

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
		Current Quarter 31.12.2019 RM	Preceding Quarter 31.12.2018 RM	Current Year To Date 31.12.2019 RM	Preceding Year To Date 31.12.2018 RM
Revenue	A9	8,819,126	7,877,152	14,812,562	12,686,608
Cost of sales		(2,197,791)	(2,588,110)	(4,267,301)	(4,013,530)
Gross profit		6,621,335	5,289,042	10,545,261	8,673,078
Other income		302,169	360,172	703,506	625,635
Administrative expenses		(1,261,616)	(1,075,094)	(2,299,321)	(3,122,317)
Other operating expenses		(93,240)	(81,217)	(242,757)	(150,946)
Selling and distribution expenses		(834,413)	(147,874)	(1,497,213)	(356,645)
Profit before tax	B11	4,734,235	4,345,029	7,209,476	5,668,805
Taxation	B5	(1,188,812)	(1,264,609)	(1,808,711)	(1,678,642)
Profit after tax		3,545,423	3,080,420	5,400,765	3,990,163
Other comprehensive income		(33,333)	1,200,000	300,000	1,200,000
Total comprehensive income		3,512,090	4,280,420	5,700,765	5,190,163
Profit after tax attributable to:					
- Owners of the Company		3,545,423	3,080,420	5,400,765	3,990,163
Total comprehensive income attributable to:					
- Owners of the Company		3,512,090	4,280,420	5,700,765	5,190,163
Earnings per share (sen)					
- Basic	B10	1.12	0.99	1.70	1.29
- Diluted	B10	1.12	0.99	1.70	1.29

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31.12.2019 RM	Audited As at 30.06.2019 RM
ASSETS		
NON-CURRENT ASSETS		
Investment properties	236,033	237,220
Property, plant and equipment	25,853,182	22,274,619
Intangible assets	6,990,369	6,044,769
Investment in quoted shares	3,633,334	3,333,334
	<u>36,712,918</u>	<u>31,889,942</u>
CURRENT ASSETS		
Inventories	7,309,686	7,760,219
Trade and other receivables	11,555,989	10,971,769
Short term investments	31,230,494	8,215,696
Cash and bank balances	5,201,248	30,733,505
	<u>55,297,417</u>	<u>57,681,189</u>
TOTAL ASSETS	<u>92,010,335</u>	<u>89,571,131</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	60,074,000	60,074,000
Merger reserve	(14,225,998)	(14,225,998)
Fair value reserve	2,433,334	2,133,334
Retained profits	32,398,982	28,904,714
TOTAL EQUITY	<u>80,680,318</u>	<u>76,886,050</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	228,971	228,971
Government grants	5,029,186	4,119,549
	<u>5,258,157</u>	<u>4,348,520</u>
CURRENT LIABILITIES		
Trade and other payables	2,813,654	3,316,027
Amount owing to shareholders	2,120,000	4,240,000
Current tax liability	1,138,206	780,534
	<u>6,071,860</u>	<u>8,336,561</u>
TOTAL LIABILITIES	<u>11,330,017</u>	<u>12,685,081</u>
TOTAL EQUITY AND LIABILITIES	<u>92,010,335</u>	<u>89,571,131</u>
Net asset per share	0.25 ⁽²⁾	0.25 ⁽¹⁾

Notes:

- (1) Based on the Company's weighted average issued share capital of 313,493,021 ordinary shares in the Company.
- (2) Based on the Company's issued share capital of 317,743,815 ordinary shares in the Company.

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Non-distributable</u>			<u>Distributable</u>	Total Attributable to Owners of the Company RM
	Share Capital RM	Merger Reserve RM	Fair value Reserve RM	Retained Profits RM	
<u>Period Ended 31 December 2018</u>					
At 1 July 2018	15,161,000	(14,225,998)	-	26,732,062	27,667,064
Issuance of shares	44,913,000	-	-	-	44,913,000
Share issuance expenses	-	-	-	(949,036)	(949,036)
Dividend	-	-	-	(5,719,389)	(5,719,389)
Total comprehensive income for the period	-	-	1,200,000	3,990,163	5,190,163
At 31 December 2018	60,074,000	(14,225,998)	1,200,000	24,053,800	71,101,802
<u>Period Ended 31 December 2019</u>					
At 1 July 2019	60,074,000	(14,225,998)	2,133,334	28,904,714	76,886,050
Dividend	-	-	-	(1,906,497)	(1,906,497)
Total comprehensive income for the period	-	-	300,000	5,400,765	5,700,765
At 31 December 2019	60,074,000	(14,225,998)	2,433,334	32,398,982	80,680,318

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Financial Period Ended 31.12.2019 RM	For the Financial Period Ended 31.12.2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,209,476	5,668,805
Adjustments for:		
Non-cash items	(361,548)	288,272
Non-operating items	60,800	(553,710)
Operating profit before working capital changes	<u>6,908,728</u>	<u>5,403,367</u>
Changes in working capital:		
Inventories	450,533	101,924
Receivables	(647,988)	1,116,503
Payables	(502,373)	(342,682)
Cash generated from operations	<u>6,208,900</u>	<u>6,279,112</u>
Interest received	624,363	553,710
Tax paid	(1,451,039)	(731,166)
Net cash generated from operating activities	<u>5,382,224</u>	<u>6,101,656</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,809,757)	(3,485,045)
Development expenditure	(1,020,000)	(680,028)
Purchase of quoted shares	-	(1,200,000)
Dividend received	33,333	-
Government grants received	923,238	754,575
Net cash used in investing activities	<u>(3,873,186)</u>	<u>(4,610,498)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,906,497)	(5,719,389)
Repayment to shareholders	(2,120,000)	(2,120,000)
Issuance of shares	-	43,963,964
Net cash (used in)/generated from financing activities	<u>(4,026,497)</u>	<u>36,124,575</u>
Net change in cash and cash equivalents	(2,517,459)	37,615,733
Cash and cash equivalents at beginning of the financial period	<u>38,949,201</u>	<u>2,279,363</u>
Cash and cash equivalents at end of the financial period	<u>36,431,742</u>	<u>39,895,096</u>
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	4,102,880	32,000,000
Placement in Money Market Funds	31,230,494	-
Cash and bank balances	1,098,368	7,895,096
	<u>36,431,742</u>	<u>39,895,096</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.

A EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019**A1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the ACE Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirement”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.

A2 Summary of Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 30 June 2019. The Group have not applied the following new standards, amendments and IC Interpretation that have been issued by the MASB and relevant to its operation but are not yet effective:

		Effective Date
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021

The above standards, amendments and IC Interpretation are not expected to have significant impact on the financial statements of the Group upon their initial application.

A3 Auditors’ Report

The audited financial statements of the Group for the financial year ended 30 June 2019 was not subject to any audit qualification.

A EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (CON'T)**A4 Comments about Seasonal and Cyclical Factors**

The Group's business operations for the quarter ended 31 December 2019 were not materially affected by significant seasonal or cyclical fluctuations.

A5 Items or Unusual Nature and Amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the current quarter under review.

A6 Changes in Estimates

There were no major changes in estimates that have had a material effect in the current quarter under review.

A7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the current financial quarter under review.

A8 Dividends Paid

A single tier tax exempt final dividend of 0.6 sen per ordinary share amounted to RM1,906,497 in respect of the financial year ended 30 June 2019 was paid on 19 December 2019.

A9 Segmental Reporting

The Group's revenue based on the geographical location of its customers is as follows:

	Current Quarter 31.12.2019 RM	Preceding Quarter 31.12.2018 RM	Current Year To Date 31.12.2019 RM	Preceding Year To Date 31.12.2018 RM
Malaysia	8,462,113	7,332,953	14,455,549	12,142,409
Others	357,013	544,199	357,013	544,199
	<u>8,819,126</u>	<u>7,877,152</u>	<u>14,812,562</u>	<u>12,686,608</u>

A EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (CON'T)**A9 Segmental Reporting (con't)**

The Group's revenue based on the activities is as follows:

	Current Quarter 31.12.2019 RM	Preceding Quarter 31.12.2018 RM	Current Year To Date 31.12.2019 RM	Preceding Year To Date 31.12.2018 RM
House Brand	7,102,135	6,790,908	11,633,814	10,089,729
OEM	1,716,991	1,086,244	3,178,748	2,596,879
	<u>8,819,126</u>	<u>7,877,152</u>	<u>14,812,562</u>	<u>12,686,608</u>

A10 Valuation of Property, Plant and Equipment

The Group did not carry out any valuation on property, plant and equipment in the current quarter under review.

A11 Capital Commitments

**As at
31.12.2019
RM**

Purchase of property, plant and equipment	<u>2,560,873</u>
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A12 Subsequent Events

There were no events subsequent to the end of the current financial period from the date of the issue of this report that are expected to have a material impact on the Group.

A13 Changes in Composition of the Group

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

A14 Contingent Liabilities

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

A EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019 (CON'T)

A15 Significant Related Party Transactions

There were no significant related party transactions in the current quarter under review.

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT

B1 Group Performance Review

(a) Performance of the current quarter (Q2 2020) against the preceding quarter (Q2 2019)

The Group recorded revenue of RM8.82 million for the current quarter under review compared to RM7.88 million for the preceding quarter. Revenue from House Brand contributed 80.5% of the total revenue for the current quarter under review and recorded an increase of 4.6% when compared to the preceding quarter. The increase of 12.0% in the total revenue was mainly due to higher sales contribution from House Brand segment namely Astaomega 3, Sustinex Omega 3-6-9, Novglucan and Hepar P; introduction of new products such as Ubiquinol Plus, Bee Propolis, Fish Cartilage and Androtec Tab and overall increase in sales orders from existing customers.

The decrease in other income was mainly due to reversal of provision for doubtful debts amounted to approximately RM64,000 in the preceding quarter Q2 2019 offset by dividend income received from investment in quoted shares amounted to RM33,333.

The increase in administrative expenses were mainly due to increase in directors' remuneration and bonus amounted to approximately RM140,000, increase in staff salaries and bonus amounted to approximately RM116,000 and offset by decrease in other general administrative expenses.

The increase in other operating expenses was mainly due to higher research and development expenses incurred in the current quarter.

The increase in selling and distribution expenses were mainly due to accruals of marketing campaign expenses for NWPP of approximately RM332,000, increase in staff cost of approximately RM249,000 due to upward salary revision and additional sales staff recruited during the period and higher travelling expenses amounted to RM40,000 incurred by sales staff.

(b) Performance of the current cumulative quarter (6 months Q2 2020) against the preceding cumulative quarter (6 months Q2 2019)

The Group recorded revenue of RM14.81 million for the current cumulative quarter under review compared to RM12.69 million for the preceding cumulative quarter. Revenue from House Brand contributed 78.5% of the total revenue for the current cumulative quarter under review and recorded an increase of 15.3% when compared to the preceding cumulative quarter. The increase of 16.8% in the total revenue was mainly due to higher sales contribution from House Brand segment namely Astaomega 3, Sustinex Omega 3-6-9, Novglucan and Hepar P; introduction of new products such as Immunopro, Androrec Tab, Ubiquinol Plus and L-Theanine and overall increase in sales orders from existing customers.

The increase in other income was mainly due to interest earned from placement in money market funds in the current cumulative quarter.

The decrease in administrative expenses was mainly due to expenses related to the Initial Public Offering and listing to the ACE Market of Bursa Malaysia amounted approximately RM812,000 incurred in the preceding cumulative quarter.

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT (CON'T)**(b) Performance of the current cumulative quarter (6 months Q2 2020) against the preceding cumulative quarter (6 months Q2 2019) (con't)**

The increase in other operating expenses was mainly due to higher research and development expenses incurred in the current cumulative quarter.

The increase in selling and distribution expenses were mainly due to accruals of marketing campaign expenses for NWPP of approximately RM612,000, increase in staff cost of approximately RM331,000 due to upward salary revision and additional sales staff recruited during the period and higher travelling expenses amounted to RM80,000 incurred by sales staff.

B2 Performance of the current quarter (Q2 2020) against the immediate preceding quarter (Q1 2020)

	Current Quarter 31.12.2019 RM	Immediate Preceding Quarter 30.09.2019 RM	Difference	
			RM	%
Revenue	8,819,126	5,993,374	2,826,752	47.1
Profit before tax	4,734,235	2,479,596	2,255,639	91.0
Profit after tax	3,545,423	1,859,697	1,685,726	90.6

The Group performance was consistent with its past quarterly performance trends.

For the quarter under review, the Group's revenue increase by 47.1% from RM5.99 million to RM8.82 million. This was mainly due to higher sales order for the House Brand products. Sales of the House Brand products recorded a higher amount from RM4.53 million in the immediate preceding quarter to RM7.10 million for the current quarter under review.

The increase in profit before tax and profit after tax was mainly due to higher sales contribution from the House Brand products.

B3 Prospects for the Current Financial Year

The Group will continue to focus on growing its market share and continuing its research and development on its new products for the remaining financial quarters of the FYE 30 June 2020 and into the new financial year.

Barring any unforeseen circumstances, the Board believes that the Group's prospects in the financial year ending 30 June 2020 remains positive.

B4 Profit Forecast or Profit Guarantee

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

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT (CON'T)
B5 Taxation

	Current Quarter 31.12.2019 RM	Preceding Quarter 31.12.2018 RM	Current Year To Date 31.12.2019 RM	Preceding Year To Date 31.12.2018 RM
Income Tax	1,188,812	1,222,708	1,808,711	1,636,740
Deferred Tax	-	41,901	-	41,901
	<u>1,188,812</u>	<u>1,264,609</u>	<u>1,808,711</u>	<u>1,678,641</u>
Effective tax rate	25.1	29.1	25.1	29.6

The effective tax rate for the current quarter was slightly higher than the statutory tax rate of 24% mainly due to certain expenses not deductible for tax purposes.

B6 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

B7 Utilisation of Proceeds Raised from Public Issue

The gross proceeds from the Public Issue of RM44.91 million is intended to be utilised in the following manner:

No	Details of use of proceeds	Proposed Utilisation	Actual Utilisation	Deviation: Surplus/ (Deficit)	Percentage Utilised	Estimated Timeframe for Utilisation ⁽¹⁾	Explanation
		RM'000	RM'000	RM'000	%		
(i)	Construction of new GMP-compliant production facility	16,500	(13,939)	-	84.5	Within 24 months	N2
(ii)	R&D activities	11,600	(1,408)	-	12.1	Within 36 months	
(iii)	Expansion of our retail market presence	5,000	(2,313)	-	46.3	Within 36 months	
(iv)	Working capital	9,213	(9,530)	(317)	100.0	Within 12 months	N3
(v)	Estimated listing expenses	2,600	(2,283)	317	100.0	Immediate	N3
		44,913	(29,473)	-	65.6		

Note:

- From the date of listing of the Company on the ACE Market of Bursa Securities. The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company dated 28 June 2018.
- The construction of the new GMP Plant had commenced in August 2017 and Phase 1 is completed and currently in the process of obtaining the Certificate of Completion and Compliance (CCC) from the relevant authorities. Construction of Phase 2 shall commence after physical occupancy of Phase 1.

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT (CON'T)**B7 Utilisation of Proceeds Raised from Public Issue (con't)**

- 3) The excess of RM0.317 million previously allocated for the listing expenses will be utilised for general working capital requirements of the Group. It was due to overestimation of printing, advertising expenses, regulatory fees and professional fee.

B8 Group Borrowings

As at the date of this report, the Group has no bank borrowings.

B9 Material Litigation

As at the date of this report, the Group was not engaged in any material litigation.

B10 Earnings per Share

The basic and diluted earnings per share for the current quarter and financial period-to-date are computed as follows:

	Current Quarter 31.12.2019	Preceding Quarter 31.12.2018	Current Year To Date 31.12.2019	Preceding Year To Date 31.12.2018
Profit after taxation attributable to owners of the Company (RM)	3,545,423	3,080,420	5,400,765	3,990,163
Total weighted average issued share capital	317,743,815	309,755,339	317,743,815	309,755,339
Basic earnings per share (sen) ⁽¹⁾	1.12	0.99	1.70	1.29
Diluted earnings per share (sen) ⁽²⁾	1.12	0.99	1.70	1.29

Note:

- 1) The basic earnings per share are computed based on the profit attributable to the equity shareholders of the Company divided by the total number of ordinary shares in issue for the period under review.
- 2) Diluted earnings per share are equivalent to the basic earnings per share as the Group does not have convertible securities as at 31 December 2019.

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT (CONT'D)**B11 Profit Before Taxation**

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

	Current Quarter 31.12.2019 RM	Preceding Quarter 31.12.2018 RM	Current Year To Date 31.12.2019 RM	Preceding Year To Date 31.12.2018 RM
Cost of inventories recognised as an expense	1,573,830	-	3,066,894	-
Depreciation	117,470	109,690	232,381	212,661
Provision for doubtful debts	-	19,374	63,768	58,541
Amortisation of intangible assets	37,200	-	74,400	-
Realised loss on foreign exchange	7,509	-	12,210	-
Interest income	(258,624)	(290,714)	(624,363)	(553,710)
Amortisation of deferred income	(6,800)	-	(6,800)	-
Realised gain on foreign exchange	(3,257)	-	(7,982)	-
Other income	(154)	(69,459)	(24,228)	(71,925)
Dividend Income	(33,333)	-	(33,333)	-

B12 Declared Dividend

The Board declared a single tier tax exempt interim dividend of 0.55 sen per ordinary share amounting to RM1,747,591 computed based on the issued capital of the Company comprising 317,743,815 shares as at 31 December 2019.

B13 Authorisation for issue

The quarter financial report was authorised for issue by the Board in accordance with a resolution of the Board dated 25 February 2020.

BY ORDER OF THE BOARD

Wong Youn Kim (MAICSA 7018778)
Company Secretary

Kuala Lumpur
25 February 2020