



L&P GLOBAL BERHAD
Registration No. 202101028085 (1428385-M)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

L&P GLOBAL BERHAD

Registration No.: 202101028085 (1428385-M)

*(Incorporated in Malaysia)*UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
OTHER COMPREHENSIVE INCOME ⁽¹⁾**

	Note	Individual Quarter		Cumulative Quarter	
		30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Revenue	A9	45,598	41,998	123,122	112,800
Cost of sales		<u>(34,623)</u>	<u>(32,460)</u>	<u>(94,691)</u>	<u>(88,926)</u>
Gross profit		10,975	9,538	28,431	23,874
Other income		532	589	2,055	857
Reversal of impairment of trade and other receivable - net		-	-	109	-
Administrative expenses		(3,348)	(2,766)	(8,343)	(6,666)
Selling and distribution expenses		<u>(870)</u>	<u>(885)</u>	<u>(2,535)</u>	<u>(2,322)</u>
Operating profit		7,289	6,476	19,717	15,743
Finance costs		<u>(292)</u>	<u>(462)</u>	<u>(929)</u>	<u>(1,089)</u>
Profit before tax	B13	6,997	6,014	18,788	14,654
Tax expense	B5	<u>(608)</u>	<u>(1,372)</u>	<u>(3,091)</u>	<u>(3,233)</u>
Profit after tax		6,389	4,642	15,697	11,421
Foreign currency translation		<u>(308)</u>	<u>222</u>	<u>353</u>	<u>501</u>
Total comprehensive income		<u>6,081</u>	<u>4,864</u>	<u>16,050</u>	<u>11,922</u>
Profit for the period attributable to owners of the Company		<u>6,389</u>	<u>4,642</u>	<u>15,697</u>	<u>11,421</u>
Total comprehensive income for the period attributable to owners of of the Company		<u>6,081</u>	<u>4,864</u>	<u>16,050</u>	<u>11,922</u>
Earnings per ordinary share attributable to owners of the Company					
Basic (sen)	B12	<u>1.14</u>	<u>0.83</u>	<u>2.80</u>	<u>2.04</u>
Diluted (sen)	B12	<u>1.12</u>	<u>0.81</u>	<u>2.75</u>	<u>2.00</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 audited financial statement for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

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*(Incorporated in Malaysia)*UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾**

	Note	Unaudited As at 30.09.2023 RM'000	Audited As at 31.12.2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		20,498	17,244
Right-of-use assets		29,601	29,292
Deferred tax assets		49	47
Other receivables		414	399
		50,562	46,982
Current assets			
Inventories		13,411	19,110
Trade and other receivables		41,577	63,214 ⁽³⁾
Current tax assets		2,103	1,418
Cash and bank balances		37,052	6,665
		94,143	90,407
TOTAL ASSETS		144,705	137,389
EQUITY AND LIABILITIES			
EQUITY			
Share capital		73,465	73,465
Reserves		22,190	8,533
Total Equity Attributable to Owners of the Company		95,655	81,998
LIABILITIES			
Non-current liabilities			
Borrowings	B8	26,913	29,569
Lease liabilities		2,992	1,562
Deferred tax liabilities		1,304	1,304
Total Non-current liabilities		31,209	32,435
Current liabilities			
Trade and other payables		11,798	7,761
Borrowings	B8	2,222	12,601
Lease liabilities		1,108	1,616
Current tax liabilities		2,713	978
Total Current Liabilities		17,841	22,956
TOTAL LIABILITIES		49,050	55,391
TOTAL EQUITY AND LIABILITIES		144,705	137,389
Net assets per ordinary share (RM) ⁽²⁾		0.17	0.15

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30 SEPTEMBER 2023**

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 audited financial statement for the financial year ended 31 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 at the end of the reporting quarter/year.
- (3) Trade and other receivables as at 31 December 2022 included an amount of RM32.97 million being net proceeds receivable from its IPO.

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*(Incorporated in Malaysia)*UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾**

	Note	Non-Distributable			Equity-settled employee benefits reserve RM'000	Distributable	
		Share Capital RM'000	Merger Reserve RM'000	Exchange translation reserve RM'000		Retained Earnings RM'000	Total Equity RM'000
Balance as at 1 January 2023 (Audited)		73,465	(33,653)	306	-	41,880	81,998
Profit for financial period		-	-	-	-	15,697	15,697
Other comprehensive income, net of tax		-	-	352	-	-	352
Dividend	A8					(2,800)	(2,800)
Recognition of equity-settled share-based payments pursuant to ESOS ⁽²⁾		-	-	-	408	-	408
Balance as at 30 September 2023 (Unaudited)		73,465	(33,653)	658	408	54,777	95,655

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 audited financial statement for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) ESOS – Employees' Share Option Scheme

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*(Incorporated in Malaysia)*UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾⁽²⁾**

	Cumulative Quarter	
	30.09.2023	30.09.2022
Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	18,788	14,654
Adjustment for:-		
Depreciation of:		
- property, plant and equipment	1,186	1,053
- right-of-use assets	1,565	1,378
Finance costs	929	1,089
Interest income	(979)	(63)
Gain on lease termination	-	(2)
Loss on disposal of property, plant and equipment	22	1
Provision of impairment loss	69	182
Reversal of impairment loss	(178)	(299)
Equity-settled share-based payments	408	-
Unrealised gain on foreign exchange	(225)	-
Operating profit before working capital changes	21,585	17,993
Changes in working capital:-		
Inventories	5,789	(4,946)
Receivables	(10,833)	(6,201)
Payables	1,143	(304)
Cash generated from operations	17,684	6,542
Income tax paid, net of refund	(1,992)	(3,158)
Interest received	979	63
Interest paid	(767)	(887)
Net cash from operating activities	15,904	2,560
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,254)	(2,329)
Purchase of right-of-use assets	(2,146)	(25,797)
Placement of fixed deposits more than 3 months	(19,370)	-
Proceeds from disposal of property, plant and equipment	133	4
Net cash used in investing activities	(25,637)	(28,122)

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	Cumulative Quarter	
	30.09.2023	30.09.2022
Note	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares	32,971	-
Drawdown of bankers' acceptance	-	75,650
Drawdown of term loans	-	22,018
Drawdown of lease liabilities	2,146	-
Repayment of bankers' acceptance	(5,961)	(60,429)
Repayment of term loans	(7,074)	(1,084)
Repayment of lease liabilities	(1,441)	(1,606)
Changes in fixed deposits pledged to licensed banks	118	131
Net cash from financing activities	20,759	34,680
Net changes in cash and cash equivalents	11,026	9,118
Effects of exchange rates changes	(3)	95
Cash and cash equivalents at the beginning of financial period	3,571	(484)
Cash and cash equivalents at the end of financial period	14,594	8,729
Represented by:-		
Cash and bank balances	10,686	8,729
Deposits with financial institutions	26,366	115
As per statement of financial position	37,052	8,844
Less:		
Fixed deposits pledged to licensed banks	-	(115)
Placement of fixed deposits more than 3 months	(22,458)	-
Cash and cash equivalents as per consolidated statement of cash flows	14,594	8,729

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 audited financial statement for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

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*(Incorporated in Malaysia)*UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2023**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.

The interim financial statements should be read in conjunction with the audited financial statement for the financial year ended 31 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 2022.

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 audited financial statement for the financial year ended 31 December 2022 except for the adoption of the following new MFRSs and amendments to MFRSs that have been issued by the MASB:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 – Comparative Information (Amendments to MFRS 17 Insurance Contracts)</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)</i>	1 January 2023
<i>International Tax Reform-Pillar Two Model Rule (Amendments to MFRS 112 Income Taxes)</i>	2 June 2023

The adoption of the above amendments to MFRSs do not have a material impact on the financial statements of the Group.

A3. Auditors’ Report on Preceding Annual Financial Statements

The audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2022 were not subject to any qualification.

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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

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

A8. Dividend Paid

Save as disclosed in Note B11, 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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30 SEPTEMBER 2023**A9. Segmental Reporting (Continue)**

1 July 2023 to 30 September 2023	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	38,206	7,392	45,598
Inter-segment revenue	-	-	-
Total revenue	<u>38,206</u>	<u>7,392</u>	<u>45,598</u>
Interest income	319	8	327
Finance costs	<u>(255)</u>	<u>(37)</u>	<u>(292)</u>
Net finance income/(costs)	<u>64</u>	<u>(29)</u>	<u>35</u>
Segment profit before income tax	4,594	2,403	6,997
Other material non-cash items:			
Depreciation of property, plant and equipment	(410)	(25)	(435)
Depreciation of right-of-use assets	(333)	(183)	(516)
Reversal of impairment of trade and other receivable - net	-	-	-
Additions to capital expenditures	<u>2,210</u>	<u>12</u>	<u>2,222</u>

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1 January 2023 to 30 September 2023	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	101,699	21,423	123,122
Inter-segment revenue	-	-	-
Total revenue	<u>101,699</u>	<u>21,423</u>	<u>123,122</u>
Interest income	821	158	979
Finance costs	<u>(860)</u>	<u>(69)</u>	<u>(929)</u>
Net finance income/(costs)	<u>(39)</u>	<u>89</u>	<u>50</u>
Segment profit before income tax	12,040	6,748	18,788
Other material non-cash items:			
Depreciation of property, plant and equipment	(1,108)	(78)	(1,186)
Depreciation of right-of-use assets	(1,020)	(545)	(1,565)
Reversal of impairment of trade and other receivable - net	<u>109</u>	<u>-</u>	<u>109</u>
Segment assets	129,667	12,886	142,553
Income tax assets	10	2,142	<u>2,152</u>
			<u>144,705</u>
Segment liabilities	38,697	6,336	45,033
Income tax liabilities	3,719	298	<u>4,017</u>
			<u>49,050</u>
Additions to capital expenditures	<u>4,236</u>	<u>18</u>	<u>4,254</u>
1 July 2022 to 30 September 2022	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	34,568	7,430	41,998
Inter-segment revenue	-	-	-
Total revenue	<u>34,568</u>	<u>7,430</u>	<u>41,998</u>
Interest income	2	4	6
Finance costs	<u>(437)</u>	<u>(25)</u>	<u>(462)</u>
Net finance costs	<u>(435)</u>	<u>(21)</u>	<u>(456)</u>
Segment profit before income tax	3,571	2,443	6,014
Other material non-cash items:			
Depreciation of property, plant and equipment	(345)	(54)	(399)
Depreciation of right-of-use assets	(238)	(183)	(421)
Reversal of impairment of trade and other receivable - net	<u>117</u>	<u>-</u>	<u>117</u>
Additions to capital expenditures	<u>25,243</u>	<u>-</u>	<u>25,243</u>

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*(Incorporated in Malaysia)***UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED
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1 January 2022 to 30 September 2022	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	92,183	20,617	112,800
Inter-segment revenue	-	-	-
Total revenue	<u>92,183</u>	<u>20,617</u>	<u>112,800</u>
Interest income	49	14	63
Finance costs	<u>(1,007)</u>	<u>(82)</u>	<u>(1,089)</u>
Net finance costs	<u>(958)</u>	<u>(68)</u>	<u>(1,026)</u>
Segment profit before income tax	8,450	6,204	14,654
Other material non-cash items:			
Depreciation of property, plant and equipment	(950)	(103)	(1,053)
Depreciation of right-of-use assets	(840)	(538)	(1,378)
Reversal of impairment of trade and other receivable - net	<u>117</u>	<u>-</u>	<u>117</u>
Segment assets	106,582	10,631	117,213
Income tax assets			<u>1,795</u>
			<u>119,008</u>
Segment liabilities	67,586	3,505	71,091
Income tax liabilities			<u>1,891</u>
			<u>72,982</u>
Additions to capital expenditures	<u>29,361</u>	<u>25</u>	<u>29,386</u>

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

On 7 August 2023, BSB had entered into a Sale and Purchase Agreement with Indahpura Jaya Development Sdn. Bhd. for the acquisition of the Kulai Branch, which consists of a piece of land held under Lot 58876, Kawasan Perindustrian Indahpura, Negeri Johor measuring approximately 2,166 square meters in area together with single storey detached factory with double storey office bearing the assessment address No.3386, Jalan Pekeliling Tanjung 27/2, Kawasan Perindustrian Indahpura, 81000 Kulai, Johor for a purchase consideration of RM4,000,000, which has been fully paid as of 13 October 2023. As at 21 November 2023, the acquisition of the said property is in the process of ownership transfer at Pejabat Tanah Johor Bahru.

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There were no changes in the composition of the Group during the current period under review.

A13. Contingent Liabilities

	<u>Unaudited</u> As at 30.09.2023 RM'000	<u>Audited</u> As at 31.12.2022 RM'000
Unsecured		
Corporate guarantee given to a bank for credit facilities granted to BSB	90,750	90,750

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 30 September 2023 to be insignificant.

A14. Related Party Transactions Disclosures

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

A15. Capital Commitments

	<u>Unaudited</u> As at 30.09.2023 RM'000	<u>Audited</u> As at 31.12.2022 RM'000
Capital expenditure in respect of purchase of property, plant and equipment and right-of-use assets:		
- contracted but not provided for	3,600	839

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REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Performance**

The Group's revenue by business activities for the quarter and financial period ended 30 September 2023 is as follows:

	Individual Quarter		Cumulative Quarter	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Boxes and Crates	27,567	28,410	78,510	78,020
Pallets	16,735	12,292	40,989	31,331
Circular Supply				
Services	797	327	1,725	929
Trading	499	969	1,898	2,520
	<u>45,598</u>	<u>41,998</u>	<u>123,122</u>	<u>112,800</u>

For the current financial quarter under review, the Group registered revenue of RM45.60 million (Q3 2022: RM42.00 million), of which boxes and crates and pallets contributed 60.46% (Q3 2022: 67.68%) and 36.70% (Q3 2022: 29.27%) of total revenue respectively, while for the nine months financial period ended ("FPE") 30 September 2023, the Group registered revenue of RM123.12 million (FPE 2022: RM112.80 million), of which boxes and crates and pallets contributed 63.77% (FPE 2022: 69.17%) and 33.29% (27.78%) of total revenue respectively. The increase in sales was mainly attributed to the increased in the sales of pallets as a result of increased in demand from existing and new customers in the renewable energy industry.

The Group recorded Gross Profit ("GP") of RM10.98 million for the current financial quarter under review (Q3 2022: RM9.54 million). GP margin increased to 24.07% (Q3 2022: 22.71%) as a result of increase in revenue and a modest decrease in average timber price per tonne. For the nine months period ended 30 September 2023, the Group achieved a GP of RM28.43 million and GP margin of 23.09% (FPE 2022: RM23.87 million, 21.16%).

Likewise, the Group achieved Profit Before Tax ("PBT") of RM7.00 million for the financial quarter under review (Q3 2022: RM6.01 million) and RM18.79 million for the FPE 2023 (FPE 2022: RM14.65 million) despite the recognition of equity-settled share-based payment arising from the grant of share options to eligible persons under the Company's Employee Share Option Scheme of RM0.13 million and RM0.39 million respectively for the financial quarter under review and for the FPE 2023 (Q3 2022 & FPE 2022: nil). PBT margin increased to 15.34% for the financial quarter under review (Q3 2022: 14.32%) and 15.26% for the FPE 2023 (FPE 2022: 12.99%).

The Profit After Tax ("PAT") for the financial quarter under review and FPE 2023 increased to RM6.39 million (Q3 2022: RM4.64 million) and RM15.70 million (FPE 2022: RM11.42 million) respectively mainly due to higher GP recorded for Q3 2023 and FPE 2023, and overprovision of taxation amounted to RM1.20 million for FYE 2022 (Note B5). PAT margin for the FPE 2023 improved to 12.75% (FPE 2022: 10.13%).

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Description	Current Quarter	Immediate Preceding Quarter	Changes
	30 September 2023	30 June 2023	
	RM'000	RM'000	%
Revenue	45,598	39,590	15.18
Gross Profit	10,975	9,420	16.51
Profit Before Tax	6,997	6,726	4.03

Revenue for the current financial quarter increased by RM6.01 million to RM45.60 million as compared to the immediate preceding quarter (Q2 2023: RM39.59 million). This is mainly due to increase in sales of pallets as a result of increased demand from our customers in the renewable energy industry.

Likewise, GP for the current quarter under review increased by RM1.56 million to RM10.98 million (Q2 2023: RM9.42 million) and GP margin increased to 24.07% (Q2 2023: 23.79%). There was no significant change in GP margin.

However, the Group registered PBT of RM7.00 million for the current financial quarter under review (Q2 2023: RM6.73 million) and PBT margin reduced to 15.34% (Q2 2023: 16.99%) mainly due to the recognition of unrealised loss on foreign exchange of RM0.19 million as compared to the recognition of unrealised gain on foreign exchange of RM0.30 million for the immediate preceding quarter.

B3. Prospects of the Group

Due to the global economic uncertainty, the Group will prioritise its expansion plans for the existing Sungai Bakap Factory, Perai Branch and Kulai Branch over the other new factories as per its current business strategies. In conjunction with that, the Company has also extended the timeline of its expansion plan for some of the branches in Malaysia and on 28 July 2023 announced the variation to the utilisation of proceeds raised from the IPO.

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 when the electronics / semiconductor industry pick up the momentum again. The Group believed that the escalating US-China trade tension is expected to drive multinational companies 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 persistently carry on its marketing efforts in Vietnam to lay the groundwork for potential business growth.

The Group will monitor closely the evolving global economic landscape, foreign exchange and interest rate risk, in order to mitigate any adverse impact to the Group's performance. Nonetheless, the Board of Directors is pleased to inform that the cumulative nine months financial results for the period ended 30 September 2023 (PAT: RM15.70 million) have already surpassed the full year financial results for the year ended 31 December 2022 (PAT: RM14.74 million), despite the prevailing global economy uncertainty.

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

B5. Tax Expense

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Tax expense				
- Current period	608	1,372	3,091	3,233
Effective tax rate (%)	8.69	22.81	16.45	22.06
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The Group's effective tax rates were lower than the statutory tax rate of 24%, which was mainly due to overprovision of tax payable amount to RM1.20 million for financial year ended 2022 reflected in current financial quarter. Without the impact of this RM1.20 million, the Group's effective tax rates for the FPE 2023 will be 22.84% (FPE 2022: 22.06%).

B6. Status of Corporate Proposals

Saved as disclosed below, there were no corporate proposals undertaken but not completed as at the date of this interim financial report.

On 13 June 2023, on behalf of the Board of Directors of L&P Global ("**Board**"), Alliance Islamic Bank Berhad ("**AIS**") announced that the Company proposed to undertake the following:

- (i) proposed transfer of the listing and quotation of the entire issued share capital of the Company from the ACE Market to Main Market of Bursa Securities ("**Proposed Transfer**"); and
- (ii) proposed amendments to the Constitution of the Company to facilitate the implementation of the Proposed Transfer ("**Proposed Amendments**").

The application for the Proposed Transfer has been submitted to the Securities Commission Malaysia ("**SC**") on 16 August 2023.

The Proposed Amendment has been approved by the shareholders of L&P Global at the Extraordinary General Meeting held on 25 September 2023. Barring any unforeseen circumstances and subject to the relevant approvals being obtained from the SC and Bursa Securities for the Proposed Transfer, the Proposed Amendment will take effect from the date the Company is transferred from the ACE Market to the Main Market of Bursa Securities.

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*(Incorporated in Malaysia)*UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED
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On 28 July 2023, the Board of Directors of L&P Global Berhad (“**Board**”) announced that the Board had resolved to approve the variation to the utilisation of RM8.00 million of the proceeds raised from its IPO exercise, which had been earmarked for part payment of the construction cost for a new factory in Johor (“**Proposed New Johor Factory**”) (“**Capex Variation**”).

As at 21 November 2023, the status of utilisation of the IPO proceeds and the details of the variation to the utilisation of the IPO proceeds is set out below:

Purpose	Utilisation of IPO Proceeds				Actual utilisation	Balance to utilise	Estimated timeframe for utilisation upon listing
	Original		Revised				
	RM'000	%	RM'000	%			
Capital expenditure							
- Proposed New Johor Factory	10,000	29.50	2,000	5.90	-	2,000	Within 36 months
- Capex Variation	-		8,000 ⁽¹⁾	23.60	4,000	4,000	Within 36 months
Business expansion	2,000	5.90	2,000	5.90	-	2,000	Within 36 months
Repayment of borrowings	5,000	14.75	5,000	14.75	5,000	-	-
Working capital	13,000	38.35	13,000	38.35	13,000	-	-
Estimated listing expenses	3,900	11.50	3,900	11.50	3,900	-	-
Total	33,900	100.00	33,900	100.00	25,900	8,000	

Note:

(1) The details of Capex Variation are as follows:

Capex Variation	RM'000
Acquisition of Kulai Branch (inclusive of legal fees and stamp duty)	4,020
Renovation cost for Kulai Branch and Sungai Bakap Factory	830
Machineries, equipment and system costs for Kulai Branch, Perai Branch and Sungai Bakap Factory	2,540
Motor Vehicle for Sungai Bakap Factory	610
Total	8,000

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 13 December 2022 and the announcement on variation of utilisation dated 28 July 2023.

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The Group's loans and borrowings were as follows:

<u>Secured</u>	<u>As at 30.09.23</u>	<u>As at 31.12.22</u>
	<u>RM'000</u>	<u>RM'000</u>
Current		
Bankers' acceptance in MYR	-	2,334
Bankers' acceptance in USD	-	3,628
Revolving credits	-	4,000
Term loans	2,222	2,639
Total	2,222	12,601
Non-current		
Term loans	26,913	29,569

B9. Financial Instrument

As of 30 September 2023, the foreign currency forward contracts, which the Group had entered into to sell and remain outstanding is USD100,000 at approximately RM4.5741 per United States Dollar ("USD"). The settlement will complete in November 2023.

As of 30 September 2023, the outstanding forward contracts are as follows:

<u>Type of Derivatives</u>	<u>Contract Value</u>	<u>Notional Value</u>	<u>Fair Value Loss</u>
	<u>USD'000</u>	<u>RM'000</u>	<u>RM'000</u>
Foreign Currency Forward Contracts	100	457	11
- Less than 1 year			

Summary of the losses arising from the fair value changes of financial assets was as follow:

<u>Type of Financial Assets</u>	<u>Cumulative 3 months ended 30 September 2023</u>
	<u>RM'000</u>
Foreign Currency Forward Contracts	
- Unrealised loss	11

The above foreign currency forward contracts were entered into by the Group to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. Hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed the net exposure value. The cash requirement for settling these foreign currency forward contracts is solely from the Group's working capital. These derivatives and their underlying exposures will be monitored on an on-going basis.

Foreign Currency Forward Contracts are stated at fair value, which is equivalent to the marking of the Foreign Currency Forward Contracts to market, using prevailing market rate. Foreign Currency Forward Contracts with positive market values (unrealised gain) are included under current assets and Foreign Currency Forward Contracts with negative market values (unrealised losses) are included under current liabilities in the statement of financial position.

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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.

B11. Proposed Dividend

In accordance to the Company's Dividend Policy, the Board as it deems fit will recommend a dividend of 20% to 50% of the profit attributable to the owners of the Company.

On 14 August 2023, the Company declared a first interim single-tier dividend of RM0.005 per ordinary share amounting to RM2.8 million for the financial year ending 31 December 2023 to the registered shareholders whose names appear in the Register of Members on 29 September 2023. The payment of the said dividend was completed on 18 October 2023.

Save as disclosed above, there was no dividend that has been declared or recommended for payment by the Board of Directors during the financial period under review.

B12. Earnings Per Share ("EPS")

	Individual Quarter		Cumulative Quarter	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to owners of the Company	6,389	4,642	15,697	11,421
Number of ordinary shares ('000)	560,000	560,000	560,000	560,000
Basic EPS (sen)	1.14	0.83	2.80	2.04

Basic earnings per share is calculated based on the consolidated profit attributable to owners of the Company divided by 560,000,000 ordinary shares in issue as at 30 September 2023.

	Individual Quarter		Cumulative Quarter	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to owners of the Company	6,389	4,642	15,697	11,421
Number of ordinary shares ('000)	560,000	560,000	560,000	560,000
Effect of dilution of ESOS	11,200	11,200	11,200	11,200
Adjusted number of ordinary shares ('000)	571,200	571,200	571,200	571,200
Diluted EPS (sen)	1.12	0.81	2.75	2.00

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Diluted earnings per ordinary shares is calculated by dividing the profit attributable to owners of the Company by number of ordinary shares outstanding during the financial quarter ended adjusted for the effects of dilutive potential ordinary shares.

B13. Notes to Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

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

	Individual Quarter		Cumulative Quarter	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of:				
- property, plant and equipment	435	399	1,186	1,053
- right-of-use assets	515	421	1,565	1,378
Interest expenses:				
-bank charges	9	-	21	-
-bankers' acceptance	-	243	-	473
-bank overdrafts	-	-	-	63
-lease liabilities	64	64	162	202
-revolving credit	-	-	11	-
-term loans	219	155	735	351
Gain on lease termination	-	(2)	-	(2)
Loss/(Gain) on disposal of property, plant and equipment	42	(2)	22	1
Provision of impairment loss	-	182	69	182
Reversal of impairment loss	-	(299)	(178)	(299)
Loss/(Gain) on foreign exchange				
- Realised	(382)	(463)	(840)	(675)
- Unrealised	189	-	(225)	-
Interest Income	(327)	(6)	(979)	(63)

BY ORDER OF THE BOARD
L&P GLOBAL BERHAD
27/11/2023