



L&P GLOBAL BERHAD
(formerly known as Berjayapak International Holdings Sdn. Bhd.)
Registration No. 202101028085 (1428385-M)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022**

L&P GLOBAL BERHAD

(formerly known as Berjayapak International Holdings Sdn. Bhd.)

Registration No.: 202101028085 (1428385-M)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED

31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾⁽²⁾

	Note	Individual Quarter		Cumulative Quarter	
		31.12.2022	31.12.2021 ⁽²⁾	31.12.2022	31.12.2021 ⁽³⁾
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	37,741	N/A	150,541	120,924
Cost of sales		<u>(28,214)</u>	<u>N/A</u>	<u>(117,140)</u>	<u>(91,734)</u>
Gross profit		9,527	N/A	33,401	29,190
Other income		445	N/A	1,184	193
Reversal of impairment losses/ (impairment losses) on trade receivables		4	N/A	121	(11)
Administrative expenses		(4,268)	N/A	(10,933)	(7,424)
Selling and distribution expenses		<u>(702)</u>	<u>N/A</u>	<u>(3,024)</u>	<u>(2,392)</u>
Operating profit		5,006	N/A	20,749	19,556
Finance costs		<u>(371)</u>	<u>N/A</u>	<u>(1,460)</u>	<u>(1,356)</u>
Profit before tax	B12	4,635	N/A	19,289	18,200
Tax expense	B5	<u>(1,320)</u>	<u>N/A</u>	<u>(4,553)</u>	<u>(3,870)</u>
Profit after tax		3,315	N/A	14,736	14,330
Foreign currency translation		<u>(354)</u>	<u>N/A</u>	<u>147</u>	<u>497</u>
Total comprehensive income		<u>2,961</u>	<u>N/A</u>	<u>14,883</u>	<u>14,827</u>
Profit for the period attributable to:					
Owners of the Company		<u>3,315</u>	<u>N/A</u>	<u>14,736</u>	<u>14,330</u>
Total comprehensive income for the period attributable to Owners of the Company		<u>2,961</u>	<u>N/A</u>	<u>14,883</u>	<u>14,827</u>
Earnings per Share					
Basic/Diluted (sen)	B11	<u>0.59</u>	<u>N/A</u>	<u>2.63</u>	<u>2.56</u>

Notes:-

N/A Not applicable

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 13 December 2022 in relation to its Initial Public Offering ("IPO") ("Prospectus") and the accompanying explanatory notes attached to this interim financial report.

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- (2) This is the second interim financial report announced in compliance with the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). There are no comparative figures for the preceding year corresponding quarter as no interim financial report was prepared for the comparative financial period concerned.
- (3) The financial information for 12 months ended 31 December 2021 was extracted from the Accountants’ Report dated 13 December 2022 included in the Prospectus.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	Note	Unaudited As at 31.12.2022 RM'000	Audited As at 31.12.2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		17,244	15,523
Right-of-use assets		29,292	4,464
Deferred tax assets		47	52
Other receivables		399	362
		46,982	20,401
Current assets			
Inventories		19,110	19,694
Trade and other receivables		63,214	29,635 ⁽³⁾
Current tax assets		690	967
Cash and bank balances		6,665	3,407
		89,679	53,703
TOTAL ASSETS		136,661	74,104
EQUITY AND LIABILITIES			
EQUITY			
Share capital		73,465	-
Invested equity		-	6,800
Merger reserves		(33,653)	-
Reserves		42,186	32,904
Total Equity Attributable to Owners of the Company		81,998	39,704
LIABILITIES			
Non-current liabilities			
Borrowings	B8	29,533	10,700
Lease liabilities		1,581	2,060
Deferred tax liabilities		1,304	803
Total Non-current liabilities		32,418	13,563
Current liabilities			
Trade and other payables		7,761	8,202
Borrowings	B8	12,637	10,693
Lease liabilities		1,597	1,654
Current tax liabilities		250	288
Total Current Liabilities		22,245	20,837
TOTAL LIABILITIES		54,663	34,400
TOTAL EQUITY AND LIABILITIES		136,661	74,104
Net assets per ordinary share (RM) ⁽²⁾		0.15	5.84

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31 DECEMBER 2022**

Notes:-

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 13 December 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the Company's issued share capital of 560,000,000 ordinary shares as at 31 December 2022 (31 December 2021: 6,800,000 ordinary shares).
- (3) Included an amount of RM32.97 million being net proceeds receivable from its IPO.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾⁽²⁾

	Note	Non-Distributable			Distributable		
		Share Capital RM'000	Invested Equity RM'000	Merger Reserve RM'000	Exchange translation reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
Balance as at 1 January 2022 (Audited)		-	6,800	-	160	32,744	39,704
Profit for financial year		-	-	-	-	14,736	14,736
Other comprehensive income, net of tax		-	-	-	146	-	146
<i>Transactions with owners</i>							
Issuance of ordinary shares		74,354	(6,800)	(33,653)	-	-	33,901
Share issuance expenses		(889)	-	-	-	-	(889)
		73,465	(6,800)	(33,653)	-	-	33,012
Dividend	A8	-	-	-	-	(5,600)	(5,600)
Balance as at 31 December 2022 (Unaudited)		73,465	-	(33,653)	306	41,880	81,998
Balance as at 1 January 2021 (Audited) ⁽³⁾		-	6,800	-	(337)	21,414	27,877
Profit for financial year		-	-	-	-	14,330	14,330
Other comprehensive income, net of tax		-	-	-	497	-	497
Dividend		-	-	-	-	(3,000)	(3,000)
Balance as at 31 December 2021 (Audited)		-	6,800	-	160	32,744	39,704

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2022**

Notes:-

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statement of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 13 December 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) The financial information for 12 months ended 31 December 2021 was extracted from the Accountants' Report dated 13 December 2022 included in the Prospectus.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾⁽²⁾

	Note	Cumulative Quarter	
		31.12.2022 RM'000	31.12.2021 ⁽³⁾ RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		19,289	18,200
Adjustment for:-			
Depreciation of:			
- property, plant and equipment		1,405	965
- right-of-use assets		1,907	1,442
Finance costs		1,460	1,356
Interest income		(77)	(62)
Gain on lease termination		(2)	(1)
(Gain)/Loss on disposal of property, plant and equipment		(21)	8
Provision of impairment loss		178	11
Reversal of impairment loss		(299)	-
Unrealised loss on foreign exchange		784	24
Written off of right-of-use assets		-	444
Operating profit before working capital changes		24,624	22,387
Changes in working capital:-			
Inventories		683	(6,749)
Receivables		(1,251)	(7,717)
Payables		(498)	1,263
Cash generated from operations		23,558	9,184
Income tax paid, net of refund		(3,798)	(3,549)
Interest received		77	62
Interest paid		(1,199)	(1,174)
Net cash from operating activities		18,638	4,523
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,767)	(3,418)
Purchase of right-of-use assets		(25,807)	(132)
Proceeds from disposal of property, plant and equipment		26	88
Net cash used in investing activities		(28,548)	(3,462)

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	Note	Cumulative Quarter	
		31.12.2022 RM'000	31.12.2021 ⁽³⁾ RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	A8	(5,600)	(3,000)
Drawdown of banker's acceptance		84,853	22,120
Drawdown of term loans		26,166	9,342
Issuance of shares		40	-
Repayment of bankers' acceptance		(84,760)	(17,455)
Repayment of term loans		(1,692)	(10,057)
Repayment of lease liabilities		(2,079)	(2,187)
Changes in fixed deposits pledged to licensed banks		129	(7)
Net cash from/(used in) financing activities		17,057	(1,244)
Net changes in cash and cash equivalents		7,147	(183)
Effects of exchange rates changes		(116)	120
Cash and cash equivalents at the beginning of financial period		(484)	(421)
Cash and cash equivalents at the end of financial period		6,547	(484)
Represented by:-			
Cash and bank balances		3,571	3,161
Deposits with financial institutions		3,094	246
As per statement of financial position		6,665	3,407
Less:			
Fixed deposits pledged to licensed banks		(118)	(246)
Bank overdraft		-	(3,645)
Cash and cash equivalents as per consolidated statement of cash flows		6,547	(484)

Notes:-

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statement of Cash Flows are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 13 December 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) The financial information for the 12 months ended 31 December 2021 was extracted from the Accountants' Report dated 13 December 2022 included in the Prospectus.

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING**A1. Basic of Preparation**

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Rule 9.22 of Listing Requirements of Bursa Securities.

This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding year corresponding quarter as no interim financial report was prepared for the comparative financial period concerned.

The interim financial statements should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 13 December 2022. The explanatory notes attached to the interim financial statements 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 financial year ended 31 December 2021.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the Accountants’ Report as disclosed in the Prospectus dated 13 December 2022 except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB but have not been early adopted by the Group:

Title	Effective Date
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendment to MFRS 16 <i>Lease Liability in a Sales and Leaseback</i>	1 January 2024
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 Comparative Information</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

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A3. Auditors' Report on Preceding Annual Financial Statements

The Company was incorporated as a private limited liability company pursuant to the Companies Act 2016 under the name of Berjayapak International Holdings Sdn. Bhd.. On 27 January 2022, the Company changed its name to L&P Global Sdn. Bhd. and assumed the name of L&P Global Berhad on 22 March 2022 following conversion of its legal form to a public limited liability company.

The audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2021 were not subject to any qualification. The preceding audited combined financial statements of the Group are prepared based on combination or aggregation of all of the audited financial statements of respective companies of the Group.

A4. Seasonal or Cyclical Factors

The business operations of the Group during the current financial quarter under review have not been materially affected by any seasonal or cyclical factors.

A5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items or incidence which may or has substantially affect the value of assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

A6. Material Changes in Estimates

There were no material changes in estimates that have a material effect on the results of the current financial quarter under review.

A7. Debt and Equity Securities

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

Acquisition of Berjayapak Sdn Bhd ("BSB")

On 15 March 2022, our Company entered into a conditional share sale agreement to acquire the entire issued share capital of BSB of RM6,800,000 comprising 6,800,000 ordinary shares in BSB for a total purchase consideration of RM40,453,499.10. The purchase consideration was entirely satisfied by the issuance of 446,999,990 new ordinary shares in our Company ("**Share(s)**") at an issue price of RM0.0905 per Share.

The purchase consideration of RM40,453,499.10 was arrived at on a willing buyer-willing seller basis and after taking into account the audited net assets of BSB as at 31 December 2021 of RM40.45 million.

The acquisition of BSB was completed on 9 November 2022 and BSB subsequently became a wholly-owned subsidiary of the Company.

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A7. Debt and Equity Securities (Continue)**IPO**

On December 29, 2022, the Company issued a total of 113,000,000 new ordinary shares at an issue price of RM0.30 per share in conjunction with its IPO. Thereafter, the Company's enlarged share capital of 560,000,000 ordinary shares were listed on the ACE Market of Bursa Securities on 3 January 2023.

A8. Dividend Paid

BSB declared a first interim single-tier dividend of approximately RM0.82 per ordinary share amounting to RM5.60 million for the financial year ending 31 December 2022 to the registered shareholders whose names appear in the Register of Members on 31 July 2022. The payment of the said dividend was completed on 8 November 2022. The dividend represents 38.00% of the profit after tax which is in line with our dividend policy of between 20% to 50%.

Save as disclosed above, no dividend has been declared or paid during the current financial quarter under review.

A9. Segmental Reporting

The Group is principally involved in provision of integrated industrial packaging solutions. Its operating segments are presented based on the geographical location of its customers. The Executive Directors assess the performance of the reportable segments based on their profit before taxation.

The accounting policies of the reportable segments are the same as the accounting policies of the Group.

Each reportable segment assets is measured based on all assets of the segment other than tax-related assets.

Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.

Transaction between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

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A9. Segmental Reporting (Continue)

1 October 2022 to 31 December 2022	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	30,293	7,448	37,741
Inter-segment revenue	-	-	-
Total revenue	<u>30,293</u>	<u>7,448</u>	<u>37,741</u>
Interest income	12	2	14
Finance costs	<u>(350)</u>	<u>(21)</u>	<u>(371)</u>
Net finance costs	<u>(338)</u>	<u>(19)</u>	<u>(357)</u>
Segment profit before income tax	2,169	2,466	4,635
Other material non-cash items:			
Depreciation of property, plant and equipment	(330)	(22)	(352)
Depreciation of right-of-use assets	(349)	(180)	(529)
Reversal of impairment of trade and other receivables - net	<u>4</u>	<u>-</u>	<u>4</u>
Additions to capital expenditures	<u>499</u>	<u>48</u>	<u>547</u>

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A9. Segmental Reporting (Continue)

1 January 2022 to 31 December 2022	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	122,476	28,065	150,541
Inter-segment revenue	-	-	-
Total revenue	122,476	28,065	150,541
Interest income	61	16	77
Finance costs	(1,357)	(103)	(1,460)
Net finance costs	(1,296)	(87)	(1,383)
Segment profit before income tax	10,619	8,670	19,289
Other material non-cash items:			
Depreciation of property, plant and equipment	(1,280)	(125)	(1,405)
Depreciation of right-of-use assets	(1,189)	(718)	(1,907)
Reversal of impairment of trade and other receivables - net	121	-	121
Segment assets	124,076	11,848	135,924
Current tax assets			690
Deferred tax assets			47
			136,661
Segment liabilities	49,965	3,144	53,109
Deferred tax liabilities			1,304
Current tax liabilities			250
			54,663
Additions to capital expenditures	29,860	73	29,933

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1 January 2021 to 31 December 2021	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	94,885	26,039	120,924
Inter-segment revenue	-	-	-
Total revenue	94,885	26,039	120,924
Interest income	-	62	62
Finance costs	(1,309)	(47)	(1,356)
Net finance costs	(1,309)	15	(1,294)
Segment profit before income tax	10,310	7,890	18,200
Other material non-cash items:			
Depreciation of property, plant and equipment	(809)	(156)	(965)
Depreciation of right-of-use assets	(769)	(673)	(1,442)
Impairment losses of trade and other receivables - net	(11)	-	(11)
Segment assets	60,105	12,980	73,085
Current tax assets			967
Deferred tax assets			52
			74,104
Segment liabilities	28,760	4,549	33,309
Deferred tax liabilities			803
Current tax liabilities			288
			34,400
Additions to capital expenditures	4,380	-	4,380

Notes:-

This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding year corresponding quarter presented as no interim financial report was prepared for the comparative financial period concerned.

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A10. Valuation of Property, Plant and Equipment

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

A11. Material Subsequent Events

Save as disclosed below, there are no other material events subsequent to the end of the current reporting quarter.

IPO

The Company has on 3 January 2023 successfully listed its entire issued share capital of RM74,353,509 comprising 560,000,000 ordinary shares on the ACE Market of Bursa Securities.

Employees' Share Option Scheme ("ESOS" or "Scheme")

ESOS of the Company has taken effect on 29 December 2022, after obtaining all the required approvals and complying with the relevant provisions of the Listing Requirements. The objective of the ESOS is primarily to serve as a long-term incentive plan to reward eligible persons and to align their interest with the corporate goals and objectives of the Group.

On 3 January, 2023, the Company offered 11,200,000 share options under the Scheme to eligible persons with an exercise price of RM0.30 per share, representing 2% of the enlarged share capital of 560,000,000 ordinary shares upon listing. The maximum number of new shares which may be made available under the Scheme shall not in aggregate exceed ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the Scheme.

A12. Changes in Composition of the Group

Save as disclosed in A7, there were no changes in the composition of the Group during the current period under review.

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A13. Contingent Liabilities

	<u>Unaudited</u> As at 31.12.2022 RM'000	<u>Audited</u> As at 31.12.2021 RM'000
Unsecured		
Corporate guarantee given to a bank for credit facilities granted to BSB	42,850	34,300

The corporate guarantee is given to financial institution as one of the securities in relation to banking facility granted to BSB.

The Group designates corporate guarantee given to bank for credit facility granted to BSB as insurance contract as defined in MFRS 4 *Insurance Contracts*. The Group recognises this insurance contract as recognised insurance liability when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

The Directors are of the view that the chance for the financial institution to call upon the corporate guarantee is remote. Accordingly, the Directors have estimated the financial impact of the guarantee as at 31 December 2022 to be insignificant.

A14. Related Party Transactions Disclosures

There were no related party transactions during the current financial quarter under review.

A15. Capital Commitments

There were no capital commitments during the current financial quarter under review.

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B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKETING LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B1. Review of Performance**

The Group's revenue by business activities for the quarter and year ended 31 December 2022 is as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2022	31.12.2021 ⁽¹⁾	31.12.2022	31.12.2021 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Boxes and Crates	28,648	N/A	106,668	83,262
Pallets	8,096	N/A	39,427	32,939
Circular Supply Services	332	N/A	1,261	1,554
Trading	665	N/A	3,185	3,169
	<u>37,741</u>	<u>N/A</u>	<u>150,541</u>	<u>120,924</u>

For the current financial quarter under review, the Group registered revenue of RM37.74 million. Boxes and crates and pallets contributed 75.91% and 21.45% of total revenue respectively. Likewise, the Group registered revenue of RM150.54 million for the financial year ended ("FYE") 31 December 2022 (FYE 2021: RM120.92 million), of which boxes and crates and pallets contributed 70.86% (FYE 2021: 68.85%) and 26.19% (FYE 2021: 27.24%) of total revenue respectively. There were no significant changes in product mix.

The increase in revenue for the FYE 2022 was mainly attributable to the increase in revenue generated from the followings:

- increase in demand from our existing customers subsequent to their facilities expansions;
- additional new models allocated to the Group to cater for the requirements of different range of customers' products; and
- price adjustments to accommodate for the increase in cost of raw material.

The Group's gross profit ("GP") for the FYE 2022 increased by RM4.21 million or 14.42% to RM33.40 million (FYE 2021: RM29.19 million). However, the Group's GP margin reduced to 22.19% (FYE: 24.14%) for the current financial year under review. This was mainly due to the followings:

- the increase in cost of raw materials as a result of increase in timber price per tonne and strengthening of United States Dollar against Ringgit Malaysia; and
- increase in factory overhead as a result of:
 - increase in indirect labour cost as workforce for production support was increased as part of the Group's strategies in optimising production processes to cater for upcoming business expansion plan and expected increase in revenue; and
 - increase in depreciation expenses for Perai Branch and Kulim Branch.

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In addition, the Group's administrative expenses increased to RM10.93 million (FYE 2021: RM7.42 million) for the year under review. This was mainly due to:

- (a) the one-off expenses of approximately RM2.73 million incurred for IPO corporate exercise and legal fee (including stamp duty) incurred to obtain banking facilities for the acquisition of Perai Branch and Kulim Branch; and
- (b) the recognition of unrealised loss in foreign exchange of RM0.78 million (FYE 2021: RM0.02 million).

Likewise, for the financial year under review, the Group's profit before tax ("**PBT**") margin and profit after tax ("**PAT**") margin reduced to 12.81% (FYE 2021: 15.05%) and 9.79% (FYE 2021: 11.85%) respectively.

Excluding the RM2.73 million one-off expenses, the Group's PBT and PAT would have been RM22.02 million (PBT Margin: ~~16.16~~14.63%) and RM17.47 million (PAT Margin: ~~14.63~~11.60%) respectively.

Notes:

N/A – Not Applicable

- (1) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding year corresponding quarter presented as no interim financial report was prepared for the comparative financial period concerned.
- (2) The financial information for 12 months ended 31 December 2021 was extracted from the Accountants' Report dated 13 December 2022 included in the Prospectus.

B2. Comparison with Immediate Preceding Quarter Results

Description	Current Quarter	Immediate Preceding Quarter	Changes
	31 December 2022	30 September 2022	
	RM'000	RM'000	%
Revenue	37,741	41,998	(10.14)
Profit Before Tax	4,635	6,014	(22.80)

The Group's revenue for the current financial quarter ended 31 December 2022 decreased by RM4.26 million or 10.14% to RM37.74 million as compared to RM42.00 million in the preceding financial quarter ended 30 September 2022. This was mainly due to slowdown in demand as customers scheduled vacation shutdown and undertaken inventory adjustment.

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B2. Comparison with Immediate Preceding Quarter Results (Continue)

Profit before tax of the Group reduced by RM1.37 million to RM4.64 million for the current quarter under review (Quarter ended 30 September 2022: RM6.01million). This was mainly derived from the followings:

- (a) the unrealised loss in foreign exchange of RM0.81 million accounted for in the current quarter (Quarter ended 30 September 2022: -); and
- (b) increase in one-off expenses incurred on IPO (Quarter ended 31 December 2022: RM1.47 million; Quarter ended 30 September 2022: RM0.89 million).

The Group's PBT for the quarter ended 31 December 2022 and 30 September 2022 would have been RM6.11 million (PBT Margin: 16.19%) and RM6.90 million (PBT Margin: 16.43%) respectively after adjusted for such one-off expenses.

B3. Prospects of the Group

Barring any unforeseen impacts that may arise from the uncertain global economy affected by geopolitical tension, persistent inflationary pressure and possibility of economic recession, the Board of Directors is optimistic about the future prospects of the Group taking into consideration our competitive strengths and business strategies.

Over the next three years, as disclosed in Sections 6.8 of the Company's Prospectus dated 13 December 2022, the Group will focus on expanding our business and operations in Malaysia namely Perai, Penang; Kulim, Kedah; Johor; Klang Valley; and Singapore.

With the increase in production capacity, the Group is well-positioned to capture opportunities arising from the expected increasing demand from existing customers as well as new customers. The Group is cautiously optimistic that the escalating US-China trade tension is expected to drive multinational companies ("MNCs") in setting up manufacturing facilities in Malaysia and Vietnam, which will be beneficial for L&P Group's business growth in these 2 markets.

Nevertheless, the Group will continue its marketing efforts in Vietnam to secure new customers and will expand its operations in Vietnam when substantial additional orders are secured.

B4. Variance of Actual Profits from Forecast Profits

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

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B5. Tax Expense

	Individual Quarter		Cumulative Period	
	31.12.2022	31.12.2021 ⁽¹⁾	31.12.2022	31.12.2021 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Tax expense				
- Current period	1,320	N/A	4,553	3,870
Effective tax rate (%)	28.48	N/A	23.60	21.26
Statutory tax rate (%)	24.00	N/A	24.00	24.00

The Group's effective tax rates were lower than the statutory tax rate of 24%, which was mainly due to taxable income generated from Berjayapak Vietnam Company Limited ("BV") is entitled for a 50% corporate tax exemption as incentive for investment in industrial zone. Under such incentive, BV is exempted from corporate income tax ("CIT") for 2 years from the first year generating taxable income (2019-2020) and reduced 50% of CIT in the 4 succeeding years (2021-2024).

This was however offset by the followings:

- (a) the increase in deferred tax liabilities as a result of temporary differences between accounting depreciation and corresponding tax allowances arising mainly from the acquisition of leasehold properties at Perai and Kulim which was completed in July 2022; and
- (b) The unrealised loss on foreign exchange of RM0.81 million and RM0.78 million incurred in the current quarter and financial year ended 31 December 2022 respectively, which is non-deductible.

Notes:

N/A – Not Applicable

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B6. Status of Corporate Proposals

There were no corporate proposals announced by the Company but not completed as at the date of this unaudited interim financial report.

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As at the date of this interim financial report, the status of utilisation of proceeds of RM33.90 million raised from the IPO is as follows:

Purpose	Proposed utilisation		Actual utilisation RM'000	Balance to utilise RM'000	Estimated timeframe for utilisation upon listing
	RM'000	%			
Capital expenditure	10,000	29.50	-	10,000	Within 36 months
Business expansion	2,000	5.90	-	2,000	Within 36 months
Repayment of borrowings	5,000	14.75	5,000	-	Within 6 months
Working capital	13,000	38.35	4,000	9,000	Within 12 months
Estimated listing expenses	3,900	11.50	3,900	-	Within 3 months
Total	33,900	100.00	12,900	21,000	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 13 December 2022.

B8. Loans and Borrowings

The Group's loans and borrowings were as follows:

<u>Secured</u>	<u>As at 31.12.22</u>	<u>As at 31.12.21</u>
	RM'000	RM'000
Current		
Bank overdrafts	-	3,645
Bankers' acceptance in MYR	2,334	6,015
Bankers' acceptance in USD	3,628	-
Revolving credits	4,000	-
Term loans	2,675	1,033
Total	12,637	10,693
Non-current		
Term loans	29,533	10,700

B9. Material Litigation

There was no material litigation or arbitration which have a material effect on the financial position of the Group. The Board of Directors is not aware of any pending proceedings or of any fact likely to give rise to any proceedings as at the date of this interim financial report.

B10. Proposed Dividend

No dividend has been declared or recommended for payment by the Board during the financial quarter under review.

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B11. Earnings Per Share (“EPS”)

	Individual Quarter		Cumulative Quarter	
	31.12.2022	31.12.2021 ⁽¹⁾	31.12.2022	31.12.2021 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Consolidated profit for the financial period / year attributable to equity holders of the parent	3,315	N/A	14,736	14,330
Number of ordinary shares ('000)	560,000	N/A	560,000	560,000
Basic/diluted EPS (sen)	<u>0.59</u>	<u>N/A</u>	<u>2.63</u>	<u>2,56</u>

Basic earnings per share and diluted earnings per share are calculated based on the consolidated profit attributable to owners of the Company divided by 560,000,000 ordinary shares in issue as at 31 December 2022 (31 December 2021: assumed number of shares in issue after IPO). There are no dilutive instruments at the end of the financial year/period.

Notes:

N/A – Not Applicable

(1) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding year corresponding quarter presented as no interim financial report was prepared for the comparative financial period concerned.

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Profit before tax for the period has been arrived at after (crediting) / charging:

	Individual Quarter		Cumulative Quarter	
	31.12.2022 RM'000	31.12.2021 ⁽¹⁾ RM'000	31.12.2022 RM'000	31.12.2021 ⁽²⁾ RM'000
Depreciation of:				
- property, plant and equipment	352	N/A	1,405	965
- right-of-use assets	529	N/A	1,907	1,442
Interest expenses:				
-bankers' acceptance	60	N/A	533	119
-bank overdrafts	-	N/A	63	313
-lease liabilities	59	N/A	261	182
-revolving credit	30	N/A	30	-
-term loans	222	N/A	573	742
Written off of right-of-use assets	-	-	-	444
Gain on lease termination	-	N/A	(2)	(1)
(Gain)/ Loss on disposal of property, plant and equipment	(22)	N/A	(21)	8
Provision of impairment loss	-	N/A	178	11
Reversal of impairment loss	(4)	N/A	(299)	-
Loss/(Gain) on foreign exchange				
- Realised	(409)	N/A	(1,084)	(87)
- Unrealised	810	N/A	784	24
Interest Income	(14)	N/A	(77)	(62)

Notes:-

N/A – Not Applicable

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BY ORDER OF THE BOARD**L&P GLOBAL BERHAD****27/2/2023**