



INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT  
FOR THE 4<sup>th</sup> QUARTER ENDED 31 DECEMBER 2021

16 FEBRUARY 2022

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4<sup>th</sup> QUARTER ENDED 31 DECEMBER 2021

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	Quarter ended		12 months ended	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		43,680	44,848	131,903	155,357
<b>Operating expenses</b>					
Changes in inventories		(16,075)	(15,766)	(46,894)	(51,075)
Rental expenses		(139)	(42)	570	(1,216)
Employee related expenses		(7,894)	(7,979)	(30,441)	(34,942)
Distribution expenses		(1,044)	(875)	(3,399)	(3,369)
Advertising and promotion expenses		(922)	(1,074)	(3,241)	(4,366)
Depreciation and amortisation expenses		(5,535)	(5,629)	(20,243)	(21,420)
Other operating expenses		(1,551)	(3,047)	(7,012)	(9,581)
<b>Total operating expenses</b>		(33,161)	(34,412)	(110,661)	(125,969)
<b>Profit from operations</b>		10,520	10,436	21,242	29,388
Other income/(expenses)		196	54	(24)	487
Finance income		210	219	1,183	923
Finance costs		(519)	(703)	(1,900)	(2,218)
Listing-related expenses		-	-	-	(959)
<b>Profit before tax</b>	20	10,407	10,006	20,501	27,621
Tax expenses	21	(2,647)	(2,289)	(5,480)	(7,438)
<b>Profit for the period</b>		7,760	7,717	15,021	20,183
<b>Other comprehensive income, net of tax</b>					
<u>Item that may be reclassified subsequently to profit or loss</u>					
Foreign currency translation differences for foreign operation		(277)	(883)	1,014	(667)
<b>Total comprehensive income for the period</b>		7,483	6,834	16,035	19,516

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)**

		Quarter ended		12 months ended	
	Note	31.12.2021	31.12.2020	31.12.2021	31.12.2020
		RM'000	RM'000	RM'000	RM'000
<b>Profit attributable to:</b>					
Owners of the Company		7,760	7,717	15,021	20,183
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		7,483	6,834	16,035	19,516
<b>Earnings per share attributable to Owners of the Company</b>					
Basic (sen)	22	1.10	1.09	2.13	2.90
<b>Other selected financial data:</b>					
Gross profit <sup>(1)</sup>		27,605	29,082	85,009	104,282
Core profit after tax ("PAT") <sup>(2)</sup>		7,760	7,717	15,021	21,142
Gross profit margin		63.2%	64.8%	64.4%	67.1%
Operating profit margin		24.1%	23.3%	16.1%	18.9%
Core PBT margin		23.8%	22.3%	15.5%	18.4%
Core PAT margin		17.8%	17.2%	11.4%	13.6%

<sup>(1)</sup> computed based on revenue less changes in inventories (cost of goods sold).

<sup>(2)</sup> core profit excludes listing-related expenses.

The unaudited condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached in this interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	31.12.2021 RM'000	31.12.2020 RM'000
<b>Assets</b>			
Plant and equipment		8,945	12,896
Right-of-use assets		19,746	21,830
Intangible assets		52,656	52,651
Deferred tax assets		808	953
Receivables and deposits		6,414	6,345
<b>Total non-current assets</b>		<u>88,569</u>	<u>94,675</u>
Inventories		35,039	34,415
Receivables, deposits and prepayments		6,959	5,643
Current tax assets		53	9
Other investments	23	42,507	29,528
Cash and cash equivalents		10,802	23,967
<b>Total current assets</b>		<u>95,360</u>	<u>93,562</u>
<b>Total assets</b>		<u>183,929</u>	<u>188,237</u>
<b>Liabilities</b>			
Provision for restoration costs		1,838	2,018
Loans and borrowings	24	27	186
Lease liabilities		9,705	10,204
<b>Total non-current liabilities</b>		<u>11,570</u>	<u>12,408</u>
Provision for restoration costs		437	313
Loans and borrowings	24	159	153
Lease liabilities		11,005	12,447
Contract liabilities		785	1,000
Payables and accruals		13,890	14,426
Dividend payable		-	7,059
Current tax liabilities		1,960	1,755
<b>Total current liabilities</b>		<u>28,236</u>	<u>37,153</u>
<b>Total liabilities</b>		<u>39,807</u>	<u>49,561</u>
<b>Net assets</b>		<u>144,123</u>	<u>138,676</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

	Note	31.12.2021 RM'000	31.12.2020 RM'000
<b>Equity</b>			
Share capital		50,326	50,326
Reserves		93,797	88,350
<b>Total equity</b>		144,123	138,676
<b>Other selected financial data:</b>			
Net current assets / working capital		67,124	56,409
Net assets per share (sen)		20.42	19.65
Net gearing ratio (times) *		(0.37)	(0.38)

\* computed based on net borrowings (total bank borrowings less cash and cash equivalents and other investments) divided by total equity. Negative net gearing ratio denotes a net cash position.

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached in this interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Note	← Non-distributable →			Distributable	
	Share capital RM'000	Business combination reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2020</b>	4,388	4,636	73	78,243	87,340
Profit for the period	-	-	-	20,183	20,183
Foreign currency translation differences for foreign operation, representing other comprehensive income for the period	-	-	(667)	-	(667)
Total comprehensive income for the period	-	-	(667)	20,183	19,516
Issuance of shares	47,407	-	-	-	47,407
Share issuance expenses	(1,469)	-	-	-	(1,469)
Dividend declared	-	-	-	(14,118)	(14,118)
Total transaction with owners	45,938	-	-	(14,118)	31,820
<b>At 31 December 2020</b>	50,326	4,636	(594)	84,308	138,676
<b>At 1 January 2021</b>	50,326	4,636	(594)	84,308	138,676
Profit for the period	-	-	-	15,021	15,021
Foreign currency translation differences for foreign operation, representing other comprehensive income for the period	-	-	1,014	-	1,014
Total comprehensive income for the period	-	-	1,014	15,021	16,035
Dividend declared, representing total transaction with owners	-	-	-	(10,588)	(10,588)
<b>At 31 December 2021</b>	50,326	4,636	420	88,741	144,123

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached in this interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>12 months ended</b>		
	<b>Note</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>			
Profit before tax		20,501	27,621
Adjustments for:			
Changes in lease payments arising from rent concessions		(5,349)	(2,698)
Depreciation and amortisation expenses		20,243	21,420
Unrealised foreign exchange (gain)/loss		12	16
Plant and equipment written off		202	188
Inventories written down		710	112
Fair value loss/(gain) on other investments		219	21
Finance income		(1,183)	(923)
Finance costs		1,900	2,218
Listing-related expenses		-	959
<b>Operating profit before changes in working capital</b>		<b>37,256</b>	<b>48,934</b>
Changes in working capital:			
Inventories		(927)	(868)
Receivables, deposits and prepayments		(1,208)	(55)
Payables, accruals and contract liabilities		(8,090)	(3,336)
Provision for restoration costs		(84)	(87)
<b>Cash generated from operations</b>		<b>26,947</b>	<b>44,588</b>
Income tax paid		(5,179)	(8,847)
<b>Net cash generated from operating activities</b>		<b>21,768</b>	<b>35,741</b>
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment		(1,241)	(4,271)
Acquisition of intangible assets		(289)	(1,910)
Placement of other investments		(12,980)	(29,503)
Interest received		1,183	909
<b>Net cash used in investing activities</b>		<b>(13,327)</b>	<b>(34,775)</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)**

	Note	12 months ended	
		31.12.2021	31.12.2020
		RM'000	RM'000
<b>Cash flows from financing activities</b>			
Proceeds from issuance of shares		-	47,407
Listing-related expenses		-	(2,428)
Dividends paid	8	(10,588)	(7,059)
Repayment of revolving credit		-	(16,000)
Repayment of hire purchase		(153)	(237)
Repayment of lease liabilities		(9,333)	(13,346)
Interest paid for lease liabilities		(1,889)	(2,133)
Interest paid for loans and borrowings		(11)	(85)
<b>Net cash (used in)/generated from financing activities</b>		<b>(21,974)</b>	<b>6,119</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Effect of exchange rate fluctuations on cash held		368	(563)
Cash and cash equivalents at beginning of the period		23,967	17,445
<b>Cash and cash equivalents at end of the period</b>		<b>10,802</b>	<b>23,967</b>
<b>Cash and cash equivalents comprise the following:</b>			
Cash and bank balances		10,802	22,893
Deposits placed with licensed banks		-	1,074
		<b>10,802</b>	<b>23,967</b>

The unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached in this interim financial report.



## INNATURE BERHAD

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### INTERIM FINANCIAL REPORT FOR THE 4<sup>th</sup> QUARTER ENDED 31 DECEMBER 2021

#### 1. BASIS OF PREPARATION

The interim financial statements (“Interim Financial Report”) of InNature Berhad (“InNature” or the “Company”) and its subsidiaries (collectively, the “Group”) is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: *Interim Financial Reporting* issued by Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards (“IFRS”) 134: *Interim Financial Reporting* issued by International Accounting Standards Board (“IASB”), and Paragraph 9.22 of Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

The Interim Financial Report should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes in this Interim Financial Report.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the Interim Financial Report are the same as those applied by the Group in its audited consolidated financial statements for the year ended 31 December 2020, except for the adoption of the new and amended MFRS and Issues Committee (“IC”) Interpretations which are relevant to the Group during the current financial period. The adoption of the new and amended MFRS and IC Interpretations did not have a material effect on the financial performance or position of the Group.

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

The auditors’ report of the Group’s consolidated financial statements for the financial year ended 31 December 2020 was not subject to any qualification.

#### 4. SEASONAL AND CYCLICAL FACTORS

Being in the retail industry, the Group’s operations are subject to peaks and troughs in revenue generation throughout the year. Generally, the Group records higher sales during major festive and school holiday seasons in the respective country of which the Group operates.

#### 5. UNUSUAL ITEMS

Apart from the Covid-19 pandemic as discussed in Note 17 and 18, there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period.

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6. CHANGES IN ESTIMATES

There were no major changes in estimates that have had material effect on the results of current financial period.

7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial period.

8. DIVIDENDS

The following dividends were recognised by the Company during the respective financial period:

	<b>RM per share RM</b>	<b>Total amount RM'000</b>	<b>Date of payment</b>
<b>Company</b>			
<b>12 months ended 31 December 2021</b>			
In respect of the financial year ended 31 December 2020:			
- Second interim single-tier dividend	0.01	7,059	15 June 2021
In respect of the financial year ending 31 December 2021:			
- First interim single-tier dividend	0.005	<u>3,529</u>	15 June 2021
		<u>10,588</u>	
<b>12 months ended 31 December 2020</b>			
In respect of the financial year ended 31 December 2019:			
- Special single-tier dividend	0.01	7,059	30 April 2020
In respect of the financial year ended 31 December 2020:			
- First interim single-tier dividend	0.01	<u>7,059</u>	15 January 2021
		<u>14,118</u>	

On 16 February 2022, the Company declared a final dividend of 1.5 sen per ordinary share for the financial year ended 31 December 2021 ("FY2021"). Shareholders who are on the Register of Members at the close of business on 17 March 2022 will be entitled for the dividend. The expected dividend payment date is 31 March 2022.

Including the interim dividend of 0.5 sen per ordinary share paid on 15 June 2021, total dividend declared for FY2021 would be RM14.1 million, representing 94.0% of the Group's PAT.

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9. CHANGES IN COMPOSITION OF THE GROUP

There was no change to the composition of the Group during the current financial period.

10. CONTINGENT LIABILITIES

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Company</b>		
Corporate guarantees granted to a subsidiary for credit facilities	1,000	1,000
Bank guarantees granted to subsidiaries for tenancy agreements	546	862
	<u>1,546</u>	<u>1,862</u>

11. CAPITAL COMMITMENTS

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
<b>Plant and equipment</b>		
Approved but not contracted for	26,555	28,337
Contracted but not commenced	28	227
	<u>26,583</u>	<u>28,564</u>
<b>Leases as a leasee</b>		
Contracted but not commenced	<u>2,500</u>	<u>2,485</u>

12. MATERIAL RELATED PARTY TRANSACTIONS

	<b>Quarter ended</b>		<b>12 months ended</b>	
	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
<i>Entities in which certain Directors of the Company have interests</i>				
Rental of event space <sup>(1)</sup>	-	-	-	35
Rental of office and retail outlets <sup>(2)</sup>	125	142	449	485
	<u>125</u>	<u>142</u>	<u>449</u>	<u>520</u>

<sup>(1)</sup> The Company rented the event space from an entity in which certain Directors of the Company have interests, for the launch event of its IPO Prospectus on 29 January 2020. The transaction was entered into in the normal course of business under normal trade terms.

<sup>(2)</sup> The Group rented office and several retail outlets in Malaysia from an entity in which certain Directors of the Company have interests. The transaction was entered into in the normal course of business under normal trade terms.

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13. STATUS OF CORPORATE PROPOSAL

There is no corporate proposal announced but not completed as at the date of this Interim Financial Report.

14. UTILISATION OF PROCEEDS FROM IPO

The utilisation of proceeds from IPO as at 31 December 2021 is as follows:

Utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation up to 31 December 2021 RM'000	Transfer RM'000	Balance unutilised RM'000	Estimated timeframe for utilisation from the date of Listing
(i) Capital expenditure	34,500	(7,917)	-	26,583	Within 48 months
(ii) Working capital	837	(941)	351	247	Within 36 months
(iii) New business development	5,700	(2,819)	-	2,881	Within 48 months
(iv) Listing-related expenses	6,370	(6,019)	(351)	-	Within 3 months
<b>Total</b>	<b>47,407</b>	<b>(17,696)</b>	<b>-</b>	<b>29,711</b>	

The utilisation of proceeds as disclosed above should be read in conjunction with the IPO Prospectus dated 29 January 2020, and the Company's announcement on 18 February 2020.

The unutilised balance of RM351,000 allocated for listing-related expenses had been transferred to working capital during the financial period.

15. MATERIAL LITIGATION

There is no material litigation involving the Group subsequent to 31 December 2020 and up to the date of this Interim Financial Report.

16. SEGMENT INFORMATION

The Group does not have reportable segments as the principal activities of entities within the Group are essentially relate to the marketing of The Body Shop ("TBS") and Natura products. Segment information of the Group is presented on the basis of geographical segments, based on the geographical location of customers, assets and liabilities.

Please refer to Note 17 on the Group's segment financial results and segment financial position.

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17. PERFORMANCE REVIEW

**Quarter-on-Quarter Review**

	Quarter ended	
	31.12.2021	30.9.2021
	RM'000	RM'000
<b>Group</b>		
Revenue	43,680	22,309
Profit after tax	7,760	722

The Group saw a quarter-to-quarter surge in both revenue and profit after tax ("PAT") during 4Q2021. Apart from 4Q2021 being seasonally stronger vis-à-vis 3Q2021, the Group also benefitted from the reopening of economy in Malaysia and Vietnam after the hardest lockdown which took place in both countries for the large part of 3Q2021.

**Year-on-Year Review**

4Q2021 vs 4Q2020

	4Q2021				4Q2020			
	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000
<b>Revenue from external customers</b>								
The Body Shop	34,209	7,816	1,002	43,027	33,415	9,594	1,214	44,223
Natura	653	-	-	653	625	-	-	625
	<u>34,862</u>	<u>7,816</u>	<u>1,002</u>	<u>43,680</u>	<u>34,040</u>	<u>9,594</u>	<u>1,214</u>	<u>44,848</u>
<b>Segment PAT</b>								
The Body Shop	6,919	711	43	7,673	6,672	1,464	109	8,245
Natura	119	-	-	119	(769)	-	-	(769)
	<u>7,038</u>	<u>711</u>	<u>43</u>	<u>7,792</u>	<u>5,903</u>	<u>1,464</u>	<u>109</u>	<u>7,476</u>
Investment holding				(32)				241
<b>Core PAT</b>				7,760				7,717
Listing-related expenses				-				-
<b>Reported PAT</b>				<u>7,760</u>				<u>7,717</u>

The Group recorded a 2.6% year-on-year decline in 4Q2021 revenue as a result of the muted contribution from its overseas businesses. While Malaysia saw improving revenue by 2.4% amid economy reopening and year-end festivities, Vietnam remained impacted by Covid-19, with the country's daily number of confirmed cases at the end of the reporting quarter continue trending up. For Cambodia, the lower revenue in 4Q2021 was mainly due to cautious consumer sentiment given the evolving Covid-19 situation.

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The Group's remote selling channels such as e-commerce, conversational commerce and social selling continue to contribute a significant portion to the group revenue post-lock down. These channels made up 14.2% of the group revenue in 4Q2021 (8.8% for 4Q2020).

The Group's businesses in Malaysia, Vietnam and Cambodia were profitable in 4Q2021. During the reporting quarter, the Group exited 2 underperforming locations in Malaysia and opened its 39<sup>th</sup> store in Vietnam, bringing total store count to 118 as at 31 December 2021.

*FY2021 vs FY2020*

	FY2021				FY2020			
	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000
<b>Revenue from external customers</b>								
The Body Shop	100,580	25,652	3,436	129,668	118,776	31,187	3,515	153,478
Natura	2,235	-	-	2,235	1,879	-	-	1,879
	<u>102,815</u>	<u>25,652</u>	<u>3,436</u>	<u>131,903</u>	<u>120,655</u>	<u>31,187</u>	<u>3,515</u>	<u>155,357</u>
<b>Segment PAT</b>								
The Body Shop	15,036	1,222	275	16,533	19,789	3,776	489	24,054
Natura	(1,401)	-	-	(1,401)	(3,053)	-	-	(3,053)
	<u>13,635</u>	<u>1,222</u>	<u>275</u>	<u>15,132</u>	<u>16,736</u>	<u>3,776</u>	<u>489</u>	<u>21,001</u>
Investment holding				(111)				141
<b>Core PAT</b>				<u>15,021</u>				<u>21,142</u>
Listing-related expenses				-				(959)
<b>Reported PAT</b>				<u>15,021</u>				<u>20,183</u>

The waves of Covid-19 continue to impact the Group's performance in FY2021, where the surge in confirmed cases has led to the toughest lockdown in Malaysia and Vietnam during the period from June 2021 to September 2021. Lockdown also occurred in Cambodia in April 2021 amid rising confirmed cases. Overall, group revenue declined 15.1% year-on-year, with businesses in Malaysia, Vietnam and Cambodia each recording lesser revenue by 14.8%, 17.7% and 2.2% respectively.

The Group's remote selling channels mitigated the effect of lockdown in FY2021 with revenue contribution increasing by 2.6 times year-on-year to 28.6%. Conversational commerce gained prominence during the financial year with revenue contribution of 15.1% (FY2020: 0.8%), and e-commerce continues to advance with revenue contribution of 12.4% (FY2020: 8.1%).

Despite the Covid-19 headwinds, the Group achieved PAT of RM15.0 million in FY2021, and have been profitable for every single quarter during the financial year. The Group exercised vigilance in managing the business, eradicating non-essential expenses while investing in all the necessary business drivers to position the Group for the future. The Group has active support from landlords, brand principals and suppliers. Inventory levels are monitored and store performance are closely tracked. In FY2021, the Group exited 8 underperforming locations in Malaysia and opened 2 stores in Vietnam.

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*Healthy Balance Sheet and Cash Flow*

	31.12.2021				31.12.2020			
	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000
<b>Segment assets</b>								
The Body Shop	119,691	33,327	5,135	158,153	116,055	30,830	5,037	151,922
Natura	3,811	-	-	3,811	6,089	-	-	6,089
	<u>123,502</u>	<u>33,327</u>	<u>5,135</u>	<u>161,964</u>	<u>122,144</u>	<u>30,830</u>	<u>5,037</u>	<u>158,011</u>
Investment holding				21,965				30,226
<b>Reported total assets</b>				<u>183,929</u>				<u>188,237</u>
<b>Segment liabilities</b>								
The Body Shop	26,346	11,219	707	38,271	28,245	10,725	920	39,890
Natura	1,438	-	-	1,438	2,496	-	-	2,496
	<u>27,784</u>	<u>11,219</u>	<u>707</u>	<u>39,709</u>	<u>30,741</u>	<u>10,725</u>	<u>920</u>	<u>42,386</u>
Investment holding				98				116
Dividend payable				-				7,059
<b>Reported total liabilities</b>				<u>39,807</u>				<u>49,561</u>

The Group's financial position remained solid with total equity of RM144.1 million as at 31 December 2021. The Group generated net cash from operating activities of RM21.8 million in FY2021 despite Covid-19 lockdown, and continues to be in net cash position with cash balance (including fixed deposits and fixed income funds under Other Investments) of RM53.3 million as at 31 December 2021.

18. PROSPECTS

We expect an improving year-on-year performance in FY2022 as long as businesses are allowed to operate unfettered. We continue to invest in enhancing our systems and processes supporting both our physical and remote selling channels. Physical store locations remain a key contributor, hence we will ensure our brands are represented at all key locations.

19. PROFIT FORECAST / PROFIT GUARANTEE

The Group did not issue any profit forecast or profit guarantee in any form of public documentation and/or announcement.

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20. PROFIT BEFORE TAX

Profit before tax is arrived at after crediting/(charging) the following income/(expenses):

	Quarter ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Revenue				
- Retailing	43,669	44,826	131,856	155,277
- Consultancy fees	11	22	47	80
	43,680	44,848	131,903	155,357
(Loss)/gain on foreign exchange				
- realised	353	29	142	499
- unrealised	(218)	98	(12)	(16)
	135	127	130	483
Rental income	-	-	-	20
Rental expenses				
- before MFRS 16 adjustments	(4,365)	(4,969)	(16,001)	(19,394)
- less: minimum lease payments (MFRS 16 adjustments)	4,226	4,927	16,571	18,178
	(139)	(42)	570	(1,216)
Depreciation and amortisation				
- plant and equipment	(1,497)	(1,353)	(5,110)	(5,289)
- intangible assets	(94)	(74)	(321)	(301)
- right-of-use assets (MFRS 16 adjustments)	(3,944)	(4,202)	(14,812)	(15,830)
	(5,535)	(5,629)	(20,243)	(21,420)
Royalty expense	(440)	(450)	(1,302)	(1,599)
Inventories written down	(223)	(69)	(710)	(112)
Finance income				
- interest income on				
- bank balances and fixed deposits	85	93	449	351
- fixed income funds	125	126	734	572
	210	219	1,183	923
Finance costs				
- interest expenses on				
- hire purchase	(2)	(3)	(11)	(10)
- revolving credit	-	-	-	(75)
- lease liabilities (MFRS 16 adjustments)	(517)	(700)	(1,889)	(2,133)
	(519)	(703)	(1,900)	(2,218)

Save as disclosed above and elsewhere in this Interim Financial Report, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.



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20. TAX EXPENSES

	Quarter ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Tax expenses				
- arising from Malaysia	2,437	2,012	5,245	6,718
- arising outside Malaysia	210	277	235	720
	<u>2,647</u>	<u>2,289</u>	<u>5,480</u>	<u>7,438</u>
<b>Effective tax rate (%)</b>	<u>25.4%</u>	<u>22.9%</u>	<u>26.7%</u>	<u>26.9%</u>

Effective tax rate (“ETR”) is computed by dividing tax expenses with profit before tax for the financial period. ETR is generally higher than Malaysia’s statutory tax rate due to non-deductible expenses and losses from our new business of which deferred tax benefits have yet to be recognised. The lower quarterly ETR in 4Q2020 was mainly due to the recognition of corporate tax rebate granted by the Vietnamese government in view of the country’s Covid-19 situation.

21. EARNINGS PER SHARE (“EPS”)

	Quarter ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	<u>7,760</u>	<u>7,717</u>	<u>15,021</u>	<u>20,183</u>
Weighted average number of ordinary shares in issue	<u>705,881</u>	<u>705,881</u>	<u>705,881</u>	<u>695,937</u>
<b>Basic EPS (sen)</b>	<u>1.10</u>	<u>1.09</u>	<u>2.13</u>	<u>2.90</u>

Diluted earnings per ordinary share is not presented as the Group has no shares or other instruments with potential dilutive effects as at 31 December 2020 and 31 December 2021.

22. OTHER INVESTMENT

	31.12.2021	31.12.2020
	RM'000	RM'000
<b>Group</b>		
Fixed deposits of more than 3 months but less than 12 months	4,961	4,743
Fixed income funds	37,546	24,785
	<u>42,507</u>	<u>29,528</u>

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23. LOANS AND BORROWINGS

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
<b>Non-current</b>		
RM denominated hire purchase (unsecured)	27	186
<b>Current</b>		
RM denominated hire purchase (unsecured)	159	153
	<u>186</u>	<u>339</u>

24. SUBSEQUENT EVENT

There is no material event impacting the Group subsequent to 31 December 2021 and up to the date of this Interim Financial Report.