



INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT
FOR THE 2nd QUARTER ENDED 30 JUNE 2022

17 AUGUST 2022

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 2nd QUARTER ENDED 30 JUNE 2022

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	Quarter ended		6 months ended	
		30.6.2022	30.6.2021	30.6.2022	30.6.2021
		RM'000	RM'000	RM'000	RM'000
Revenue		39,570	27,913	73,311	65,914
Operating expenses					
Changes in inventories		(13,380)	(9,807)	(24,641)	(22,264)
Rental expenses		(1,611)	(188)	(2,842)	(688)
Employee related expenses		(9,423)	(7,373)	(17,827)	(15,777)
Distribution expenses		(600)	(767)	(1,238)	(1,469)
Advertising and promotion expenses		(1,050)	(749)	(1,684)	(1,696)
Depreciation and amortisation expenses		(4,493)	(5,079)	(9,010)	(10,014)
Other operating expenses		(1,470)	(2,059)	(2,566)	(4,462)
Total operating expenses		(32,027)	(26,022)	(59,808)	(56,370)
Profit from operations		7,543	1,891	13,503	9,544
Other income/(expenses)		78	(11)	277	(440)
Finance income		128	397	274	655
Finance costs		(215)	(322)	(496)	(721)
Profit before tax	20	7,534	1,955	13,558	9,038
Tax expenses	21	(1,917)	(513)	(3,410)	(2,499)
Profit after tax		5,617	1,442	10,148	6,539
Profit attributable to owners of the Company		5,617	1,442	10,148	6,539
Basic earnings per share attributable to owners of the Company (sen)	22	0.80	0.20	1.44	0.93
Other selected financial data:					
Gross profit ⁽¹⁾		26,190	18,106	48,670	43,650
Gross profit margin		66.2%	64.9%	66.4%	66.2%
Operating profit margin		19.1%	6.8%	18.4%	14.5%
Profit before tax (PBT) margin		19.0%	7.0%	18.5%	13.7%
Profit after tax (PAT) margin		14.2%	5.2%	13.8%	9.9%

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

The unaudited consolidated statements of profit or loss should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached in this interim financial report.

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 2nd QUARTER ENDED 30 JUNE 2022

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Quarter ended		6 months ended	
Note	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Profit after tax	5,617	1,442	10,148	6,539
Other comprehensive income, net of tax				
<u>Item that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences for foreign operation, representing other comprehensive income for the period	814	(41)	1,120	767
Total comprehensive income for the period	<u>6,431</u>	<u>1,401</u>	<u>11,268</u>	<u>7,306</u>
Total comprehensive income attributable to owners of the Company	<u>6,431</u>	<u>1,401</u>	<u>11,268</u>	<u>7,306</u>

The unaudited 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 2021 and the accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE 2nd QUARTER ENDED 30 JUNE 2022

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30.6.2022 RM'000	31.12.2021 RM'000
Assets			
Plant and equipment		8,525	8,952
Right-of-use assets		18,223	19,746
Intangible assets		52,504	52,656
Deferred tax assets		748	808
Receivables and deposits		5,811	6,414
Total non-current assets		<u>85,811</u>	<u>88,576</u>
Inventories		27,695	35,041
Receivables, deposits and prepayments		7,824	6,331
Current tax assets		30	53
Other investments	23	34,645	42,507
Cash and cash equivalents		23,789	11,299
Total current assets		<u>93,983</u>	<u>95,231</u>
Total assets		<u>179,794</u>	<u>183,807</u>
Liabilities			
Provision for restoration costs		1,847	1,838
Loans and borrowings	24	-	27
Lease liabilities		7,807	9,699
Total non-current liabilities		<u>9,654</u>	<u>11,564</u>
Provision for restoration costs		473	437
Loans and borrowings	24	108	159
Lease liabilities		11,302	11,011
Contract liabilities		865	785
Payables and accruals		8,867	13,755
Current tax liabilities		3,709	1,960
Total current liabilities		<u>25,324</u>	<u>28,107</u>
Total liabilities		<u>34,978</u>	<u>39,671</u>
Net assets		<u>144,816</u>	<u>144,136</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	30.6.2022 RM'000	31.12.2021 RM'000
Equity			
Share capital		50,326	50,326
Reserves		94,490	93,810
Total equity		<u>144,816</u>	<u>144,136</u>
Other selected financial data:			
Net current assets / working capital		68,659	67,124
Net assets per share (sen)		20.52	20.42
Net gearing ratio (times) *		(0.40)	(0.37)

* 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 consolidated statements of financial position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached in this interim financial report.

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Note	← Non-distributable →			Distributable	Total equity RM'000
	Share capital RM'000	Business combination reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	
At 1 January 2021	50,326	4,636	(594)	84,308	138,676
Profit for the period	-	-	-	6,539	6,539
Foreign currency translation differences for foreign operation, representing other comprehensive income for the period	-	-	767	-	767
Total comprehensive income for the period	-	-	767	6,539	7,306
Dividend declared, representing total transaction with owners				(10,588)	(10,588)
At 30 June 2021	50,326	4,636	173	80,259	135,394
At 1 January 2022	50,326	4,636	403	88,771	144,136
Profit for the period	-	-	-	10,148	10,148
Foreign currency translation differences for foreign operation, representing other comprehensive income for the period	-	-	1,120	-	1,120
Total comprehensive income for the period	-	-	1,120	10,148	11,268
Dividend declared, representing total transaction with owners				(10,588)	(10,588)
At 30 June 2022	50,326	4,636	1,523	88,331	144,816

The unaudited consolidated statements of changes in equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE 2nd QUARTER ENDED 30 JUNE 2022

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	6 months ended	
		30.6.2022 RM'000	30.6.2021 RM'000
Cash flows from operating activities			
Profit before tax		13,558	9,038
Adjustments for:			
Changes in lease payments arising from rent concessions		(268)	(1,566)
Depreciation and amortisation expenses		9,010	10,014
Unrealised foreign exchange (gain)/loss		28	(29)
Plant and equipment written off		96	71
Fair value loss on other investments		62	224
Finance income		(274)	(655)
Finance costs		496	721
Writedown of inventories		151	113
Operating profit before changes in working capital		22,860	17,931
Changes in working capital:			
Inventories		7,588	10,061
Receivables, deposits and prepayments		(657)	801
Payables, accruals and contract liabilities		(5,239)	(2,129)
Provision for restoration costs		28	(41)
Cash generated from operations		24,580	26,621
Income tax paid		(1,574)	(3,560)
Net cash generated from operating activities		23,006	23,061
Cash flows from investing activities			
Acquisition of plant and equipment		(1,673)	(791)
Acquisition of intangible assets		-	(176)
Disposal/(placement) of other investments		7,894	(16,173)
Interest received		210	596
Net cash generated from/(used in) investing activities		6,431	(16,544)

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	30.6.2022 RM'000	30.6.2021 RM'000
Cash flows from financing activities			
Dividends paid	8	(10,588)	(17,647)
Repayment of hire purchase		(78)	(75)
Repayment of lease liabilities		(6,407)	(6,166)
Interest paid for lease liabilities		(492)	(755)
Interest paid for hire purchase		(3)	(6)
Net cash used in financing activities		(17,569)	(24,649)
Net increase/(decrease) in cash and cash equivalents			
Effect of exchange rate fluctuations on cash held		622	271
Cash and cash equivalents at beginning of the period		11,299	23,967
Cash and cash equivalents at end of the period		23,789	6,106
Cash and cash equivalents comprise the following:			
Cash and bank balances		23,789	5,167
Deposits placed with licensed banks		-	939
		23,789	6,106

The unaudited consolidated statements of cash flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE 2nd QUARTER ENDED 30 JUNE 2022

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 2021 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 2021, 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 2021 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

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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INTERIM FINANCIAL REPORT FOR THE 2nd QUARTER ENDED 30 JUNE 2022

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 dividend was recognised by the Company:

	RM per share RM	Total amount RM'000	Date of payment
Company			
6 months ended 30 June 2022			
In respect of the financial year ended 31 December 2021:			
- Final dividend	0.015	<u>10,588</u>	31 March 2022
6 months ended 30 June 2021			
In respect of the financial year ended 31 December 2020:			
- Second interim dividend	0.01	7,059	15 June 2021
In respect of the financial year ended 31 December 2021:			
- Interim dividend	0.005	<u>3,529</u>	15 June 2021
		<u>10,588</u>	

On 17 August 2022, InNature declared an interim dividend of 1.0 sen per ordinary share for the financial year ending 31 December 2022 ("FY2022"). Shareholders who are on the Register of Members at the close of business on 19 September 2022 will be entitled for the dividend. The expected dividend payment date is 30 September 2022.

9. CHANGES IN COMPOSITION OF THE GROUP

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

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10. CONTINGENT LIABILITIES

	30.6.2022	31.12.2021
	RM'000	RM'000
Company		
Corporate guarantees granted to a subsidiary for credit facilities	1,000	1,000
Bank guarantees granted to subsidiaries for tenancy agreements	991	546
	<u>1,991</u>	<u>1,546</u>

11. CAPITAL COMMITMENTS

	30.6.2022	31.12.2021
	RM'000	RM'000
Group		
Plant and equipment		
Approved but not contracted for	24,563	26,555
Contracted but not commenced	-	28
	<u>24,563</u>	<u>26,583</u>
Leases as a leasee		
Contracted but not commenced	<u>2,529</u>	<u>2,500</u>

12. MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Group				
Rental of office and retail outlets ⁽¹⁾	<u>160</u>	<u>107</u>	<u>303</u>	<u>237</u>

⁽¹⁾ 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.

13. STATUS OF CORPORATE PROPOSAL

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

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INTERIM FINANCIAL REPORT FOR THE 2nd QUARTER ENDED 30 JUNE 2022**14. UTILISATION OF PROCEEDS FROM IPO**

The utilisation of proceeds from IPO as at 30 June 2022 is as follows:

Utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation up to 30 June 2022 RM'000	Transfer RM'000	Balance unutilised RM'000	Estimated timeframe for utilisation from the date of Listing
(i) Capital expenditure	34,500	(9,937)	-	24,563	Within 48 months
(ii) Working capital	837	(1,188)	351	-	Within 36 months
(iii) New business development	5,700	(3,511)	-	2,189	Within 48 months
(iv) Listing-related expenses	6,370	(6,019)	(351)	-	Within 3 months
Total	47,407	(20,655)	-	26,752	

The utilisation of proceeds 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 were transferred to working capital in 2020.

15. MATERIAL LITIGATION

There is no material litigation involving the Group subsequent to 31 December 2021 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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INTERIM FINANCIAL REPORT FOR THE 2nd QUARTER ENDED 30 JUNE 2022

17. PERFORMANCE REVIEW

Quarter-on-Quarter Review

	Quarter ended	
	30.6.2022	31.3.2022
	RM'000	RM'000
Group		
Revenue	39,570	33,741
Profit after tax	<u>5,617</u>	<u>4,531</u>

The Group achieved better results in 2Q2022, having recorded 17.3% higher revenue and 24.0% higher PAT quarter-on-quarter. The Group benefitted from the Hari Raya celebration in Malaysia amid further easing in Covid-19 restrictions following the transition to endemic phase during the reporting quarter.

Year-on-Year Review

2Q2022 vs 2Q2021

	2Q2022				2Q2021			
	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000
Revenue from external customers								
The Body Shop	30,839	7,279	947	39,065	20,546	6,179	720	27,445
Natura	505	-	-	505	468	-	-	468
	<u>31,344</u>	<u>7,279</u>	<u>947</u>	<u>39,570</u>	<u>21,014</u>	<u>6,179</u>	<u>720</u>	<u>27,913</u>
Segment PAT								
The Body Shop	5,620	163	99	5,882	1,817	57	45	1,919
Natura	(50)	-	-	(50)	(564)	-	-	(564)
	<u>5,570</u>	<u>163</u>	<u>99</u>	<u>5,832</u>	<u>1,253</u>	<u>57</u>	<u>45</u>	<u>1,355</u>
Investment holding				(215)				87
PAT				<u>5,617</u>				<u>1,442</u>

Compared with the same period last year, the Group's operating environment benefitted from reduced Covid-19 restrictions and a return to mall shopping in 2Q2022. Overall, Group revenue increased 41.8%, with Malaysia, Vietnam and Cambodia each recording higher revenue by 49.2%, 17.8% and 31.5% respectively.

Digital & remote channels made up 13.9% (2Q2021: 31.4%) of the Group revenue in 2Q2022. These sales channels continue to contribute a significant portion to the Group revenue even with almost all of our stores being in full operation during the reporting quarter. Components of digital & remote channels include e-commerce (2Q2022: 4.1% of Group revenue) and conversational and social commerce (2Q2022: 9.8% of Group revenue).

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In line with the revenue rebound, PAT of the Group grew 3.9 times in 2Q2022, with all operating countries recording higher profitability. The improvement in PAT was also bolstered by the Group's ongoing strategy of focusing on larger stores in quality malls only, which resulted in store productivity improvement following the closure of underperforming stores (8 in 2021, 1 in 1Q2022 and 3 in 2Q2022). Like-for-like operating expenses (excluding rental rebates, wage subsidy and financial support from Natura) during the reporting quarter only grew at 16.1% compared to the 41.8% revenue growth.

Despite the closure of underperforming stores, the Group continues to invest in store development, and are in active negotiations with landlords on potential locations. In 2Q2022, the Group added 1 store each in Malaysia and Vietnam, and relocated a store in Malaysia.

6M2022 vs 6M2021

	6M2022				6M2021			
	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000
Revenue from external customers								
The Body Shop	56,480	14,160	1,785	72,425	48,701	14,574	1,635	64,910
Natura	886	-	-	886	1,004	-	-	1,004
	<u>57,366</u>	<u>14,160</u>	<u>1,785</u>	<u>73,311</u>	<u>49,705</u>	<u>14,574</u>	<u>1,635</u>	<u>65,914</u>
Segment PAT								
The Body Shop	10,007	297	179	10,483	6,698	990	172	7,860
Natura	5	-	-	5	(1,210)	-	-	(1,210)
	<u>10,012</u>	<u>297</u>	<u>179</u>	<u>10,488</u>	<u>5,488</u>	<u>990</u>	<u>172</u>	<u>6,650</u>
Investment holding				(340)				(111)
PAT				<u>10,148</u>				<u>6,539</u>

The Group recorded higher revenue and PAT by 11.2% and 55.2% respectively in 6M2022 amid reduced Covid-19 restrictions. Geographically, each operating country of the Group was profitable albeit in varying phases of business recovery.

Digital & remote channels continue to contribute 15.1% (6M2021: 26.2%) to the Group revenue in 6M2022. Components of digital & remote channels include e-commerce (6M2022: 4.7% of Group revenue) and conversational and social commerce (6M2022: 10.4% of Group revenue).

Healthy Balance Sheet and Cash Flow

	30.6.2022				31.12.2021			
	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000
Segment assets								
The Body Shop	124,839	34,245	5,531	164,615	119,691	33,327	5,135	158,153
Natura	3,738	-	-	3,738	3,689	-	-	3,689
	<u>128,577</u>	<u>34,245</u>	<u>5,531</u>	<u>168,353</u>	<u>123,380</u>	<u>33,327</u>	<u>5,135</u>	<u>161,842</u>
Investment holding				11,441				21,965
Total assets				<u>179,794</u>				<u>183,807</u>
Segment liabilities								
The Body Shop	21,511	10,987	670	33,168	26,348	11,219	707	38,274
Natura	1,525	-	-	1,525	1,300	-	-	1,300
	<u>23,036</u>	<u>10,987</u>	<u>670</u>	<u>34,693</u>	<u>27,648</u>	<u>11,219</u>	<u>707</u>	<u>39,574</u>
Investment holding				285				97
Total liabilities				<u>34,978</u>				<u>39,671</u>
Net assets				<u>144,816</u>				<u>144,136</u>

The Group's financial position remains solid with net assets of RM144.8 million as at 30 June 2022. The Group generated net operating cashflow of RM23.0 million in 6M2022, and continues to be in net cash position with total cash and other investments of RM58.4 million as at 30 June 2022.

18. PROSPECTS

The business environment post-pandemic continues to be subject to a myriad of uncertainties, which includes the rising cost of doing business as well as inflation and rising interest rates affecting the disposable income of consumers.

Nevertheless, we believe demand for The Body Shop brand will remain. Our products have been undergoing rejuvenation progressively with improved formulations and sustainable packaging, which we believe will bring greater value to our customers. We remain prudent in managing the business, striving to improve operational efficiencies via investment in technologies while watching our costs closely. We have plans to open at least 1 more store in Malaysia, Vietnam and Cambodia respectively by the end of 2022.

We have gone through numerous peaks and troughs in our 38 years of retailing business, including the recent Covid-19 pandemic. We believe that as long as the economy remains open, we will be able to resume our growth trajectory with solid performance for the financial year ending 31 December 2022.

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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.

20. PROFIT BEFORE TAX

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

	Quarter ended		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Group				
Revenue				
- Retailing	39,557	27,901	73,286	65,881
- Consultancy fees	13	12	25	33
	39,570	27,913	73,311	65,914
Gain/(loss) on foreign exchange				
- realised	282	(143)	279	(247)
- unrealised	(176)	60	(28)	29
	106	(82)	251	(217)
Rental expenses				
- before MFRS 16 adjustments	(5,201)	(4,364)	(10,012)	(9,175)
- less: minimum lease payments (MFRS 16 adjustments)	3,591	4,176	7,170	8,487
	(1,610)	(188)	(2,842)	(688)
Depreciation and amortisation				
- plant and equipment	(1,033)	(1,186)	(2,234)	(2,447)
- intangible assets	(100)	(75)	(195)	(151)
- right-of-use assets (MFRS 16 adjustments)	(3,360)	(3,818)	(6,581)	(7,416)
	(4,493)	(5,079)	(9,010)	(10,014)
Royalty expense	(364)	(255)	(701)	(635)
Inventories written down	1	(72)	(151)	(113)
Finance income comprises interest income from				
- bank balances and fixed deposits	102	142	224	257
- fixed income funds	26	255	50	398
	128	397	274	655
Finance costs comprise interest expenses on				
- hire purchase	(1)	(3)	(3)	(6)
- lease liabilities (MFRS 16 adjustments)	(214)	(319)	(493)	(715)
	(215)	(322)	(496)	(721)

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		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Group				
Tax expenses				
- arising from Malaysia	1,873	1,052	3,346	2,318
- arising outside Malaysia	44	(539)	64	181
	<u>1,917</u>	<u>513</u>	<u>3,410</u>	<u>2,499</u>
Effective tax rate (%)	<u>25.4%</u>	<u>26.2%</u>	<u>25.1%</u>	<u>27.7%</u>

Effective tax rate (“ETR”) is computed by dividing tax expenses with profit before tax for the financial period. The Group’s ETR is generally higher than Malaysia’s statutory tax rate as a result of non-deductible expenses and deferred tax benefit not recognised for Natura Malaysia’s losses. ETR was lower year-on-year in 2Q2022 and 6M2022 following the improvement in Natura Malaysia’s results.

21. EARNINGS PER SHARE (“EPS”)

	Quarter ended		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	<u>5,617</u>	<u>1,442</u>	<u>10,148</u>	<u>6,539</u>
Weighted average number of ordinary shares in issue	<u>705,881</u>	<u>705,881</u>	<u>705,881</u>	<u>705,881</u>
Basic EPS (sen)	<u>0.80</u>	<u>0.20</u>	<u>1.44</u>	<u>0.93</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 March 2022 and 31 March 2021.

22. OTHER INVESTMENT

	30.6.2022	31.12.2021
	RM'000	RM'000
Group		
Fixed deposits of more than 3 months but less than 12 months	2,024	4,961
Fixed income funds	<u>32,621</u>	<u>37,546</u>
	<u>34,645</u>	<u>42,507</u>

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23. LOANS AND BORROWINGS

	30.6.2022	31.12.2021
	RM'000	RM'000
Group		
Non-current		
RM denominated hire purchase (unsecured)	-	27
Current		
RM denominated hire purchase (unsecured)	108	159
	<u>108</u>	<u>186</u>

24. SUBSEQUENT EVENT

There is no material event impacting the Group subsequent to 30 June 2022 and up to the date of this Interim Financial Report.