
<b>Total</b>	<b>8,667</b>	<b>11,048</b>

All the borrowings are secured and denominated in Ringgit Malaysia.

The Group's borrowings are subject to certain financial covenants to be complied, which among others, includes the requirement to seek the respective bank's approval for declaration of dividend above certain threshold of profit after tax of certain subsidiaries. Certain subsidiaries of the Group did not fulfill the abovementioned covenants as at the end of the current and previous reporting period.

In view of the foregoing, the non-current portion of the borrowings of certain banks which amounted to RM5,075,549 (FYE 31 May 2022: RM7,872,954) have been reclassified from non-current liabilities to current liabilities in the current quarter which is in accordance with MFRS 101 Presentation of Financial Statements.

The Group has obtained written consents from the respective banks subsequent to the financial year ended 31 May 2023. Hence, these bank borrowings will be reclassified to non-current liabilities in the following quarter.

## B8. Material Litigation

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

## B9. Dividends

### (i) Previous 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 RM2,913,225. This final single-tier dividend was approved by the shareholders at the annual general meeting held on 27 October 2022 and paid on 30 November 2022.

### (ii) Proposed final dividend

The Board had on 21 July 2023 proposed a final single-tier dividend of 0.75 sen per ordinary share in respect of FYE 31 May 2023 amounting to RM2,913,225.

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.

### (iii) Total dividend

The total dividend for the FYE 31 May 2023 is as follows:

- (a) first single-tier interim dividend of 0.75 sen per ordinary share declared on 16 January 2023 and paid on 7 March 2023; 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 2023 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 31 May		Unaudited Cumulative Quarter ended 31 May	
	2023	2022	2023	2022
Profit for the financial period attributable to owners of the Company (RM'000)	3,284	3,508	9,306	8,422
Weighted average number of Shares during the financial period ('000)	388,430	388,430	388,430	388,430
Basic earnings per Share (sen)	0.85	0.90	2.40	2.17

### 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.

#### B11. Profit before tax

	Individual Quarter ended 31 May		Cumulative Quarter ended 31 May	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Material expenses/(income)</b>				
Auditor's remuneration:				
- current year	36	36	120	110
Depreciation of property, plant and equipment	1,205	1,159	4,627	4,547
Directors' remuneration:				
- Directors' fee	150	150	600	525
- Salaries, wages, allowances and bonus	180	184	688	671
- Contributions to defined contribution plan	36	36	130	125
Finance costs:				
- Term loans	102	108	439	536
- Lease liabilities	21	4	41	19
Gain on disposal of property, plant and equipment	-	-	-	(35)
Gain on lease modification	-	(5)	-	(5)
Interest income and fair value gain on investment from money market	(283)	(110)	(853)	(436)
Rental expenses/Short-term lease rental:				
- Equipment	3	-	6	2
- Warehouse	2	5	5	18
- Hostel	(46)	21	7	90
Reversal of impairment of inventories	-	(80)	-	(80)
Reversal of impairment of trade debtors	-	(83)	-	(83)
Impairment of trade receivables	418	-	418	-
Right-of-use assets:				
- Lease of low value assets	1	1	2	2
Staff costs:				
- Salaries, wages, allowances and bonus	2,858	2,621	11,203	9,548
- Contributions to defined contribution plan	256	229	1,006	853
- Contributions to social security	41	32	162	129
- Share-based payment expense	69	(37)	2,523	3,298
Unrealised gain on foreign exchange	(20)	(8)	(69)	(17)
Realised loss/(gain) on foreign exchange	(6)	(173)	(219)	(164)

The Group did not report any other income including investment income, 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 approximately 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

21 July 2023