



**YEW LEE PACIFIC GROUP BERHAD**

Registration No. 202001036243 (1392564-D)  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

**YEW LEE PACIFIC GROUP BERHAD**

Registration No. 202001036243 (1392564-D)

(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the First Quarter Ended 31 March 2023 <sup>(1)</sup>**

	Note	Individual Quarter		Cumulative Quarter	
		Unaudited Current Quarter 31.03.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 31.03.2022 RM'000	Unaudited Current Year-to-date 31.03.2023 RM'000	Unaudited Preceding Year Year-to-date 31.03.2022 RM'000
Revenue		5,460	9,798	5,460	9,798
Cost of sales		(3,619)	(6,626)	(3,619)	(6,626)
Gross profit		1,841	3,172	1,841	3,172
Other income		357	149	357	149
Administrative expenses		(1,814)	(1,668)	(1,814)	(1,668)
Selling and marketing expenses		(19)	(70)	(19)	(70)
Finance costs		(31)	(77)	(31)	(77)
Share of profit of an associate		43	83	43	83
Other expenses		(20)	(1)	(20)	(1)
Profit before tax	B12	357	1,588	357	1,558
Income tax	B5	(120)	(365)	(120)	(365)
Profit after tax		237	1,223	237	1,223
Other comprehensive (loss)/ income:					
- Foreign currency translation of foreign operation		5	4	5	4
- Share of other comprehensive loss of an associate		(6)	-	(6)	-
Total comprehensive profit for the financial period		236	1,227	236	1,227
Profit attributable to:					
- Owners of the Company		237	1,224	237	1,224
- Non-controlling interest		(4) <sub>-</sub>	(1)	(4) <sub>-</sub>	(1)
		237	1,223	237	1,223
Total comprehensive profit attributable to:					
- Owners of the Company		236	1,226	236	1,226
- Non-controlling interest		(4) <sub>-</sub>	1	(4) <sub>-</sub>	1
		236	1,227	236	1,227
Earnings per share ("EPS")					
- Basic (Sen) <sup>(2)</sup>	B11	0.04	0.31	0.04	0.31
- Diluted (Sen) <sup>(3)</sup>	B11	0.04	0.23	0.04	0.23

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**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the First Quarter Ended 31 March 2023 <sup>(1)</sup> (Continued)**

**NOTES:**

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic EPS is calculated based on the Company's share capital of 532,435,600 ordinary shares (31 March 2022: 399,326,700 ordinary shares).
- (3) Diluted EPS is calculated based on the Company's share capital of 532,435,600 ordinary shares.
- (4) Represents less than RM1,000.

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**YEW LEE PACIFIC GROUP BERHAD**

Registration No. 202001036243 (1392564-D)

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**Unaudited Condensed Consolidated Statement of Financial Position****As At 31 March 2023 <sup>(1)</sup>**

	Unaudited As at 31.03.2023 RM'000	Audited As at 31.12.2022 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	18,561	10,699
Right-of-use assets	58	7,557
Investment in an associate company	483	449
	<u>19,102</u>	<u>18,705</u>
<b>Current assets</b>		
Inventories	5,741	5,778
Trade receivables	3,975	4,480
Other receivables, deposits and prepayments	255	330
Tax recoverable	624	364
Short-term investment funds	30,399	30,125
Fixed deposits with licensed banks	14,030	14,030
Cash and bank balances	7,570	7,928
	<u>62,594</u>	<u>63,035</u>
<b>Total assets</b>	<b><u>81,696</u></b>	<b><u>81,740</u></b>
<b>Equity</b>		
Share capital	66,966	66,966
Merger reserves	(31,197)	(31,197)
Foreign currency translation reserve	(58)	(57)
Retained earnings	38,467	38,230
	<u>74,178</u>	<u>73,942</u>
Non-controlling interests	(1)	(1)
<b>Total equity</b>	<b><u>74,177</u></b>	<b><u>73,941</u></b>
<b>Non-current liabilities</b>		
Bank borrowings	B8 2,843	2,685
Lease liabilities	35	41
Deferred tax liabilities	1,010	1,006
	<u>3,888</u>	<u>3,732</u>
<b>Current liabilities</b>		
Trade payables	2,652	2,265
Other payables and accruals	838	1,678
Bank borrowings	B8 116	98
Lease liabilities	25	26
	<u>3,631</u>	<u>4,067</u>
<b>Total liabilities</b>	<b><u>7,519</u></b>	<b><u>7,799</u></b>
<b>Total equity and liabilities</b>	<b><u>81,696</u></b>	<b><u>81,740</u></b>
Net assets per share (Sen) <sup>(2)</sup>	<u>13.93</u>	<u>13.89</u>
Gearing ratio (times)	<u>0.04</u>	<u>0.04</u>

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**Unaudited Condensed Consolidated Statement of Financial Position  
As At 31 March 2023 <sup>(1)</sup> (Continued)**

**NOTES:**

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statement of Financial Position are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the number of ordinary shares in issue of 532,435,600 shares as at 31 March 2023 (31 December 2022: 532,435,600 shares).

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**Unaudited Condensed Consolidated Statements of Changes in Equity  
for the Period Ended 31 March 2023 <sup>(1)</sup>**

	----- Attributable to Owners of the Company -----				Sub-Total	Non-Controlling Interests	Total Equity
	-----Non-Distributable-----		Distributable				
	Share Capital	Merger Reserves	Foreign Currency Translation Reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 31 December 2022 / 1 January 2023 (Audited)	66,966	(31,197)	(57)	38,230	73,942	(1)	73,941
<u>Transaction with owners:</u>							
Profit for the financial period	-	-	-	237	237	<sup>(2)</sup> -	237
Other comprehensive income	-	-	(1)	-	(1)	<sup>(2)</sup> -	(1)
Total comprehensive profit for the financial period	-	-	(1)	237	236	<sup>(2)</sup> -	236
<b>Balance as at 31 March 2023</b>	<b>66,966</b>	<b>(31,197)</b>	<b>(58)</b>	<b>38,467</b>	<b>74,178</b>	<b>(1)</b>	<b>74,177</b>

**NOTES:**

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Represents less than RM1,000.

**YEW LEE PACIFIC GROUP BERHAD**

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**Unaudited Condensed Consolidated Statements of Cash Flows  
for the First Quarter Ended 31 March 2023 <sup>(1)</sup>**

	<b>Unaudited Current Year-to-date 31.03.2023 RM'000</b>	<b>Unaudited Preceding Year-to-date 31.03.2022 RM'000</b>
<b>Cash flow from operating activities</b>		
Profit before tax	357	1,588
Adjustment for: -		
Amortisation of right-of-use assets	6	130
Depreciation of property, plant and equipment	376	223
Finance costs	31	77
Fair value gain on short-term investment	(274)	-
Impairment on trade receivables, net	19	-
Interest income	(33)	(43)
Property, plant and equipment written off	-	1
Share of result of an associate gain	(43)	(83)
Unrealised loss on foreign exchange	(10)	(11)
<b>Operating profit before working capital changes</b>	<b>429</b>	<b>1,882</b>
Changes in working capital:		
Inventories	45	1,106
Trade and other receivables	499	95
Trade and other payables	(388)	409
Cash generated from operations	585	3,492
Tax paid, net of tax refund	(376)	(34)
Net cash generated from operating activities	<b>209</b>	<b>3,458</b>
<b>Cash flow from investing activities</b>		
Interest received	-	43
Purchase of property, plant and equipment	(705)	(115)
Net cash used in investing activities	<b>(705)</b>	<b>(72)</b>
<b>Cash flow from financing activities</b>		
Finance costs paid	(31)	(77)
Repayment of lease liabilities	(6)	(76)
Drawdown of term loans, net	176	12
Net cash generated from/ (used in) financing activities	<b>139</b>	<b>(141)</b>
Net (decrease) / increase in cash and cash equivalents	(357)	3,245
Effect of foreign currency translation	(1)	<sup>(2)</sup> -
Cash and cash equivalents at beginning of the financial period	21,958	19,813
<b>Cash and cash equivalents at end of the financial period</b>	<b>21,600</b>	<b>23,058</b>

**NOTE:**

(1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

(2) Represents less than RM1,000.

# YEW LEE PACIFIC GROUP BERHAD

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## PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

### Notes To the Unaudited Interim Financial Report for the First Quarter Ended 31 March 2023

#### A1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Boards and Rule 9.22 of the Listing Requirements.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report. The explanatory notes attached to the interim financial statements 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 financial year ended 31 December 2022.

#### A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Group’s latest audited financial statements, except for the adoption of the following new MFRSs and amendments to MFRSs which became effective as disclosed as follow:

MFRS (Including the Consequential Amendments)		Effective Date
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The adoption of the above accounting standards and amendments have no material impact to the unaudited condensed consolidated financial statements of the Group.

The Group has not applied in advance the following MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current financial period:

MFRS (Including the Consequential Amendments)		Effective Date
Amendments to MFRS 16	Leases - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies	1 January 2024
Amendments to MFRS 10	Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of the above MFRSs and amendments to MFRSs are expected to have no material impact on the financial statements of the Group in the period of initial application.



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### PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)

#### A3. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no material changes in accounting estimates during the current financial quarter under review.

#### A4. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report for the preceding financial year ended 31 December 2022 was issued without any qualifications.

#### A5. SEASONAL OR CYCLICAL FACTORS

The nature of the Group’s business was not subject to any seasonal and cyclical factors during the current financial quarter under review.

#### A6. ITEMS OR INCIDENCE OF AN UNUSUAL NATURE

There were no material and unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter under review.

#### A7. MATERIAL SUBSEQUENT EVENT

Pursuant to the announcement made on Bursa Malaysia Securities Berhad’s website on 18 May 2023, the Company intends to extend the timeframe and vary the utilisation of proceeds raised from its IPO as below:

<u>Utilisation of proceeds</u>	<u>Proposed Utilisation<sup>(1)</sup></u> <u>RM’000</u>	<u>Variation to the IPO Proceeds</u> <u>RM’000</u>	<u>After Variation to the IPO Proceeds</u> <u>RM’000</u>	<u>Estimated timeframe for utilisation (from the listing date)</u>	<u>Revised timeframe for utilisation (from the listing date)</u>
Purchase of additional manufacturing machineries and equipment	10,900	<sup>(2)</sup> (9,000)	1,900	Within 12 months	Within 24 months
Construction of new warehouse facility and office building <sup>(3)</sup>	7,300	-	No change	Within 24 months	No change
Repayment of bank borrowings	8,900	(9)	8,891	Within 12 months	No change
Working capital requirements	4,570	<sup>(4)</sup> 9	4,579	Within 8 months	No change
Incorporation of new subsidiary in Thailand <sup>(5)</sup>	-	9,000	9,000	-	Within 36 months
	<u>24,370</u>		<u>24,370</u>		

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### **PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)**

#### **A7. MATERIAL SUBSEQUENT EVENT (Cont’d)**

##### **NOTES :**

- (1) As per IPO Prospectus dated 17 May 2022.
- (2) The IPO Proceeds of RM10.9 million was initially earmarked for the purchase of additional manufacturing machineries and equipment. However, the estimated total cost for purchase of additional manufacturing machineries and equipment has been revised to approximately of RM1.9 million and the excess amount of approximately RM9.0 million will be budgeted for incorporation of new subsidiary in Thailand as further elaborated in note 5 below.

The variation of the of IPO Proceeds from RM10.9 million to RM1.9 million is mainly due to the reallocation of funds for the purchase of manufacturing machineries and equipment to be used for the establishment of a new subsidiary in Thailand involving in industrial brush manufacturing activities. After assessing the current situation of the Thailand market, the Company is of the view that there is stable market demand for industrial brushes in Thailand and an establishment of a manufacturing setting locally will benefit the Company by strengthening its market position and competitiveness in the Thailand market. As stipulated in note 5, total proceeds of RM9.0 million shall be for the incorporation of new subsidiary in Thailand. RM5.5 million or 61% will be utilised for the purchase of additional manufacturing machineries and equipment and RM3.5 million or 39% will be utilised for the set-up cost and working capital requirements of the new company.

In addition, after taking into consideration of the additional time required for the utilisation of purchase of additional manufacturing machineries and equipment, the Board of Directors (“Board”) has resolved to extend the time frame for the utilisation of the proceeds raised from the IPO for another 12 months period until 6 June 2024.

- (3) As stipulated in the IPO Prospectus dated 17 May 2022, the Company has initially earmarked the amount to utilise RM7.3 million of the IPO Proceeds for the construction of a 3-storey office building and warehouse facility with total built-up areas of approximately 31,097 sq. ft. However, the Company have decided to only construct a 2-storey office building and warehouse facility with total built-up areas of approximately 37,227 sq. ft instead. There is no any withdraw from the downsize of 3-storey to 2-storey office building and warehouse facility as the construction cost still falls within the IPO Proceeds amount and the new built-up areas is much sufficient for the Company daily operation function in the future.
- (4) The Group had fully settled the bank borrowings of approximately RM8.8 million as at 30 April 2023. The balance amount of RM9,000 allocated for repayment of bank borrowings has been re-allocated to working capital requirement relating to supply chain requirement.

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### PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)

#### A7. MATERIAL SUBSEQUENT EVENT (Cont’d)

- (5) After the re-allocation, the Board intends to earmark up to RM9.0 million to finance the incorporation of new subsidiary in Thailand, of which the indicative breakdown is set out below:

Details	Descriptions	RM'000
Rent and renovation of factory and office building	12 months rental, renovation of factory and office building, electrical installation and mechanical set up cost.	2,000
Purchase of new machineries and equipment	Purchase of injection machine, automatic stapler machine, semi auto carriage disc brush, bristle and trimming machine and so on.	5,500
Working capital expenses	Raw material cost, labour cost, incorporation fees and etc.	1,500

After taking into consideration of the time required for the incorporation, operation and the relevant approvals from the authorities to be obtained, the Board has resolved to revise the time frame for this utilisation of the proceeds up to 36 months.

Save for disclosed above, there were no material events subsequent to the end of the current financial quarter under review that have not been reflected in the interim financial report.

#### A8. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review, save and except otherwise disclosed under note B6.

#### A9. DIVIDEND PAID

There were no dividends paid during the financial quarter under review.

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**PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)****A10. SEGMENTAL INFORMATION**

The Group is principally engaged and organised into business units based on business by product related activities and has three reportable segments as follows:

- (a) Manufacturing segment – Consist mainly the manufacturing of industrial brushes; and
- (b) Trading segment – Consist of trading of industrial hardware and machinery parts.
- (c) Investment holding -- Investment holding operations

The Group operates predominantly in Malaysia and hence, no geographical segment presented.

<b>Result for financial period ended 31.03.2023</b>	<b>Manufacturing segment RM'000</b>	<b>Trading segment RM'000</b>	<b>Investment holding RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>					
External revenue	3,279	2,190	-	(9)	5,460
Elimination of inter-segment revenue	(5)	(4)	-	9	-
	<u>3,274</u>	<u>2,186</u>	<u>-</u>	<u>-</u>	<u>5,460</u>
<b>Results</b>					
Segment profit / (loss)	501	(246)	90	-	345
Finance costs	-	(31)	-	-	(31)
Share of profit of an associate	43	-	-	-	43
Segment profit / (loss) before tax	544	(277)	90	-	357
Tax expenses	(120)	-	-	-	(120)
Segment profit / (loss) after tax	<u>424</u>	<u>(277)</u>	<u>90</u>	<u>-</u>	<u>237</u>
<b>Assets and liabilities for the period ended 31.03.2023</b>					
<b>Assets</b>					
Segment assets	39,724	11,454	31,108	-	82,286
Elimination of inter-segment balances	(590)	-	-	-	(590)
	<u>39,134</u>	<u>11,454</u>	<u>31,108</u>	<u>-</u>	<u>81,696</u>
<b>Liabilities</b>					
Segment liabilities	2,267	5,209	633	-	8,109
Elimination of inter-segment balances	-	-	(590)	-	(590)
	<u>2,267</u>	<u>5,209</u>	<u>43</u>	<u>-</u>	<u>7,519</u>

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### PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)

#### A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation of property, plant and equipment during the current financial quarter under review.

#### A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group during the current financial quarter under review.

#### A13. CAPITAL COMMITMENTS

The capital commitments of the Group were as follows: -

	Unaudited As at 31.03.2023 RM'000	Unaudited As at 31.03.2022 RM'000
<b>Approved and contracted for :</b>		
Property, plant and equipment	6,755	-

#### A14. CONTINGENT ASSETS OR CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

#### A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no related party transactions during the current financial quarter under review.

#### A16. FAIR VALUE OF FINANCIAL LIABILITIES

There was no gain or loss arising from fair value changes of the Group's financial liabilities for the current financial quarter under review.

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## YEW LEE PACIFIC GROUP BERHAD

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### PART B – EXPLANATORY NOTES PERSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### Notes To the Unaudited Condensed Consolidated Interim Financial Report for the First Quarter Ended 31 March 2023

##### B1. REVIEW OF PERFORMANCE

	<u>Individual Quarter</u>		<u>Variance</u>	
	<b>Unaudited Current Quarter 31.03.2023 RM'000</b>	<b>Unaudited Preceding Year Corresponding Quarter 31.03.2022 RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	5,460	9,798	(4,338)	(44)
Gross profit	1,841	3,172	(1,331)	(42)
Profit before tax	357	1,588	(1,231)	(78)
Profit after tax	237	1,223	(986)	(81)

The Group recorded revenue of RM5.5 million in the first quarter ended 31 March 2023 as compared to the preceding year corresponding quarter of RM9.8 million, representing a decrease of 44%. The decrease in revenue is mainly due to lesser sales order received from local and overseas customers particularly from Vietnam and Thailand.

The Group recorded a gross profit margin of 34% in the first quarter ended 31 March 2023 which was fairly consistent as compared to preceding year corresponding quarter of 32%.

The Group posted profit after tax of RM0.2 million in the current quarter as compared to RM1.2 million in the preceding year corresponding quarter. Such decrease in profit after tax was mainly due to lower revenue generated in current financial quarter under review as well as increase in our administrative expenses such as one-off upkeep of motor vehicle, payroll cost and additional of corporate professional fees as compared with preceding year corresponding quarter.

However, the Group's sustainability is positive and it continue to generate gross operating profit from core operation activities. The Group will continue to monitor closely in adapting by diversifying into other industries.

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### PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

#### B2. PERFORMANCE COMPARISON WITH PRECEDING QUARTER'S RESULTS

	<u>Individual Quarter</u>		<u>Variance</u>	
	<u>Unaudited Current Quarter 31.03.2023 RM'000</u>	<u>Unaudited Preceding Quarter 31.12.2022 RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	5,460	5,327	133	3
Gross profit	1,841	1,298	543	29
Profit before tax	357	(1,345)	1,702	>100
Profit after tax	237	(1,130)	1,367	>100

The Group recorded revenue of RM5.4 million in the first quarter ended 31 March 2023 as compared to the preceding quarter of RM5.3 million representing an increase of 3%. The increase in revenue is mainly due to higher sales order received from overseas customers.

The Group recorded a gross profit margin of 34% in the first quarter ended 31 March 2023 as compared to preceding quarter of 24%. The lower gross margin in preceding quarter mainly due to inventories written down.

The Group posted profit after tax of RM0.2 million in the current financial quarter as compared to the loss of RM1.1 million in the preceding quarter. The loss incurred in the preceding quarter mainly due to the various provision, accrued expenses (RM0.3 million) and impairment of trade receivables (RM0.4 million).

#### B3. PROSPECTS AND OUTLOOK FOR THE CURRENT FINANCIAL YEAR

The rubber glove industry has been our major revenue contributor and our financial performance is in tandem with the performance of the rubber glove industry.

The rubber glove industry underwent oversupply from aggressive expansions coupled with excessive stockpiling during the pandemic which have led to market supply-demand imbalances in FYE 2022 and such situation is expected to be continued in 2023. Notwithstanding the current sentiment, the rubber glove industry is expected to recover within the horizon in view of the increasing glove usage from the overall hygiene awareness amongst consumers post pandemic.

In addition, the Group has implemented the following plans not only to secure existing core business in rubber glove industry but also exploring other opportunities, such as:

- a) to expand our range of industrial brushes by developing customisable industrial brushes and continue to strengthen our market position in the industrial brush industry in Malaysia as well as international markets;
- b) to explore and expand more industrial hardware and machinery parts in trading business segment; and
- c) to explore other market or industries such semiconductor, timber, glass and agricultural sector to expand our customer base whilst reducing our dependency on the rubber gloves industry.

**YEW LEE PACIFIC GROUP BERHAD**

Registration No. 202001036243 (1392564-D)

(Incorporated in Malaysia)

**PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

**B5. INCOME TAX EXPENSE**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Unaudited</u> <u>Current Year</u> <u>Quarter</u> <u>31.03.2023</u> <u>RM'000</u>	<u>Unaudited</u> <u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31.03.2022</u> <u>RM'000</u>	<u>Unaudited</u> <u>Current</u> <u>Year-to-date</u> <u>31.03.2023</u> <u>RM'000</u>	<u>Unaudited</u> <u>Preceding Year</u> <u>Year-to-date</u> <u>31.03.2022</u> <u>RM'000</u>
In respect of current period:				
Income tax expense <sup>(1)</sup>	116	365	116	365
Deferred tax expense	4	-	4	-
Effective tax rate (%)	34	23	34	23
Statutory tax rate (%)	24	24	24	24

**NOTE:**

(1) Income tax expense is recognised based on management's best estimate.

**B6. STATUS OF CORPORATE PROPOSALS**

The Company had via its Extraordinary General Meeting held on 6 January 2023, obtained shareholders' approval for the bonus issue of warrants on the basis of 1 Warrant for every 2 existing ordinary shares held in the Company ("Bonus Issue of Warrants") and establishment of an employees' share option scheme ("ESOS") of up to thirty percent (30%) of the total number of issued shares of the Company (excluding treasury shares, if any) for the eligible employees and Directors of the Company and its subsidiaries.

Subsequently, the Bonus Issue of Warrants has been completed following the listing and quotation on the ACE Market of Bursa Securities on 9 February 2023.

Nonetheless, no share option has been offered to for the eligible employees and Directors of the Company and its subsidiaries as at the date of this interim financial report.

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### PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

#### B7. UTILISATION PROCEEDS FROM IPO

As at 31 March 2023, the status of the utilisation of proceeds arising from IPO amounting to approximately RM 37.27 million is stated in the following manner:

<u>Utilisation of proceeds</u>	<u>Propose Utilisation RM'000</u>	<u>Actual Utilisation RM'000</u>	<u>Unutilised Amount RM'000</u>	<u>Estimated timeframe for utilisation from Listing</u>
Purchase of additional manufacturing machineries and equipment	10,900	1,536	9,364	Within 12 months
Construction of new warehouse facility and office building	7,300	545	6,755	Within 24 months
Renovation of New Office	1,800	-	1,800	Within 36 months
Repayment of bank borrowings	8,900	5,946	2,954	Within 12 months
Working capital requirements	4,570	2,923	1,647	Within 8 months
Estimated listing expenses	3,800	3,800	-	Within 1 month
	<b>37,270</b>	<b>14,750</b>	<b>22,520</b>	

The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company dated 17 May 2022 and note A7 in this financial interim report.

#### B8. BANK BORROWINGS

	<b>Unaudited As at 31.03.2023 RM'000</b>	<b>Audited As at 31.12.2022 RM'000</b>
<b><u>Current</u></b>		
Lease liabilities	25	26
Term loans	116	98
	<b>141</b>	<b>124</b>
<b><u>Non-current</u></b>		
Lease liabilities	35	41
Term loans	2,843	2,685
	<b>2,878</b>	<b>2,726</b>

The bank borrowings are secured and denominated in Ringgit Malaysia.

#### B9. MATERIAL LITIGATION

There were no material litigation involving the Group in the current financial quarter under review.

#### B10. DIVIDEND

No dividend has been declared or recommended by the Board for the current financial quarter under review.

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**PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B11. EARNINGS PER SHARE**

The basic and diluted EPS for the current financial quarter and financial year-to-date are computed as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Unaudited Current Year Quarter 31.03.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 31.03.2022 RM'000	Unaudited Current Year-to-date 31.03.2023 RM'000	Unaudited Preceding Year Year-to-date 31.03.2022 RM'000
Profit attributable to the Owners of the Company	237	1,223	237	1,223
Number of ordinary shares (in thousand)	532,436	399,326	532,436	399,326
Basic EPS (Sen) <sup>(1)</sup>	0.04	0.31	0.04	0.31
Diluted EPS (Sen) <sup>(2)</sup>	0.04	0.23	0.04	0.23

**NOTES:**

- (1) Basic EPS is calculated based on the Company's share capital of 532,435,600 ordinary shares (31 March 2022: 399,326,700 ordinary shares).
- (2) Diluted EPS is calculated based on the Company's share capital of 532,435,600 ordinary shares.

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**PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Profit or loss before tax is arrived after charging/(crediting):

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Unaudited</u> <u>Current Year</u> <u>Quarter</u> <u>31.03.2023</u> <u>RM'000</u>	<u>Unaudited</u> <u>Preceding year</u> <u>Corresponding</u> <u>Quarter</u> <u>31.03.2022</u> <u>RM'000</u>	<u>Unaudited</u> <u>Current</u> <u>Year-to-date</u> <u>31.03.2023</u> <u>RM'000</u>	<u>Unaudited</u> <u>Preceding Year</u> <u>Year-to-date</u> <u>31.03.2022</u> <u>RM'000</u>
Depreciation of property, plant and equipment	376	223	376	223
Amortisation of right-of-use assets	6	130	6	130
Interest income	(33)	(43)	(33)	(43)
Unrealised loss on foreign exchange	(10)	(11)	-	(11)
Interest expense	31	77	31	77
Rental expense	2	1	2	1
Impairment on trade receivables, net	19	-	19	-
Property, plant and equipment written off	-	1	-	1

**B13. Authorisation for Issue**

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution passed by the Board of Directors on 30 May 2023.

**BY ORDER OF THE BOARD**  
**YEW LEE PACIFIC GROUP BERHAD**