

HPP HOLDINGS BERHAD

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

Unaudited Condensed Consolidated Interim Financial Report for the First Quarter Ended 31 August 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 AUGUST 2024⁽¹⁾

	NOTE	Individual Quarter ended 31 August		Cumulative Quarter ended 31 August	
		← Unaudited →		Unaudited	Unaudited
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Revenue	A10	16,651	19,014	16,651	19,014
Cost of sales		(13,067)	(14,567)	(13,067)	(14,567)
Gross profit		3,584	4,447	3,584	4,447
Other income		523	672	523	672
Administrative expenses		(2,615)	(1,782)	(2,615)	(1,782)
Net reversals of impairment losses on trade receivables		139	-	139	-
Profit from operations		1,631	3,337	1,631	3,337
Finance costs		(201)	(125)	(201)	(125)
Profit before tax	B11	1,430	3,212	1,430	3,212
Tax expense	B6	(400)	(927)	(400)	(927)
Profit and total comprehensive income for the financial period		1,030	2,285	1,030	2,285
Total comprehensive income for the financial period attributable to:					
- Owners of the Company		1,044	2,292	1,044	2,292
- Non-controlling interests		(14)	(7)	(14)	(7)
		<u>1,030</u>	<u>2,285</u>	<u>1,030</u>	<u>2,285</u>
Earnings Per Share					
Basic (Sen)	B10(A)	0.27	0.59	0.27	0.59
Diluted (Sen)	B10(B)	0.27	0.59	0.27	0.59

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 2024 and the accompanying explanatory notes attached to this condensed consolidated interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2024⁽¹⁾

		Unaudited As at 31 August 2024	Audited As at 31 May 2024
ASSETS	NOTE	RM'000	RM'000
Non-current asset			
Property, plant and equipment		80,136	79,782
		<u>80,136</u>	<u>79,782</u>
Current assets			
Inventories		10,120	9,742
Trade receivables		18,445	18,719
Other receivables		1,474	682
Tax recoverable		3,447	3,158
Short-term fund ⁽²⁾		21,133	21,953
Fixed deposits with licensed banks		15,492	14,715
Cash and bank balances		8,346	10,073
		<u>78,457</u>	<u>79,042</u>
TOTAL ASSETS		<u>158,593</u>	<u>158,824</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		90,208	90,208
Retained earnings		80,362	79,318
Share-based payment reserve		7,296	6,952
Restructuring reserve		(54,452)	(54,452)
Total equity attributable to owners of the Company		123,414	122,026
Non-controlling interests		1,531	1,545
Total equity		<u>124,945</u>	<u>123,571</u>
Non-current liabilities			
Borrowings	B7	14,079	14,365
Lease liabilities	B7	154	179
Deferred tax liabilities		7,775	7,871
		<u>22,008</u>	<u>22,415</u>
Current liabilities			
Borrowings	B7	2,618	2,890
Lease liabilities	B7	97	95
Trade payables		4,924	5,868
Other payables		3,983	3,950
Amount due to holding company		10	22
Tax payable		8	13
		<u>11,640</u>	<u>12,838</u>
Total liabilities		<u>33,648</u>	<u>35,253</u>
TOTAL EQUITY AND LIABILITIES		<u>158,593</u>	<u>158,824</u>
Number of issued shares ('000)		388,430	388,430
Net asset per share attributable to owners of the Company (RM)		0.32	0.31

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2024⁽¹⁾ (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 2024 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.

(The rest of this page has been left blank intentionally)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 AUGUST 2024⁽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 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	-	-	-	2,292	2,292	(7)	2,285
As at 31 August 2023	90,208	(54,452)	5,648	82,379	123,783	1,788	125,571
Unaudited As at 1 June 2024	90,208	(2) (54,452)	6,952	79,318	122,026	1,545	123,571
Profit and total comprehensive income for the financial period	-	-	-	1,044	1,044	(14)	1,030
Issuance of shares: - Share-based payment	-	-	344	-	344	-	344
As at 31 August 2024	90,208	(54,452)	7,296	80,362	123,414	1,531	124,945

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 2024 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 initial public offering. 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 FIRST QUARTER ENDED 31 AUGUST 2024⁽¹⁾

	Unaudited Cumulative Quarter ended 31 August	
	2024 RM'000	2023 RM'000
Cash flows from operating activities		
Profit before tax	1,430	3,212
<i>Adjustment for:</i>		
Depreciation of property, plant and equipment	1,268	1,136
Gain on disposal of property, plant and equipment	(25)	-
Finance costs:		
- Term loans	197	116
- Lease liabilities	4	9
Interest income and fair value gain on investment from money market	(325)	(305)
(Reversal)/Charge of impairment loss on trade receivables	(139)	-
Unrealised loss/(gain) on foreign exchange	304	(58)
Share-based payment	344	-
Operating profit before working capital changes	3,058	4,110
Change in working capital:		
- Inventories	(378)	2,181
- Receivables	(585)	(4,632)
- Payables	(911)	1,074
- Amount due to holding company	(12)	(8)
Cash generated from operations	1,172	2,725
Tax paid	(790)	(804)
Tax refunded	-	-
Net cash from operating activities	382	1,921
Cash flows from investing activities		
Interest received	325	305
Proceeds from disposal of property, plant and equipment	25	-
Purchase of property, plant and equipment	(1,622)	(4,731)
Net cash used in investing activities	(1,272)	(4,426)
Cash flow from financing activities		
Interest paid	(201)	(125)
Drawdown of bank borrowings	57	3,542
Repayment of borrowings	(615)	(597)
Repayment of lease liabilities	(23)	(82)
Net cash (used in)/generated from financing activities	(782)	2,738
Net (decrease)/increase in cash and cash equivalents	(1,672)	233
Cash and cash equivalents at the beginning of the financial period	46,741	45,362
Effect of exchange rate changes on cash and cash equivalents	(98)	58
Cash and cash equivalents at the end of the financial period	44,971	45,653

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 2024 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 2024 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 2024.

A2. Material 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 2024.

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

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

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 2025

Amendments to MFRS 121	Lack of Exchangeability
------------------------	-------------------------

Effective for financial periods beginning on or after 1 January 2026

Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments
------------------------------------	--

Effective for financial periods beginning on or after 1 January 2027

MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19	Subsidiaries without Public Accountability: Disclosures

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A2. Material Accounting Policies (Cont'd)

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

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 (cont'd):

Effective date has been deferred

Amendments to MFRS 10 and MFRS 128

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 2024.

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 31 August 2024 RM'000	Audited As at 31 May 2024 RM'000
Approved but not contracted for:		
Purchase of property, plant and equipment	<u>2,107</u>	<u>2,107</u>
Approved and contracted for:		
Purchase of property, plant and equipment	<u>2,181</u>	<u>3,189</u>

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A10. Segmental Information

The Group is organised into business units based on their products and services. The reportable segments are summarised as follows:

Corrugated packaging	Printing and production of corrugated packaging.
Non-corrugated packaging	Printing and production of non-corrugated packaging.
Rigid boxes	Production and trading of rigid boxes.
Paper pulp moulded packaging	Production of paper pulp product.
Others	Printing and production of brochures, leaflets, labels, and paper bags as well as investment holding.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statements of profit or loss and other comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Unaudited Cumulative Quarter ended 31 August 2024	Corrugated packaging RM'000	Non Corrugated packaging RM'000	Rigid boxes RM'000	Paper pulp moulded packaging RM'000	Others RM'000	Eliminations RM'000	Total RM'000
External revenue	3,568	9,236	2,260	749	838	-	16,651
Inter segment revenue	25	65	676	-	137	(903)	-
Total revenue	<u>3,593</u>	<u>9,301</u>	<u>2,936</u>	<u>749</u>	<u>975</u>	<u>(903)</u>	<u>16,651</u>
Depreciation of property, plant and equipment	461	703	37	136	47	(116)	1,268
ESOS expenses	-	-	-	-	344	-	344
Other non-cash expense/(income)	30	78	19	6	7	-	140
Segment profit/(loss) from operations	<u>344</u>	<u>972</u>	<u>118</u>	<u>75</u>	<u>122</u>	<u>-</u>	<u>1,631</u>

Unaudited Cumulative Quarter ended 31 August 2023	Corrugated packaging RM'000	Non Corrugated packaging RM'000	Rigid boxes RM'000	Paper pulp moulded packaging RM'000	Others RM'000	Eliminations RM'000	Total RM'000
External revenue	4,596	11,249	1,846	-	1,323	-	19,014
Inter segment revenue	15	36	1,058	-	147	(1,256)	-
Total revenue	<u>4,611</u>	<u>11,285</u>	<u>2,904</u>	<u>-</u>	<u>1,470</u>	<u>(1,256)</u>	<u>19,014</u>
Depreciation of property, plant and equipment	251	613	316	-	72	(116)	1,136
Other non-cash (income)/expense	(14)	(34)	(6)	-	(4)	-	(58)
Segment profit/(loss) from operations	<u>370</u>	<u>2,702</u>	<u>75</u>	<u>-</u>	<u>190</u>	<u>-</u>	<u>3,337</u>

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A11. 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.

A12. Dividend Paid

There were no dividends paid during the current financial quarter under review.

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

	Individual Quarter ended 31 August		Cumulative Quarter ended 31 August	
	← Unaudited →		← Unaudited →	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Transactions Holding Company				
Hostel rental	13	13	13	13

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. Ultimate Holding Company

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

(The rest of this page has been left blank intentionally)

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of Financial Performance

The Group recorded revenue of RM16.65 million for the quarter, compared to RM19.01 million in the same period last year. The primary source of this revenue was from the sales of non-corrugated packaging.

The Group achieved a profit before tax of RM1.43 million for the current financial quarter, compared to RM3.21 million in the same period last year.

B2. Variation of Results Against Corresponding Quarter

The Group registered a lower revenue of RM16.65 million in the current financial quarter, compared to RM19.01 million in the corresponding quarter, a decline of RM2.36 million or 12.43%. The decrease was attributed to reduced sales in electronic and electrical ("E&E") and sheath contraceptive industries, though this was partially offset by increased revenue from pharmaceutical, non-electrical household products, food and beverages and other consumer products.

The decline in revenue led to lower gross profit. The gross profit margin for the current financial quarter was 21.52%, lower than 23.39% recorded in the same quarter last year. The lower margin was primarily due to a one-time share-based payment for Employees' Share Option Scheme ("ESOS") granted to eligible employees in July 2024 during the financial quarter under review. Without this expense, the gross profit margin would have been at 22.97%, which is slightly lower than corresponding quarter.

The Group recorded a profit before tax of RM1.43 million in the current financial quarter, down from RM3.21 million in the corresponding quarter, a decline of RM1.78 million or 55.48%. Along with the lower gross profit, this drop was also caused by foreign exchange loss due to weakening of the US Dollar against Malaysia Ringgit.

B3. Variation of Results Against Immediate Preceding Quarter

Revenue for the first quarter in financial year 2025 of RM16.65 million was 7.24% lower than preceding quarter of RM17.95 million. This decrease was due to lower sales from E&E, sheath contraceptive, food and beverages, and non-electrical household product industries. However, the decrease was partially offset by the increase in sales for pharmaceutical industry and other consumer products.

The overall gross profit margin decreased slightly from approximately 22.29% in the preceding financial quarter to approximately 21.52%. This was primarily due to a one-time share-based payment for ESOS granted to eligible employees in July 2024, during the financial quarter under review. Excluding the effect of one-time share-based payment, the gross profit margin for the current financial quarter would have been 22.97%, comparable to preceding quarter.

The Group recorded a profit before tax of RM1.43 million in the current financial quarter, a drop of RM0.48 million or 24.97% compared to RM1.91 million in the preceding financial quarter. The decline was largely caused by foreign exchange loss due to the weakening of the US dollar.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B4. Commentary on Prospects

Malaysia economy expanded by 5.9% in the second quarter of 2024, surpassing Bloomberg consensus' median forecast of 5.8%. This growth brought the expansion rate in the first half of 2024 to 5.1%. The central bank of Malaysia forecasted Malaysian 2024 economy to expand by 4% to 5%. Going forward, exports are expected to be further lifted by the global tech upcycle given Malaysia's position in the semiconductor supply chain, as well as continued strength in non E&E goods. The growth outlook faces potential downside risks, primarily stemming from the escalation of geopolitical tensions, volatility in global financial markets, the sustainability of global supply chains, and inflation stability.

Bank Negara Malaysia ("BNM") is expected to maintain the Overnight Policy Rate, despite the Federal Reserve's rate cut on 18 September 2024. Any policy action will depend on global growth prospects and the impact to Malaysia's external demand. In this context, economists predict the USD/MYR exchange rate will end the year at approximately RM4.20. (*Bernama article 19 September 2024*).

We remain committed to broadening our product offerings and enhancing the level of customer service and support. The Group will continue to focus on improving production capabilities, increasing product quality, and driving both efficiency and productivity along with cost optimization. At the same time, we will actively pursue new business opportunities to expand our client base across a wide range of industries, both domestically and internationally. As the global demand for green or sustainable packaging is on the rise, we see good potential sales growth in the paper pulp moulded packaging products.

By maintaining focus on environmental, social, and governance initiatives, along with ongoing active engagement in business development, the Group aims to attract more new customers and explore additional business opportunities in the near future.

B5. Profit Forecast

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

(The rest of this page has been left blank intentionally)

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B6. Tax Expense

	Individual Quarter ended 31 August		Cumulative Quarter ended 31 August	
	← Unaudited →		← Unaudited →	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Recognised in profit or loss				
Current tax expense				
Current financial period	495	846	495	846
(Over)/ Underprovision in prior year	-	-	-	-
Deferred tax expense				
Current financial period	(95)	81	(95)	81
(Over)/ Underprovision in prior year	-	-	-	-
Total	400	927	400	927
Effective tax rate (%) ⁽¹⁾	27.97	28.86	27.97	28.86

Note:

(1) The effective tax rate for the individual quarter ended 31 August 2024 is higher than the statutory tax rate of 24% mainly due to certain expenses which are not allowed for tax deduction purposes, in particular depreciation for non-qualifying expenditures and share-based payment.

B7. Loans and Borrowings

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

	Unaudited As at 31 August 2024 RM'000	Audited As at 31 May 2024 RM'000
Non-current		
Term loans	14,079	14,365
Lease liabilities	154	179
	14,233	14,544
Current		
Term loans	2,618	2,890
Lease liabilities	97	95
	2,715	2,985
Total	16,948	17,529

All the borrowings are secured and denominated in Ringgit Malaysia.

(The rest of this page has been left blank intentionally)

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**B8. Material Litigation**

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

B9. Dividends

No Interim dividend was declared during the current financial quarter under review.

B10. Basic and Diluted Earnings Per Share**A. Basic earnings per share**

The basic earnings per share for the current financial quarter and cumulative financial quarter ended 31 August 2024 and 31 August 2023 respectively is based on the profit attributable to owners of the Company and weighted average number of Shares as follows:

	Individual Quarter ended 31 August		Cumulative Quarter ended 31 August	
	← Unaudited → 2024	← Unaudited → 2023	← Unaudited → 2024	← Unaudited → 2023
Profit for the financial period attributable to owners of the Company (RM'000)	1,044	2,292	1,044	2,292
Weighted average number of Shares during the financial period ('000)	388,430	388,430	388,430	388,430
Basic earnings per share (sen)	0.27	0.59	0.27	0.59

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.

	Individual Quarter ended 31 August		Cumulative Quarter ended 31 August	
	← Unaudited → 2024	← Unaudited → 2023	← Unaudited → 2024	← Unaudited → 2023
Profit for the financial period attributable to owners of the Company (RM'000)	1,044	2,292	1,044	2,292
Weighted average number of shares during the financial period ('000)	388,430	388,430	388,430	388,430
Effect of dilution from: Share options ('000)	3,000	-	3,000	-
Adjusted weighted average number of shares in issue and issuable ('000)	391,430	388,430	391,430	388,430
Diluted earnings per share (sen)	0.27	0.59	0.27	0.59

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B11. Profit before tax

	Individual Quarter ended 31 August		Cumulative Quarter ended 31 August	
	← Unaudited →	← Unaudited →	← Unaudited →	← Unaudited →
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Material expenses/(income)				
Auditor's remuneration				
- Current year	35	29	35	29
Depreciation of property, plant, and equipment & right-of-use assets	1,268	1,136	1,268	1,136
Directors' remuneration:				
- Directors' fee	150	150	150	150
- Salaries, wages, allowances and bonus	183	182	183	182
- Contributions to defined contribution plan	35	34	35	34
Finance costs:				
- Term loans	197	116	197	116
- Lease liabilities	4	9	4	9
Gain on disposal of property, plant, and equipment	(25)	-	(25)	-
Interest income and fair value gain on Investment from money market	(325)	(305)	(325)	(305)
Rental expenses / Short-term lease rental:				
- Equipment	2	1	2	1
- Warehouse	-	2	-	2
- Hostel	3	-	3	-
(Reversal)/Charge of impairment loss on trade receivables	(139)	-	(139)	-
Staff costs:				
- Salaries, wages, allowances, and bonus	3,320	2,973	3,320	2,973
- Contributions to defined contribution plan	300	268	300	268
- Contributions to social security	47	42	47	42
- Share-based payment expense	344	-	344	-
Unrealised loss/(gain) on foreign exchange	304	(58)	304	(58)
Realised loss/(gain) on foreign exchange	149	(72)	149	(72)

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

(The rest of this page has been left blank intentionally)

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B12. Utilisation of Proceeds Raised from Public Issue

The utilisation of proceeds raised from the Public Issue of approximately 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 RM'000	Actual utilisation RM'000	Balance unutilised amount 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	1,114	2,440	Within 24 months	Within 18 months
Sales and marketing expenses	2,000	-	-	2,000	500	77	423	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	2,097	2,283	-	Within 18 months
Total	31,921	23,487	-	8,434	8,434	3,288	5,146		

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 i.e. up to 19 July 2025 for the utilisation of the remaining 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

17 October 2024