

# **HPP HOLDINGS BERHAD**

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

## **Unaudited Condensed Consolidated Interim Financial Report for the Fourth Quarter Ended 31 May 2024**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 MAY 2024<sup>(1)</sup>**

	NOTE	Individual Quarter ended 31 May		Financial Year ended 31 May	
		← Unaudited →		Unaudited	Audited
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	A10	17,951	18,788	68,932	80,804
Cost of sales		(13,949)	(13,054)	(56,107)	(60,134)
Gross profit		4,002	5,734	12,825	20,670
Other income		467	400	2,210	2,010
Administrative expenses		(2,357)	(2,312)	(9,214)	(9,350)
<b>Profit from operations</b>		<b>2,112</b>	<b>3,822</b>	<b>5,821</b>	<b>13,330</b>
Finance costs		(206)	(123)	(720)	(480)
<b>Profit before tax</b>	B11	<b>1,906</b>	<b>3,699</b>	<b>5,101</b>	<b>12,850</b>
Tax expense	B6	382	(606)	(1,287)	(3,569)
<b>Profit and total comprehensive income for the financial period</b>		<b>2,288</b>	<b>3,093</b>	<b>3,814</b>	<b>9,281</b>
<b>Total comprehensive income for the financial period attributable to:</b>					
- Owners of the Company		2,339	3,284	4,071	9,306
- Non-controlling interests		(51)	(191)	(257)	(25)
		<b>2,288</b>	<b>3,093</b>	<b>3,814</b>	<b>9,281</b>
<b>Earnings Per Share</b>					
Basic (Sen)	B10(A)	0.60	0.85	1.05	2.40
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 2023 and the accompanying explanatory notes attached to this condensed consolidated interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2024<sup>(1)</sup>**

		Unaudited As at 31 May 2024	Audited As at 31 May 2023
<b>ASSETS</b>	<b>NOTE</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current asset</b>			
Property, plant and equipment		79,782	60,783
		<u>79,782</u>	<u>60,783</u>
<b>Current assets</b>			
Inventories		9,742	14,219
Trade receivables		18,719	22,125
Other receivables		756	2,379
Tax recoverable		3,158	3,295
Short-term fund <sup>(2)</sup>		21,953	9,213
Fixed deposits with licensed banks		14,641	22,321
Cash and bank balances		10,073	13,828
		<u>79,042</u>	<u>87,380</u>
<b>TOTAL ASSETS</b>		<b><u>158,824</u></b>	<b><u>148,163</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		90,208	90,208
Retained earnings		79,326	80,087
Share-based payment reserve		6,952	5,648
Restructuring reserve		(54,452)	(54,452)
<b>Total equity attributable to owners of the Company</b>		<b><u>122,034</u></b>	<b><u>121,491</u></b>
Non-controlling interests		1,538	1,795
<b>Total equity</b>		<b><u>123,572</u></b>	<b><u>123,286</u></b>
<b>Non-current liabilities</b>			
Borrowings	B7	14,436	703
Lease liabilities	B7	94	289
Deferred tax liabilities		7,871	7,789
		<u>22,401</u>	<u>8,781</u>
<b>Current liabilities</b>			
Borrowings	B7	2,819	7,360
Lease liabilities	B7	180	315
Trade payables		5,868	5,033
Other payables		3,949	3,348
Amount due to holding company		22	18
Tax payable		13	22
		<u>12,851</u>	<u>16,096</u>
<b>Total liabilities</b>		<b><u>35,252</u></b>	<b><u>24,877</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>158,824</u></b>	<b><u>148,163</u></b>
Number of issued shares ('000)		388,430	388,430
Net asset per share attributable to owners of the Company (RM)		0.31	0.31

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2024<sup>(1)</sup> (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 2023 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 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 2024<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>Audited As at 1 June 2022</b>	<b>90,208</b>	<sup>(2)</sup> <b>(54,452)</b>	<b>3,189</b>	<b>76,543</b>	<b>115,488</b>	<b>1,820</b>	<b>117,308</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 Employee Share Option Scheme	-	-	(64)	64	-	-	-
<b>As at 31 May 2023</b>	<b>90,208</b>	<b>(54,452)</b>	<b>5,648</b>	<b>80,087</b>	<b>121,491</b>	<b>1,795</b>	<b>123,286</b>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 MAY 2024 (CONT'D) <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 2023</b>	<b>90,208</b>	<sup>(2)</sup> <b>(54,452)</b>	<b>5,648</b>	<b>80,087</b>	<b>121,491</b>	<b>1,795</b>	<b>123,286</b>
Profit and total comprehensive income for the financial period	-	-	-	4,071	4,071	(257)	3,814
Dividend to owners of the Company	-	-	-	(4,855)	(4,855)	-	(4,855)
Issuance of shares: - Share-based payment	-	-	1,327	-	1,327	-	1,327
Forfeiture of Employee Share Option Scheme	-	-	(23)	23	-	-	-
<b>As at 31 May 2024</b>	<b>90,208</b>	<b>(54,452)</b>	<b>6,952</b>	<b>79,326</b>	<b>122,034</b>	<b>1,538</b>	<b>123,572</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 2023 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 2024<sup>(1)</sup>**

	Financial Year ended 31 May	
	Unaudited 2024 RM'000	Audited 2023 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	5,101	12,850
<i>Adjustment for:</i>		
Depreciation of property, plant and equipment	4,873	4,627
Gain on disposal of property, plant and equipment	(21)	-
Gain on lease modification	(4)	-
Property, plant and equipment written off	15	-
Inventories written off	196	-
Finance costs:		
- Term loans	693	439
- Lease liabilities	27	41
Interest income and fair value gain on investment from money market	(1,249)	(853)
(Reversal)/Charge of impairment loss on trade receivables	(96)	418
Unrealised loss/(gain) on foreign exchange	37	(49)
Share-based payment	1,327	2,523
<b>Operating profit before working capital changes</b>	<b>10,899</b>	<b>19,996</b>
Change in working capital:		
- Inventories	4,281	1,685
- Receivables	4,397	977
- Payables	1,437	(2,343)
- Amount due to holding company	4	(1)
<b>Cash generated from operations</b>	<b>21,018</b>	<b>20,314</b>
Tax paid	(1,132)	(3,850)
Tax refunded	53	168
<b>Net cash from operating activities</b>	<b>19,939</b>	<b>16,632</b>
<b>Cash flows from investing activities</b>		
Interest received	1,249	853
Proceeds from disposal of property, plant and equipment	21	-
Purchase of property, plant and equipment	(23,252)	(4,856)
<b>Net cash used in investing activities</b>	<b>(21,982)</b>	<b>(4,003)</b>
<b>Cash flow from financing activities</b>		
Dividend paid	(4,855)	(5,826)
Interest paid	(720)	(480)
Drawdown of bank borrowings	11,594	-
Repayment of borrowings	(2,401)	(2,488)
Repayment of lease liabilities	(252)	(360)
<b>Net cash generated from/(used in) financing activities</b>	<b>3,366</b>	<b>(9,154)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,323</b>	<b>3,475</b>
Cash and cash equivalents at the beginning of the financial period	45,362	41,818
Effect of exchange rate changes on cash and cash equivalents	(18)	69
<b>Cash and cash equivalents at the end of the financial period</b>	<b>46,667</b>	<b>45,362</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 2023 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 2023 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 2023.

### A2. Material 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 2023.

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

Annual Improvements to MFRS Standards 2018 - 2020

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

The adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and the Company.

#### (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 2024***

Amendments to MFRS 16	Lease liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 128	Supplier Finance Arrangements
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture



## A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

### A2. Material Accounting Policies (Cont'd)

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

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 (cont'd) :

#### **Effective for financial periods beginning on or after 1 January 2024**

Amendments to MFRS 112

International Tax Reform - pillar Two Model Rules

#### **Effective for financial periods beginning on or after 1 January 2025**

Amendments to MFRS 121

Lack of Exchangeability

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

### A3. Auditors' Report

There was no qualified audit report issued by the auditors in the audited consolidated financial statements for the FYE 31 May 2023.

### 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 2024 RM'000	Audited As at 31 May 2023 RM'000
<b>Approved but not contracted for:</b>		
Purchase of property, plant and equipment	<u>2,107</u>	<u>6,499</u>
<b>Approved and contracted for:</b>		
Purchase of property, plant and equipment	<u>3,189</u>	<u>11,573</u>

**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**A10. Segmental Information**

The Group is organised into business units based on their products and services. The reportable segments are summarised as follows:

Corrugated packaging	Printing and production of corrugated packaging.
Non-corrugated packaging	Printing and production of non-corrugated packaging.
Rigid boxes	Production and trading of rigid boxes.
Paper pulp moulded packaging	Production of paper pulp product.
Others	Printing and production of brochures, leaflets, labels, and paper bags as well as investment holding.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statements of profit or loss and other comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

<b>Unaudited Financial Year ended 31 May 2024</b>	<b>Corrugated packaging RM'000</b>	<b>Non Corrugated packaging RM'000</b>	<b>Rigid boxes RM'000</b>	<b>Paper pulp moulded packaging RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
External revenue	18,938	34,776	8,918	916	5,384	-	68,932
Inter segment revenue	202	371	1,708	-	6,057	(8,338)	-
Total revenue	19,140	35,147	10,626	916	11,441	(8,338)	68,932
Depreciation of property, plant and equipment	1,064	3,400	365	194	321	(472)	4,873
ESOS expenses	-	-	-	-	1,327	-	1,327
Other non-cash expenses	(35)	(64)	(16)	(2)	(10)	-	(127)
Segment profit/(loss) from operations	2,868	7,895	184	(141)	1,015	(6,000)	5,821
<b>Audited Financial Year ended 31 May 2023</b>	<b>Corrugated packaging RM'000</b>	<b>Non Corrugated packaging RM'000</b>	<b>Rigid boxes RM'000</b>	<b>Paper pulp moulded packaging RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
External revenue	15,947	49,533	10,648	-	4,676	-	80,804
Inter segment revenue	270	840	2,676	-	7,207	(10,993)	-
Total revenue	16,217	50,373	13,324	-	11,883	(10,993)	80,804
Depreciation of property, plant and equipment	1,068	3,318	392	-	313	(464)	4,627
ESOS expenses	-	-	-	-	2,523	-	2,523
Other non-cash expenses	(73)	(226)	(49)	-	(21)	-	(369)
Segment profit/(loss) from operations	3,759	14,821	394	-	1,556	(7,200)	13,330

**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**A11. 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.

**A12. Dividend Paid**

On 24 January 2024, the Board of Directors of the Company declared the first single-tier interim dividend of 0.50 sen per ordinary share amounting to RM1,942,150 for the FYE 31 May 2024, which was paid on 1 March 2024.

**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**

	Individual Quarter ended 31 May		Financial Year ended 31 May	
	← Unaudited → 2024	→ 2023	Unaudited 2024	Audited 2023
	RM'000	RM'000	RM'000	RM'000
<b>Transactions 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.

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## **B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**

### **B1. Review of Financial Performance**

The Group recorded revenue of approximately RM17.95 million and RM68.93 million in the current financial quarter and the financial year ended 31 May 2024 respectively. The Group's revenue was mainly contributed by the sales of paper-based packaging.

The Group recorded a profit before tax of approximately RM1.91 million and RM5.10 million in the current financial quarter and the financial year ended 31 May 2024 respectively.

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

The Group registered a lower revenue of approximately RM17.95 million in the current financial quarter as compared to approximately RM18.79 million in the corresponding financial quarter. The decrease in revenue by approximately 4.45% in the current financial quarter against its revenue for the corresponding financial quarter was mainly due to lower revenue from non-corrugated packaging, particularly in, electronic and electrical ("E&E") industries and consumer products.

The Group recorded lower revenue of approximately RM68.93 million in the current year ended 31 May 2024 as compared to approximately RM80.80 million in the last year ended 31 May 2023, representing a decrease of approximately 14.69%. The decrease in revenue is mainly from non-corrugated packaging and production of rigid box.

Gross profit margin in the current financial quarter decreased to approximately 22.29% from 30.52% in the corresponding financial quarter. This was mainly due to our Group incurring fixed production costs due to the lower sales order recorded for the financial quarter, and some selling price adjustment during the financial period under review. In addition, there was manufacturing cost incurred for paper pulp moulded packaging which has just begun operation. The overall gross profit margin for the current financial year ended dropped to 18.61% from 25.58% in last financial year, for the same reason explained.

The Group recorded a profit before tax of RM1.91 million in the current financial quarter as compared to RM3.70 million in the corresponding financial quarter. The Group also recorded a lower profit before tax of approximately RM5.10 million in the current financial year ended, as compared to approximately RM12.85 million in last financial year. This was mainly due to lower revenue which was partially offset by higher interest income.

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

The Group registered 25.08% growth in revenue of approximately RM17.95 million in the current financial quarter as compared to RM14.35 million in the preceding financial quarter. The increase in revenue was due to higher sales of paper-based packaging to customers from E&E, contraceptive and non-electrical household product industry. However, the increase was partially offset by the decrease in sales for customers in food and beverage and pharmaceutical industries.

The overall gross profit margin increased from approximately 10.40% in the preceding financial quarter to approximately 22.29% in the current financial quarter. This was mainly due to higher sales from higher yield product mix, as well as increase in sales by 49.37% to Taiwan and Thailand customers.

Due to the above, the Group recorded a profit before tax of approximately RM1.91 million in the current financial quarter as compared to a loss before tax of approximately RM0.56 million in the preceding financial quarter.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**

**B4. Commentary on Prospects**

The International Monetary Fund forecasted global economy growth at 3.2% in 2024 and 2025. It is likely to see inflation gradually decline and pressure on sustainability of global supply chain and geopolitical stability.

Malaysia economy expanded by 4.2% during first quarter of 2024, higher than Bloomberg consensus of 3.9%. The central bank of Malaysia forecasted Malaysian 2024 economy to expand by 4% to 5%, powered by domestic demand.

The World Semiconductor Trade Statistics (WSTS) organization, projects that the global semiconductor sales to increase by 16% in 2024 and 12.5% in 2025. Domestically, the Malaysia Semiconductor Industry Association indicates that the growth of Malaysia's semiconductor industry is still lagging behind, but anticipates that it will gradually recover in the second half of 2024. This would support growth in the E&E Industry.

We will continue to broaden our product offerings and services to our customers, and pursue new business opportunities to grow our client base across all industries, both locally and overseas. Under the current economic climate, we will continue to exercise prudent credit management, cost optimisation and tight management of internal efficiencies, towards growing both our top and bottom-line results.

Recycling and environmental awareness have increased significantly globally. As such, our Group has expanded our product range to include paper pulp moulded packaging in respond to this. The European Union-wide rule in preventing packaging waste by boosting reuse and refill, and making all packaging recyclable by 2030 is expected to boost demand for our Group's new products using recyclable raw materials.

With continued focus and effort made into environmental, social and governance initiatives, together with continuous active engagement in business development, the Group hopes to secure more new customers and new business prospects in the near future.

**B5. Profit Forecast**

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

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**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**

**B6. Tax Expense**

	Individual Quarter ended 31 May		Financial Year ended 31 May	
	← Unaudited →		Unaudited	Audited
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>Recognised in profit or loss</b>				
<b>Current tax expense</b>				
Current financial period	(428)	1,190	1,062	3,896
(Over)/ Underprovision in prior year	-	(75)	143	(75)
<b>Deferred tax expense</b>				
Current financial period	46	(174)	171	77
(Over)/ Underprovision in prior year	-	(335)	(89)	(329)
<b>Total</b>	<b>(382)</b>	<b>606</b>	<b>1,287</b>	<b>3,569</b>
Effective tax rate (%)	(1) (20.04)	(2) 16.38	(3) 25.23	(3) 27.77

**Note:**

- (1) Tax expense for individual quarter ended 31 May 2024 was a net write-back due to reversal of current year tax expenses overprovided.
- (2) The effective tax rate for individual quarters ended 31 May 2023 is lower than the statutory tax rate of 24% as there was reversal of deferred tax overprovided.
- (3) The effective tax rate for the financial year ended 31 May 2024 and 31 May 2023 is higher than the statutory tax rate of 24% mainly due to certain expenses which are not allowed for tax deduction purposes, in particular depreciation expenditure and share-based payment.

**B7. Loans and Borrowings**

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

	Unaudited As at 31 May 2024 RM'000	Audited As at 31 May 2023 RM'000
<b>Non-current</b>		
Term loans	14,436	703
Lease liabilities	94	289
	<b>14,530</b>	<b>992</b>
<b>Current</b>		
Term loans	2,819	7,360
Lease liabilities	180	315
	<b>2,999</b>	<b>7,675</b>
<b>Total</b>	<b>17,529</b>	<b>8,667</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 fulfil the abovementioned covenants as at the end of the previous financial year ended 31 May 2023.

In view of the foregoing, the non-current portion of certain bank borrowings which amounted to RM5,075,549 as at 31 May 2023 was reclassified from non-current liabilities to current liabilities in accordance with MFRS 101 Presentation of Financial Statements.

The Group had obtained written consents from the respective banks, subsequent to FYE 31 May 2023. Hence, these bank borrowings have been classified to non-current liabilities in the current and previous quarters in accordance with MFRS 101 Presentation of Financial Statements.

## B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

### B8. Material Litigation

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

### B9. Dividends

#### (i) Previous dividend

On 21 July 2023, the Directors proposed a final single-tier dividend of 0.75 sen per ordinary share in respect of financial year ended 31 May 2023 amounting to RM2,913,225. This final single-tier dividend was approved by the shareholders at the annual general meeting held on 27 October 2023 and paid on 30 November 2023.

#### (ii) Total dividend

First single-tier interim dividend of 0.50 sen per ordinary share was declared on 24 January 2024 and paid on 1 March 2024 in respect of financial year ended 31 May 2024.

### B10. Basic and Diluted Earnings Per Share

The earnings per share for the current financial quarter and financial year ended 31 May 2024 and 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

	Individual Quarter ended 31 May		Financial Year ended 31 May	
	← Unaudited → 2024	→ 2023	Unaudited 2024	Audited 2023
Profit for the financial period attributable to owners of the Company (RM'000)	2,339	3,284	4,071	9,306
Weighted average number of Shares during the financial period ('000)	388,430	388,430	388,430	388,430
Basic earnings per Share (sen)	0.60	0.85	1.05	2.40

#### 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 are not expected to be exercised and hence not have any dilutive effect on the weighted average number of Shares.

## B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

### B11. Profit before tax

	Individual Quarter ended 31 May		Financial Year ended 31 May	
	← Unaudited →		Unaudited	Audited
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>Material expenses/(income)</b>				
Auditor's remuneration:				
- Current year	36	31	135	115
- non-audit related services	5	5	5	5
Depreciation of property, plant, and equipment & right-of-use assets	1,253	1,205	4,873	4,627
Directors' remuneration:				
- Directors' fee	150	150	600	600
- Salaries, wages, allowances and bonus	180	180	638	688
- Contributions to defined contribution plan	36	36	122	130
Finance costs:				
- Term loans	201	102	693	439
- Lease liabilities	5	21	27	41
Gain on disposal of property, plant, and equipment	-	-	(21)	-
Gain on lease modification	-	-	(4)	-
Property, plant, and equipment written off	-	-	15	-
Inventories written off	196	-	196	-
Interest income and fair value gain on Investment from money market	(330)	(283)	(1,249)	(853)
Rental expenses / Short-term lease rental:				
- Equipment	3	3	6	6
- Warehouse	-	2	-	5
- Hostel	1	(46)	7	7
Charge/(Reversal) of impairment loss on trade receivables	84	418	(96)	418
Right-of-use assets:				
- Lease of low value assets	-	1	-	2
Staff costs:				
- Salaries, wages, allowances, and bonus	3,497	2,858	12,311	11,203
- Contributions to defined contribution plan	289	256	1,078	1,006
- Contributions to social security	45	41	172	162
- Share-based payment expense	20	69	1,327	2,523
Unrealised (gain)/loss on foreign exchange	(3)	-	37	(49)
Realised loss/(gain) on foreign exchange	57	(26)	(224)	(239)

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



**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)****B12. Utilisation of Proceeds Raised from Public Issue**

The utilisation of proceeds raised 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	Revised unutilised amount RM'000	Actual utilisation RM'000	Balance unutilised amount RM'000	Intended timeframe for utilisation after listing	Revised timeframe for utilisation (from 20 January 2024) <sup>(3)</sup>
Capital expenditure and expansion	13,031	6,597	-	6,434	-	-	-	Within 36 months <sup>(2)</sup>	-
Repayment of bank borrowings	7,783	7,783	-	-	-	-	-	Within 12 months	-
Working capital	5,207	5,021	<sup>(1)</sup> (186)	-	3,554	-	3,554	Within 24 months	Within 18 months
Sales and marketing expenses	2,000	-	-	2,000	500	75	425	Within 36 months	Within 18 months
Estimated listing expenses	3,900	<sup>(1)</sup> 4,086	<sup>(1)</sup> (186)	-	-	-	-	Within 3 months	-
Acquisition of machineries <sup>(4)</sup>	-	-	-	-	4,380	2,097	2,283	-	Within 18 months
<b>Total</b>	<b>31,921</b>	<b>23,487</b>	<b>-</b>	<b>8,434</b>	<b>8,434</b>	<b>2,172</b>	<b>6,262</b>		

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus dated 15 December 2020 (“**Prospectus**”), the announcement on extension of timeframe for utilisation of proceeds dated 16 December 2022 and the circular to the shareholders in relation to the variation and extension of timeframe for the utilisation of proceeds dated 19 December 2023.

**Notes:**

- (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.
- (2) The Company had on 16 December 2022 announced the extension of timeframe for the utilisation of proceeds allocated for capital expenditure and expansion from within 24 months to within 36 months from listing.
- (3) The Company had on 5 January 2024 obtained its shareholders’ approval via an extraordinary general meeting for the variation and extension of timeframe of 18 months from 20 January 2024 i.e. up to 19 July 2025 for the utilisation of the remaining proceeds raised from the Public Issue.
- (4) Being the acquisition of 1 unit of dry hot press paper pulp moulded packaging machine, 1 unit of wet hot press paper pulp moulded packaging machine and 1 unit of 3D-printing machine.

By order of the Board of Directors

19 July 2024