

HPP HOLDINGS BERHAD

Registration No: 201801043588 (1305620-D)
(Incorporated in Malaysia)

Unaudited Condensed Consolidated Interim Financial Report for the Second Quarter Ended 30 November 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2023⁽¹⁾

		Individual Quarter ended 30 November		Cumulative Quarter ended 30 November	
		2023	2022	2023	2022
	NOTE	RM'000	RM'000	RM'000	RM'000
Revenue	A12	17,615	21,259	36,629	45,317
Cost of sales		(14,732)	(17,267)	(29,299)	(33,907)
Gross profit		2,883	3,992	7,330	11,410
Other income		523	558	1,195	1,251
Administrative expenses		(2,684)	(3,247)	(4,466)	(5,324)
Profit from operations		722	1,303	4,059	7,337
Finance costs		(180)	(124)	(305)	(239)
Profit before tax	B11	542	1,179	3,754	7,098
Tax expense	B6	(526)	(870)	(1,453)	(2,368)
Profit and total comprehensive income for the financial period		16	309	2,301	4,730
Total comprehensive income for the financial period attributable to:					
- Owners of the Company		61	208	2,354	4,491
- Non-controlling interests		(45)	101	(52)	239
		16	309	2,302	4,730

Earnings Per Share

Basic (Sen)	B10(A)	0.02	0.05	0.61	1.16
Diluted (Sen)	B10(B)	-	-	-	-

Note:

- (1) The basis of preparation of the Unaudited Consolidated Statement of Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Company's and its subsidiaries' ("Group") Audited Consolidated Financial Statements for the financial year ended ("FYE") 31 May 2023 and the accompanying explanatory notes attached to this condensed consolidated interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2023⁽¹⁾

	NOTE	Unaudited As at 30 November 2023 RM'000	Audited As at 31 May 2023 RM'000
ASSETS			
Non-current asset			
Property, plant and equipment		74,168	60,783
		<u>74,168</u>	<u>60,783</u>
Current assets			
Inventories		9,877	14,219
Trade receivables		19,304	22,125
Other receivables		1,288	2,379
Tax recoverable		2,558	3,295
Short-term fund		(2)18,450	(2)9,213
Fixed deposits with licensed banks		14,022	22,321
Cash and bank balances		19,610	13,828
		<u>85,109</u>	<u>87,380</u>
TOTAL ASSETS		<u>159,277</u>	<u>148,163</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		90,208	90,208
Retained earnings		79,528	80,087
Share-based payment reserve		6,955	5,648
Restructuring reserve		(54,452)	(54,452)
Total equity attributable to owners of the Company		<u>122,239</u>	<u>121,491</u>
Non-controlling interests		1,743	1,795
Total equity		<u>123,982</u>	<u>123,286</u>
Non-current liabilities			
Borrowings	B7	12,589	703
Lease liabilities	B7	239	289
Deferred tax liabilities		7,729	7,789
		<u>20,557</u>	<u>8,781</u>
Current liabilities			
Borrowings	B7	5,341	7,360
Lease liabilities	B7	200	315
Trade payables		5,078	5,033
Other payables		4,096	3,348
Amount due to holding company		9	18
Tax payable		14	22
		<u>14,738</u>	<u>16,096</u>
Total liabilities		<u>35,295</u>	<u>24,877</u>
TOTAL EQUITY AND LIABILITIES		<u>159,277</u>	<u>148,163</u>
Number of issued shares ('000)		388,430	388,430
Net asset per share attributable to owners of the Company (RM)		0.31	0.31

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2023 (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Group's Audited Consolidated Financial Statements for the FYE 31 May 2023 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.
- (2) Short-term fund represents investment in highly liquid money market instrument and deposits with financial institution in Malaysia. The short-term fund is subject to an insignificant risk of change in value. The distribution income is being treated as interest income by the Group and the Company.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2023⁽¹⁾

←—————|—————→ **Attributable to owners of the Company** —————→
 ←———|—————→ ←—————|—————→ —————→
 Non-distributable **Distributable**

	Share capital RM'000	Restructuring reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Unaudited As at 1 June 2022	90,208	⁽²⁾ (54,452)	3,189	76,542	115,487	1,820	117,307
Profit and total comprehensive income for the financial period	-	-	-	4,491	4,491	239	4,730
Dividend to owners of the Company	-	-	-	(2,913)	(2,913)	-	(2,913)
Issuance of shares: - Share-based payment	-	-	2,454	-	2,454	-	2,454
Unaudited As at 30 November 2022	90,208	(54,452)	5,643	78,120	119,519	2,059	121,578

	Share capital RM'000	Restructuring reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Unaudited As at 1 June 2023	90,208	⁽²⁾ (54,452)	5,648	80,087	121,491	1,795	123,286
Profit and total comprehensive income for the financial period	-	-	-	2,354	2,354	(52)	2,302
Dividend to owners of the Company	-	-	-	(2,913)	(2,913)	-	(2,913)
Issuance of shares: - Share-based payment	-	-	1,307	-	1,307	-	1,307
Unaudited As at 30 November 2023	90,208	(54,452)	6,955	79,528	122,239	1,743	123,982

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Group's Audited Consolidated Financial Statements for the FYE 31 May 2023 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.
- (2) This restructuring reserve of RM54,452,000 arose from the restructuring exercise that was undertaken in conjunction with the IPO. The restructuring reserve arose from the difference between the carrying value of the investment and the nominal value of the shares of subsidiaries upon consolidation under the merger accounting principles.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2023⁽¹⁾

	Unaudited Cumulative	
	2023	2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	3,754	7,098
<i>Adjustment for:</i>		
Depreciation of property, plant and equipment	2,381	2,273
Gain on disposal of property, plant and equipment	(21)	-
Finance costs:		
- Term loans	288	227
- Lease liabilities	17	12
Interest income and fair value gain on investment from money market	(612)	(318)
Realised loss/(gain) on foreign exchange	(267)	(418)
Unrealised loss/(gain) on foreign exchange	102	63
Share-based payment	1,307	2,454
Operating profit before working capital changes	6,949	11,391
Change in working capital:		
Inventories	4,341	1,207
Receivables	(735)	(17)
Payables	794	(2,336)
Amount due to holding company	(9)	9
Cash generated from operations	11,340	10,254
Interest paid	(305)	(239)
Interest received	612	318
Tax paid	(837)	(1,631)
Tax refunded	53	168
Net cash from operating activities	10,863	8,870
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	21	-
Purchase of property, plant and equipment	(10,966)	(3,069)
Net cash used in investing activities	(10,945)	(3,069)
Cash flow from financing activities		
Dividend paid	(2,913)	(2,913)
Drawdown of bank borrowings	11,072	245
Repayment of borrowings	(1,204)	(1,280)
Repayment of lease liabilities	(165)	(154)
Net cash generated from / (used in) financing activities	6,790	(4,102)
Net increase / (decrease) in cash and cash equivalents	6,708	1,699
Cash and cash equivalents at the beginning of the financial period	45,362	41,818
Effect of exchange rate changes on cash and cash equivalents	12	143
Cash and cash equivalents at the end of the financial period	52,082	43,660

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Group's Audited Consolidated Financial Statements for the FYE 31 May 2023 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The condensed consolidated interim financial report is unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements (“Listing Requirements”).

The condensed consolidated interim financial report should be read in conjunction with the Audited Consolidated Financial Statements for the FYE 31 May 2023 and the accompanying explanatory notes attached to the condensed consolidated interim financial report. The explanatory notes attached to the condensed consolidated interim financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the FYE 31 May 2023.

A2. Significant Accounting Policies

Except as described below, the same accounting policies and methods of computation are followed in this condensed consolidated interim financial report as compared with the Group’s audited consolidated financial statements for the FYE 31 May 2023.

The Group has also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial year

Annual Improvements to MFRS Standards 2018 - 2020

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

The adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and the Company.

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group has not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group:

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 112

International Tax Reform – pillar Two Model Rules

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121

Lack of Exchangeability

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

A3. Auditors' Report

There was no qualified audit report issued by the auditors in the audited consolidated financial statements for the FYE 31 May 2023.

A4. Seasonal or Cyclical Factors

The nature of the Group's business was not subject to any significant seasonal and cyclical factors.

A5. Exceptional items

There were no material exceptional items during the current financial quarter under review.

A6. Material Changes in Accounting Estimates

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

A7. Material Events Subsequent to the Statement of Financial Position Date

There were no material events subsequent to the financial period under review.

A8. Changes in Composition of the Group

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

A9. Capital Commitments

Save as disclosed below, there were no other material capital commitments incurred or known to be incurred:

	Unaudited As at 30 November 2023 RM'000	Audited As at 31 May 2023 RM'000
Approved but not contracted for:		
Purchase of property, plant and equipment	<u>6,499</u>	<u>6,499</u>
Approved and contracted for:		
Purchase of property, plant and equipment	<u>8,062</u>	<u>11,529</u>

A10. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

A11. Dividend Paid

On 27 October 2023, the shareholders approved the final single-tier dividend of 0.75 sen per ordinary share amounting to RM2,913,225 for the FYE 31 May 2023, which was paid on 30 November 2023.

A12. Segmental Revenue Information

	Unaudited Individual Quarter ended 30 November		Unaudited Cumulative Quarter ended 30 November	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Corrugated packaging	5,673	3,667	10,269	10,265
Non-corrugated packaging	7,808	13,018	19,057	26,168
Rigid box				
– Trading	2,310	2,604	3,914	4,877
– Production	82	722	324	1,710
Paper Pulp Moulded Packaging	105	-	105	-
Others (brochure, leaflet, label, paper bag)	1,637	1,248	2,960	2,297
Total	17,615	21,259	36,629	45,317

A13. Valuation of Property, Plant and Equipment

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

A14. Contingent Liabilities

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

A15. Related Party Transactions

	Unaudited Individual Quarter ended 30 November		Unaudited Cumulative Quarter ended 30 November	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Transactions				
Holding Company				
Hostel rental	13	13	26	26

A16. Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amounts of long-term floating rate borrowings approximate their fair value as the borrowings will be repriced to market interest rate on or near reporting date.

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

A17. Holding Company

The Directors regard Aurora Meadow Sdn Bhd, a company incorporated in Malaysia, as the holding company.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of Financial Performance

The Group recorded revenue of approximately RM17.62 million and RM36.63 million in the current financial quarter and the cumulative financial quarter ended 30 November 2023 respectively. The Group's revenue was mainly contributed by the sales of paper-based packaging.

The Group recorded a profit before tax of approximately RM0.54 million and RM3.75 million in the current financial quarter and the cumulative financial quarter ended 30 November 2023 respectively.

B2. Variation of Results Against Corresponding Quarter

The Group registered a lower revenue of approximately RM17.62 million in the current financial quarter as compared to approximately RM21.26 million in the corresponding financial quarter. The decrease in revenue by approximately 17.14% in the current financial quarter against its revenue for the corresponding financial quarter was mainly due to lower contribution from the non-corrugated packaging segment and rigid box segments (both trading and production), especially on the consumer electrical and electronics (“**E&E**”), contraceptive and food and beverages (“**F&B**”) industries. The Group also recorded lower revenue of approximately RM36.63 million in the current cumulative financial quarter as compared to approximately RM45.32 million in the corresponding cumulative financial quarter, representing a decrease of approximately 19.17%.

The overall gross profit margin decreased to approximately 16.37% in the current financial quarter from approximately 18.78% in the corresponding financial quarter. This was mainly due to recognition of share-based payment resulting from the granting of employees' share option scheme (“**ESOS**”) to the eligible production employees in November 2021 during the financial quarter under review. The overall gross profit margin decreased to approximately 20.01% in the current cumulative financial quarter as compared to approximately 25.18% in the corresponding cumulative financial quarter.

In line with the lower revenue for the current financial quarter, the Group recorded a lower profit before tax of approximately RM0.54 million in the current financial quarter as compared to approximately RM1.18 million in the corresponding financial quarter. The Group recorded a lower profit before tax of approximately RM3.75 million in the current cumulative financial quarter as compared to approximately RM7.10 million in the corresponding cumulative financial quarter.

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For information purposes, please refer to the table below for the Group's gross profit, profit before tax and profit and total comprehensive income for the respective financial period excluding the effect of share-based payment:

	Individual Quarter ended 30 November		Cumulative Quarter ended 30 November	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Gross profit	(1)3,642	(1)5,398	(1)8,089	(1)12,816
Gross profit margin:				
Including the effect of share-based payment	16.37%	18.78%	20.01%	25.18%
Excluding the effect of share-based payment	(1)20.68%	(1)25.39%	(1)22.08%	(1)28.28%
Profit before tax	(2)1,850	(2)3,633	(2)5,062	(2)9,552
Profit and total comprehensive income for the financial period	(2)1,324	(2)2,763	(2)3,609	(2)7,184

Notes:

- (1) Excluding the effect of share-based payment for production staff for comparable purposes.
- (2) Excluding the effect of share-based payment for eligible Directors and employees (including production staff) for comparable purposes.

B3. Variation of Results Against Immediate Preceding Quarter

The Group registered a lower revenue of approximately RM17.62 million in the current financial quarter as compared to approximately RM19.01 million in the preceding financial quarter. The decrease in revenue was mainly due to lower sales of paper-based packaging to its customers in the E&E and contraceptive industries, partially offset by the increase in revenue from trading of rigid box, paper pulp moulded packaging and other segments.

The overall gross profit margin decreased from approximately 23.39% in the preceding financial quarter to approximately 16.37% in the current financial quarter mainly due to recognition of share-based payment resulting from the granting of ESOS options to the eligible production employees in November 2021 and timing differences in selling price adjustment against movement in raw material prices.

As a result of lower revenue and taking into account the effect of share-based payment, the Group recorded a lower profit before tax of approximately RM0.54 million in the current financial quarter as compared to approximately RM3.21 million in the preceding financial quarter.

For information purposes, please refer to the table below for the Group's gross profit, profit before tax and profit and total comprehensive income for the respective financial period excluding the effect of share-based payment:

	Individual Quarter ended	
	30 November 2023	31 August 2023
	RM'000	RM'000
Revenue	17,615	19,014
Gross profit	(1)3,642	4,447
Gross profit margin:		
Including the effect of share-based payment	16.37%	23.39%
Excluding the effect of share-based payment	(1)20.68%	23.39%
Profit before tax	(2)1,850	3,212
Profit/(Loss) and total comprehensive income for the financial period	(2)1,324	2,285

Notes:

- (1) Excluding the effect of share-based payment for production staff for comparable purposes.
- (2) Excluding the effect of share-based payment for eligible Directors and employees (including production staff) for comparable purposes.

B4. Commentary on Prospects

The year ahead is likely to see continued inflationary pressures, uncertain geopolitical landscape and persistent vulnerabilities in the global supply chain weighing on the global economy. The International Monetary Fund has forecasted global growth to slow down to 2.9% in 2024. Bank Negara Malaysia had forecasted a growth of between 4% to 5%, amid the global slowdown from its growth achievement of 3.3% in the third quarter of 2023.

We will continue to broaden our product offerings and services to our customers, and pursue new business opportunities to grow our client base across all industries, both locally and overseas. Under the current economic climate, we also take cognizance of the need in exercising prudent credit management, cost optimisation and tight management of internal efficiencies, towards growing both our top and bottom-line results this financial year.

Recycling and environmental awareness have increased significantly globally, and we have received requests or inquiries on recyclable packaging from our existing customers as they are having difficulties in sourcing it locally. As such, our Group has expanded our product range to include paper pulp moulded packaging. The European Union-wide rule in preventing packaging waste by boosting reuse and refill, and making all packaging recyclable by 2030 is expected to boost demand for our Group's new product.

B5. Profit Forecast

Not applicable as the Group does not publish any profit forecast.

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B6. Tax Expense

	Unaudited Individual Quarter ended 30 November		Unaudited Cumulative Quarter ended 30 November	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Recognised in profit or loss				
Current tax expense				
Current financial period	666	774	1,512	2,181
Deferred tax expense				
Current financial period	(51)	96	30	181
(Over)/ Underprovision in prior year	(89)	-	(89)	6
Total	526	870	1,453	2,368
Effective tax rate (%) ⁽¹⁾	97.05	73.79	38.71	33.36

Note:

- (1) The effective tax rates for the individual quarter and cumulative quarter ended 30 November 2023 are higher than the statutory tax rate of 24% mainly due to certain expenses which are not allowed for tax deduction purposes, in particular the share-based payment and depreciation for non-qualifying expenditure.

B7. Loans and Borrowings

The details of the Group's borrowings are as follows:

	Unaudited As at 30 November 2023 RM'000	Audited As at 31 May 2023 RM'000
Non-current		
Term loans	12,589	703
Lease liabilities	239	289
	12,828	992
Current		
Term loans	5,341	7,360
Lease liabilities	200	315
	5,541	7,675
Total	18,369	8,667

All the borrowings are secured and denominated in Ringgit Malaysia.

The Group's borrowings are subject to certain financial covenants to be complied, which among others, includes the requirement to seek the respective bank's approval for declaration of dividend above certain threshold of profit after tax of certain subsidiaries. Certain subsidiaries of the Group did not fulfil the abovementioned covenants as at the end of the previous financial year end.

In view of the foregoing, the non-current portion of certain bank borrowings amounted to RM5,075,549 as at 31 May 2023 (as at 30 November 2023: RM6,395,345) was reclassified from non-current liabilities to current liabilities in accordance with MFRS 101 Presentation of Financial Statements.

The Group has obtained written consents from the respective banks subsequent to the financial year ended 31 May 2023. Hence, these bank borrowings have been reclassified to non-current liabilities in the current and previous quarters.

B8. Material Litigation

There is no material litigation pending as at the date of this interim financial report.

B9. Dividends

The Board had on 21 September 2023 proposed a final single-tier dividend of 0.75 sen per ordinary share in HPP Holdings Berhad (“Share”) in respect of FYE 31 May 2023 amounting to RM2,913,225. This final single-tier dividend was approved by the shareholders at the annual general meeting held on 27 October 2023 and paid on 30 November 2023.

B10. Basic and Diluted Earnings Per Share

The earnings per share for the current financial quarter and cumulative financial quarter ended 30 November 2023 and 30 November 2022 is based on the profit attributable to owners of the Company and weighted average number of Shares as follows:

A. Basic Earnings per Share

	Unaudited Individual Quarter ended 30 November		Unaudited Cumulative Quarter ended 30 November	
	2023	2022	2023	2022
Profit for the financial period attributable to owners of the Company (RM'000)	61	208	2,354	4,491
Weighted average number of Shares during the financial period ('000)	388,430	388,430	388,430	388,430
Basic earnings per Share (sen)	0.02	0.05	0.61	1.16

B. Diluted Earnings per Share

Diluted earnings per Share for the financial period is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of Shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares.

The earnings per Share of the Company is not expected to be diluted as the exercise price of the ESOS options has exceeded the average market price of Shares during the financial period and therefore, the ESOS options are not expected to be exercised and hence not have any dilutive effect on the weighted average number of Shares.

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B11. Profit before tax

	Unaudited Individual Quarter ended 30 November 2023		Unaudited Cumulative Quarter ended 30 November 2023	
	RM'000	RM'000	RM'000	RM'000
Material expenses/(income)				
Auditor's remuneration:				
- current year	35	28	64	56
Depreciation of property, plant and equipment & right-of-used assets	1,245	1,134	2,381	2,273
Directors' remuneration:				
- Directors' fee	150	150	300	300
- Salaries, wages, allowances and bonus	184	207	366	408
- Contributions to defined contribution plan	34	38	68	76
Finance costs:				
- Term loans	172	118	288	227
- Lease liabilities	8	6	17	12
Gain on disposal of property, plant and equipment	(21)	-	(21)	-
Interest income and fair value gain on investment from money market	(307)	(176)	(612)	(318)
Rental expenses/Short-term lease rental:				
- Equipment	1	1	2	2
- Warehouse	-	2	-	2
- Hostel	2	18	4	35
Right-of-use assets:				
- Lease of low value assets	-	-	-	1
Staff costs:				
- Salaries, wages, allowances and bonus	3,025	2,726	5,998	5,527
- Contributions to defined contribution plan	276	249	544	489
- Contributions to social security	42	41	84	80
- Share-based payment expense	1,307	2,454	1,307	2,454
Unrealised loss/(gain) on foreign exchange	160	38	102	63
Realised loss/(gain) on foreign exchange	(195)	(193)	(267)	(418)

The Group did not report any other income including investment income, provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets and gain or loss on derivatives for the financial period under review.

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B12. Utilisation of Proceeds Raised from Public Issue

The utilisation of proceeds from the Public Issue of RM31.92 million is as follows:

Details of utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Reallocation RM'000	Unutilised amount RM'000	Revised unutilised amount⁽³⁾ RM'000	Intended timeframe for utilisation after listing	Revised timeframe for utilisation (from 20 January 2024)⁽³⁾
Capital expenditure and expansion	13,031	6,597	-	6,434	-	Within 36 months ⁽²⁾	-
Repayment of bank borrowings	7,783	7,783	-	-	-	Within 12 months	-
Working capital	5,207	5,021	⁽¹⁾ (186)	-	3,554	Within 24 months	Within 18 months
Sales and marketing expenses	2,000	-	-	2,000	500	Within 36 months	Within 18 months
Estimated listing expenses	3,900	⁽¹⁾ 4,086	⁽¹⁾ 186	-	-	Within 3 months	-
Acquisition of machineries ⁽⁴⁾	-	-	-	-	4,380	-	Within 18 months
Total	31,921	23,487	-	8,434	8,434		

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus dated 15 December 2020 (“**Prospectus**”), the announcement on extension of timeframe for utilisation of proceeds dated 16 December 2022 and the circular to the shareholders in relation to the variation and extension of timeframe for the utilisation of proceeds dated 19 December 2023.

Notes:

- (1) As the actual amount incurred for listing expenses is higher than estimated, the shortfall has been funded out of the amount allocated for working capital purposes, as set out in Section 2.7.5 of the Prospectus.
- (2) The Company had on 16 December 2022 announced the extension of timeframe for the utilisation of proceeds allocated for capital expenditure and expansion from within 24 months to within 36 months from listing.
- (3) The Company had on 5 January 2024 obtained its shareholders' approval via an extraordinary general meeting for the variation and extension of timeframe of 18 months from 20 January 2024 for the utilisation of proceeds raised from the Public Issue.
- (4) Being the acquisition of 1 unit of dry hot press paper pulp moulded packaging machine, 1 unit of wet hot press paper pulp moulded packaging machine and 1 unit of 3D-printing machine.

By order of the Board of Directors

18 January 2024