

INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Quarter 30.9.2020 RM	Preceding Quarter 30.9.2019 RM	Current Year To Date 30.9.2020 RM	Preceding Year To Date 30.9.2019 RM
Revenue	A9	9,048,610	5,993,374	9,048,610	5,993,374
Cost of sales		(3,090,037)	(2,069,510)	(3,090,037)	(2,069,510)
Gross profit		5,958,573	3,923,864	5,958,573	3,923,864
Other income		196,066	401,337	196,066	401,337
Administrative expenses		(1,317,038)	(1,033,287)	(1,317,038)	(1,033,287)
Other operating expenses		(230,066)	(149,518)	(230,066)	(149,518)
Selling and distribution expenses		(1,044,545)	(662,800)	(1,044,545)	(662,800)
Profit before tax	B11	3,562,990	2,479,596	3,562,990	2,479,596
Taxation	B5	(872,933)	(619,899)	(872,933)	(619,899)
Profit after tax		2,690,057	1,859,697	2,690,057	1,859,697
Other comprehensive income		1,333,333	333,333	1,333,333	333,333
Total comprehensive income		4,023,390	2,193,030	4,023,390	2,193,030
Profit after tax attributable to:					
- Owners of the Company		2,690,057	1,859,697	2,690,057	1,859,697
Total comprehensive income attributable to:					
- Owners of the Company		4,023,390	2,193,030	4,023,390	2,193,030
Earnings per share (sen)					
- Basic	B10	0.85	0.59	0.85	0.59
- Diluted	B10	0.85	0.59	0.85	0.59

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 2020 and the accompanying explanatory notes attached to the interim financial report.

INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited As at 30.09.2020 RM	Audited As at 30.06.2020 RM
ASSETS		
NON-CURRENT ASSETS		
Investment properties	234,253	234,846
Property, plant and equipment	30,612,467	29,094,410
Intangible assets	7,839,708	7,469,216
Investment in quoted shares	4,966,667	3,633,334
	<u>43,653,095</u>	<u>40,431,806</u>
CURRENT ASSETS		
Inventories	10,177,847	10,567,546
Trade receivables	8,832,946	9,938,528
Other receivables, deposits and prepayments	1,669,231	2,885,873
Cash and cash equivalents	36,555,517	32,883,128
	<u>57,235,541</u>	<u>56,275,075</u>
TOTAL ASSETS	<u>100,888,636</u>	<u>96,706,881</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	60,074,000	60,074,000
Merger reserve	(14,225,998)	(14,225,998)
Fair value reserve	3,766,667	2,433,334
Retained profits	40,945,633	38,255,576
TOTAL EQUITY	<u>90,560,302</u>	<u>86,536,912</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	240,484	240,484
Government grants	5,527,686	5,250,245
	<u>5,768,170</u>	<u>5,490,729</u>
CURRENT LIABILITIES		
Trade and other payables	3,488,938	3,433,073
Current tax liability	1,071,226	1,246,167
	<u>4,560,164</u>	<u>4,679,240</u>
TOTAL LIABILITIES	<u>10,328,334</u>	<u>10,169,969</u>
TOTAL EQUITY AND LIABILITIES	<u>100,888,636</u>	<u>96,706,881</u>
Net asset per share	0.29 ⁽¹⁾	0.27 ⁽¹⁾

Note:

(1) 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 2020 and the accompanying explanatory notes attached to the interim financial report.

INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Non-distributable			Distributable	
	Share Capital RM	Merger Reserve RM	Fair Value Reserve RM	Retained Profits RM	Total Attributable to Owners of the Company RM
<u>Period Ended 30 September 2019</u>					
At 1 July 2019	60,074,000	(14,225,998)	2,133,334	28,904,714	76,886,050
Total comprehensive income for the period	-	-	333,333	1,859,697	2,193,030
At 30 September 2019	60,074,000	(14,225,998)	2,466,667	30,764,411	79,079,080
<u>Period Ended 30 September 2020</u>					
At 1 July 2020	60,074,000	(14,225,998)	2,433,334	38,255,576	86,536,912
Total comprehensive income for the period	-	-	1,333,333	2,690,057	4,023,390
At 30 September 2020	60,074,000	(14,225,998)	3,766,667	40,945,633	90,560,302

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 2020 and the accompanying explanatory notes attached to the interim financial report.

INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	For the Financial Period Ended 30.9.2020 RM	For the Financial Period Ended 30.9.2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,562,990	2,479,596
Adjustments for:		
Non-cash items	(56,372)	(225,806)
Non-operating items	53,830	30,400
Operating profit before working capital changes	<u>3,560,448</u>	<u>2,284,190</u>
Changes in working capital:		
Inventories	389,698	348,630
Receivables	2,193,550	1,214,665
Payables	55,920	(279,740)
Cash generated from operations	<u>6,199,616</u>	<u>3,567,745</u>
Interest received	181,943	73,103
Tax paid	(919,260)	(760,417)
Net cash generated from operating activities	<u>5,462,299</u>	<u>2,880,431</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,644,030)	(2,153,133)
Development expenditure	(433,722)	(677,919)
Proceeds from disposal of property, plant and equipment	1,000	-
Government grants received	286,842	361,202
Net cash used in investing activities	<u>(1,789,910)</u>	<u>(2,469,850)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to shareholders	-	(1,060,000)
Net cash used in financing activities	<u>-</u>	<u>(1,060,000)</u>
Net change in cash and cash equivalents	3,672,389	(649,419)
Cash and cash equivalents at beginning of the financial period	32,883,128	38,949,201
Cash and cash equivalents at end of the financial period	<u>36,555,517</u>	<u>38,299,782</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CON'T)

	For the Financial Period Ended 30.9.2020 RM	For the Financial Period Ended 30.9.2019 RM
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	257,432	29,102,880
Placement in Money Market Funds	29,797,813	5,381,896
Cash and bank balances	6,500,272	3,815,006
	<u>36,555,517</u>	<u>38,299,782</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 2020 and the accompanying explanatory notes attached to the interim financial report.

INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020**A EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020****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 2020 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 2020. 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
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
Amendments to MFRS 3	Definition of Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141	Annual improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds Before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	To be announced by the MASB

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.

INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020**A EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020 (CON'T)****A3 Auditors' Report**

The audited financial statements of the Group for the financial year ended 30 June 2020 was not subject to any audit qualification.

A4 Comments about Seasonal and Cyclical Factors

The Group's business operations for the quarter ended 30 September 2020 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

There was no dividend paid for the current quarter under review.

A9 Segmental Reporting

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

	Current Quarter 30.9.2020 RM	Preceding Quarter 30.9.2019 RM	Current Year To Date 30.9.2020 RM	Preceding Year To Date 30.9.2019 RM
Malaysia	8,882,103	5,993,374	8,882,103	5,993,374
Hong Kong	166,507	-	166,507	-
	9,048,610	5,993,374	9,048,610	5,993,374

INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020**A EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020 (CON'T)****A9 Segmental Reporting (con't)**

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

	Current Quarter 30.9.2020 RM	Preceding Quarter 30.9.2019 RM	Current Year To Date 30.9.2020 RM	Preceding Year To Date 30.9.2019 RM
House Brand	7,282,095	4,527,867	7,282,095	4,527,867
OEM	1,766,515	1,465,507	1,766,515	1,465,507
	9,048,610	5,993,374	9,048,610	5,993,374

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
30.9.2020**

Purchase of property, plant and equipment	<u>7,566,000</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.

A15 Significant Related Party Transactions

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

INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT****B1 Group Performance Review****Performance of the current quarter (Q1 2021) against the preceding quarter (Q1 2020)**

The Group recorded revenue of RM9.05 million for the current quarter under review compared to RM5.99 million for the preceding quarter. Revenue from House Brand of RM7.28 million contributed 80.5% of the total revenue for the current quarter under review and recorded an increase of 60.8% when compared to the preceding quarter. The increase of 51.0% in the total revenue was mainly due to higher sales contribution from House Brand segment resulted from introduction of new products such as Cartiflex Tablet, Enzymes Tablet, Sustinex MCT Oil, Bilberry + Vit C Mix and Astaxanthin + Vit C Mix, increase in the number of distributor outlets from 493 as at the end of the preceding quarter to 597 as at the end of the current quarter and overall increase in sales orders from existing customers.

The decrease in other income was mainly due to lower interest earned from fixed deposits.

The increase in administrative expenses was mainly due to increase in staff cost and directors' remunerations incurred in the current quarter amounting to approximately RM76,000, realised foreign exchange loss of approximately RM56,000, electricity charges of approximately RM23,000 and fees of RM131,240 paid to the Securities Commission Malaysia for the application to transfer listing to the Main Market of Bursa Malaysia Securities Berhad.

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

The increase in selling and distribution expenses was mainly due to increase in sales and marketing department staff cost amounting to approximately RM71,000, marketing campaign expenses for NWPP amounting to approximately RM273,000 and transport and logistic cost amounting to approximately RM82,000 in the current quarter.

The Group's profit after tax (PAT) for current quarter under review is RM2.69 million or 44.7% higher than the PAT of RM1.86 million recorded in the preceding quarter. The increase in the PAT was in line with improvement in the overall profitability of the Group.

B2 Performance of the current quarter (Q1 2021) against the immediate preceding quarter (Q4 2020)

	Current Quarter 30.9.2020 RM	Immediate Preceding Quarter 30.6.2020 RM	Difference RM	%
Revenue	9,048,610	10,677,659	(1,629,049)	15.3
Profit before tax	3,562,990	6,673,597	(3,110,607)	46.6
Profit after tax	2,690,057	4,907,887	(2,217,830)	45.2

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

For the quarter under review, the Group's revenue decreased by 15.3% from RM10.68 million to RM9.05 million. This was mainly due to lower sales order for the House Brand products from RM8.21 million in the immediate preceding quarter to RM7.28 million for the current quarter which represents a decrease of 11.3% and lower OEM sales from RM2.47 million in the immediate preceding quarter to RM1.77 million for the current quarter which represents a decrease of 28.3%.

INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT (CON'T)****B2 Performance of the current quarter (Q1 2021) against the immediate preceding quarter (Q4 2020) (con't)**

The decrease in profit before tax and profit after tax were mainly due to lower sales contribution from both House Brand products and OEM segment.

B3 Prospects for the Current Financial Year

When the World Health Organisation declared COVID-19 a pandemic on 11 March 2020, we immediately responded by implementing our COVID-19 Prevention & Handling Guidelines to all our employees. We subsequently obtained approval from the Ministry of International Trade and Industry under the essential services category to operate as usual throughout the phases of the Movement Control Order with strict standard operating procedures in place.

The Group will continue to focus on growing its market share and continuing its research and development on its new products despite the ongoing COVID-19 pandemic, for the remaining financial quarter ending 31 December 2020 and into the new financial year ending 30 June 2021.

Barring any unforeseen circumstances, the Board believes that the Group's prospects in the financial year ending 30 June 2021 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.

B5 Taxation

	Current Quarter 30.9.2020 RM	Preceding Quarter 30.9.2019 RM	Current Year To Date 30.9.2020 RM	Preceding Year To Date 30.9.2019 RM
Income Tax	872,933	619,899	872,933	619,899
Deferred Tax	-	-	-	-
	872,933	619,899	872,933	619,899
Effective tax rate	24.5	25.0	24.5	25.0

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

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

B6 Status of Corporate Proposals

On 7 September 2020, Kenanga Investment Bank Berhad had announced on behalf of the Board that the Company proposes to undertake a transfer of the listing of and quotation for the entire issued share capital of Nova Wellness Group Berhad from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad.

The application in relation to the Proposed Transfer has been submitted to the Securities Commission Malaysia on 11 September 2020.

Save as above, there was no corporate proposal announced.

B7 Utilisation of Proceeds Raised from Public Issue

On 17 July 2020, the Board of Directors of the Company ("Board") has announced that it has deliberated and resolved to approve where part of the proceeds raised from Public Issue ("IPO Proceeds") allocated for research and development activities amounting to approximately RM7.57 million will be revised to purchase machineries for the production of functional food and skincare products ("Revision"). The Board has also approved the extension of time for the utilisation of the remaining IPO Proceeds.

After the Revision, the IPO Proceeds is intended to be utilised in the following manner:

No.	Details of use of IPO Proceeds	Approved utilisation of IPO Proceeds	Actual utilisation of IPO Proceeds	Balance of IPO Proceeds	Original timeframe for utilisation upon listing	^(a) Balance after the Revision	Revised timeframe for utilisation upon listing
		RM'000	RM'000	RM'000		RM'000	
1.	Construction of new GMP-compliant production facility	16,500	(16,500)	-	Within 24 months	^(b) ^(e) 7,566	^(c) Within 48 months
2.	R&D activities	11,600	(1,534)	^(b) 10,066	Within 36 months	2,500	^(c) Within 48 months
3.	Expansion of our retail market presence	5,000	(3,877)	1,123	Within 36 months	1,123	^(c) Within 48 months
4.	Working capital	9,213	^(d) (9,530)	-	Within 12 months	-	-
5.	Estimated listing expenses	2,600	^(d) (2,283)	-	Immediate	-	-
Total proceeds		44,913	(33,724)	11,189	-	11,189	-

Notes:

- (a) The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company dated 28 June 2018 and announcement dated 17 July 2020.
- (b) Part of the IPO Proceeds allocated for R&D activities will be allocated to purchase additional machineries for the production of functional food and skincare products amounting to approximately RM7.57 million.
- (c) For the avoidance of doubt, the last date to utilise the IPO Proceeds will be 20 July 2022, being 48 months from the date of listing.

INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT (CON'T)****B7 Utilisation of Proceeds Raised from Public Issue (con't)**

- (d) As disclosed in the Prospectus, if the actual listing expenses are lower than estimated, the surplus will be utilised for general working capital purposes of the Group. The actual listing expenses were less than the estimated listing expenses by approximately RM0.32 million due to overestimation of printing, advertising expenses, regulatory fees and professional fee.
- (e) The construction of the new GMP Plant had commenced in August 2017 and Phase 1 is completed and have successfully obtained the Certificate of Completion and Compliance (CCC) on 8 May 2020. Construction of Phase 2 shall commence after physical occupancy of Phase 1.

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 30.9.2020	Preceding Quarter 30.9.2019	Current Year To Date 30.9.2020	Preceding Year To Date 30.9.2019
Profit after taxation attributable to owners of the Company (RM)	2,690,057	1,859,697	2,690,057	1,859,697
Total weighted average issued share capital	317,743,815	317,743,815	317,743,815	317,743,815
Basic earnings per share (sen) ⁽¹⁾	0.85	0.59	0.85	0.59
Diluted earnings per share (sen) ⁽²⁾	0.85	0.59	0.85	0.59

Notes:

- 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.
- Diluted earnings per share are equivalent to the basic earnings per share as the Group does not have convertible securities as at 30 September 2020.

INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT (CON'T)****B11 Profit Before Tax**

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

	Current Quarter 30.9.2020 RM	Preceding Quarter 30.9.2019 RM	Current Year To Date 30.9.2020 RM	Preceding Year To Date 30.9.2019 RM
Cost of inventories recognised as an expense	2,334,320	1,493,065	2,334,320	1,493,065
Depreciation	126,566	115,504	126,566	115,504
Provision for doubtful debts	-	63,768	-	63,768
Amortisation of intangible assets	63,230	37,200	63,230	37,200
Realised loss on foreign exchange	60,910	4,702	60,910	4,702
Unrealised loss on foreign exchange	60	-	60	-
Interest income	(181,944)	(365,739)	(181,944)	(365,739)
Amortisation of deferred income	(9,400)	(6,800)	(9,400)	(6,800)
Realised gain on foreign exchange	(2,300)	-	(2,300)	-
Unrealised gain on foreign exchange	(54)	(4,725)	(54)	(4,725)
Other income	(2,368)	(24,074)	(2,368)	(24,074)

B12 Declared Dividend

No dividend was proposed by the Board of Directors for the current quarter under review. The Company will make the necessary announcement when any dividend decision is made.

B13 Authorisation for issue

The quarter financial report was authorised for issue by the Board in accordance with a resolution of the Board dated 16 November 2020.

BY ORDER OF THE BOARD

Wong Youn Kim (MAICSA 7018778)
Company Secretary

Kuala Lumpur
16 November 2020