

QUARTERLY REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE (UNAUDITED)	PRECEDING YEAR CORRESPONDING PERIOD (AUDITED)
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
Revenue	A7	210,489	195,743	832,151	742,868
Cost of goods sold		(187,569)	(163,368)	(711,684)	(624,819)
Gross profit		22,920	32,375	120,467	118,049
Other income		(167)	4,251	1,656	9,789
Selling and distribution expenses		(9,689)	(7,238)	(33,196)	(27,077)
Administrative expenses		(10,268)	(7,849)	(32,988)	(29,434)
Other expenses		(2,007)	(2,971)	(4,664)	(3,531)
Results from operating activities	B5	789	18,568	51,275	67,796
Interest income		806	384	2,756	1,715
Finance costs		(637)	(555)	(1,849)	(1,367)
Profit before tax	A7	958	18,397	52,182	68,144
Tax expense	B6	1,674	(2,907)	(6,898)	(10,716)
Profit for the period		2,632	15,490	45,284	57,428
Other comprehensive income/(expense), net of tax					
Fair value of available-for-sale financial assets		-	-	-	(5)
Foreign currency translation differences for foreign operations		(2,136)	3,716	(3,875)	(1,829)
Total comprehensive income for the period		496	19,206	41,409	55,594
Profit attributable to:					
Owners of the Company		2,861	14,922	44,460	55,854
Non-controlling interests		(229)	568	824	1,574
		2,632	15,490	45,284	57,428
Total comprehensive income attributable to:					
Owners of the Company		725	18,638	40,585	54,020
Non-controlling interests		(229)	568	824	1,574
		496	19,206	41,409	55,594
Earnings per ordinary share (sen)					
- Basic	B14	2.24	13.90	34.87	52.03
- Diluted	B14	1.70	9.09	26.39	34.04

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		UNAUDITED AS AT 31.12.2017 RM'000	AUDITED AS AT 31.12.2016 RM'000
	Note		
ASSETS			
Property, plant and equipment	A8	181,218	138,905
Prepaid lease payments		20,606	12,684
Intangible asset		213	222
Other investments		567	567
Deferred tax assets		2,427	1,113
Fixed deposit with a licensed bank		30	30
Total non-current assets		205,061	153,521
Inventories		147,800	157,059
Trade and other receivables		161,490	156,034
Current tax assets		1,169	587
Cash and cash equivalents		156,029	152,610
Total current assets		466,488	466,290
TOTAL ASSETS		671,549	619,811
EQUITY			
* Share capital		143,906	118,307
Reserves		324,911	311,606
Total equity attributable to owners of the Company		468,817	429,913
Non-controlling interests		9,864	8,370
Total equity		478,681	438,283
Long term borrowings		16,780	11,372
Deferred tax liabilities		2,776	6,431
Total non-current liabilities		19,556	17,803
Short term borrowings		58,912	45,368
Trade and other payables		112,786	117,468
Current tax liabilities		1,615	889
Total current liabilities		173,313	163,725
Total LIABILITIES		192,869	181,528
TOTAL EQUITY AND LIABILITIES		671,550	619,811
Net Assets per share attributable to the owners of the Company (RM)		3.47	3.63

* Total number of shares as at 31 December 2017 is 135,262,272

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Non-distributable			Distributable				Total	Non-controlling interests	Total equity	
Share capital	Share premium	Equity component of ICULS	Warrant reserve	Translation reserve	Fair value reserve	Statutory reserve	Retained earnings				RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months year ended 31.12.2016											
At 1 January 2016	105,212	3,947	26,296	17,023	25,837	5	4,141	207,239	389,700	6,796	396,496
Total comprehensive income for the period	-	-	-	-	(1,829)	(5)	-	55,854	54,020	1,574	55,594
Exercise of warrants	711	815	-	(459)	-	-	-	-	1,067	-	1,067
Convertible of ICULS	12,384	-	(6,191)	-	-	-	-	(5,276)	917	-	917
Dividends to owners of the Company	-	-	-	-	-	-	-	(15,791)	(15,791)	-	(15,791)
At 31 December 2016	<u>118,307</u>	<u>4,762</u>	<u>20,105</u>	<u>16,564</u>	<u>24,008</u>	<u>-</u>	<u>4,141</u>	<u>242,026</u>	<u>429,913</u>	<u>8,370</u>	<u>438,283</u>
12 months year ended 31.12.2017											
At 1 January 2017	118,307	4,762	20,105	16,564	24,008	-	4,141	242,026	429,913	8,370	438,283
Total comprehensive income for the period	-	-	-	-	(3,875)	-	-	44,460	40,585	824	41,409
Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note a)	4,762	(4,762)	-	-	-	-	-	-	-	-	-
Exercise of warrants	7,263	-	-	(2,190)	-	-	-	-	5,073	-	5,073
Convertible of ICULS	13,574	-	(6,785)	-	-	-	-	(5,595)	1,194	-	1,194
Shares issued by a subsidiary and subscribed by non-controlling interests	-	-	-	-	-	-	-	-	-	670	670
Dividends to owners of the Company	-	-	-	-	-	-	-	(7,948)	(7,948)	-	(7,948)
At 31 December 2017	<u>143,906</u>	<u>-</u>	<u>13,320</u>	<u>14,374</u>	<u>20,133</u>	<u>-</u>	<u>4,141</u>	<u>272,943</u>	<u>468,817</u>	<u>9,864</u>	<u>478,681</u>

Note a
Pursuant to the Section 618 of Companies Act 2016 ("CA2016") which came into effect on 31 January 2017, the credit amounts in the share premium account has been transferred to the share capital account. The Group may exercise its right to use the credit amounts transferred from the share premium account within 24 months after the commencement of the CA2016.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	12 months ended	
	UNAUDITED 31.12.2017 RM'000	AUDITED 31.12.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	52,182	68,144
Adjustments for:		
Depreciation of property, plant and equipment	16,864	16,451
Amortisation of prepaid lease payments	472	268
Gain on disposal of property, plant and equipment	(122)	(2,049)
Written off of property, plant and equipment	13	49
Gain on disposal of short term other investment	-	35
Interest income	(2,756)	(1,715)
Interest expense	1,849	1,367
Operating profit before changes in working capital	68,502	82,550
Changes in working capital:		
Trade and other receivables	(6,205)	(35,083)
Inventories	8,309	944
Trade and other payables	(4,747)	33,365
Cash generated from operations	65,859	81,776
Income taxes paid	(12,100)	(6,436)
Net cash generated from operating activities	53,759	75,340
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of short term investments	-	(5,263)
Proceed from disposal of short term other investments	-	7,746
Acquisition of property, plant and equipment	(59,494)	(23,548)
Additions to prepaid lease payments	(8,850)	(54)
Additions to intangible asset	-	(222)
Proceeds from disposal of property, plant and equipment	888	2,055
Proceeds from government grant	-	1,998
Interest received	2,756	1,715
Net cash used in investing activities	(64,700)	(15,573)
CASH FLOWS FROM FINANCING ACTIVITIES		
ICULS interest paid	(1,657)	(2,635)
Dividend paid	(7,948)	(15,791)
Interest paid	(1,683)	(956)
Repayment of finance lease liabilities	(680)	(486)
Repayment of term loans, net	11,306	(2,851)
Other bank borrowings, net	10,298	10,591
Proceeds from conversion of warrants	5,073	1,067
Acquisition of shares from minority shareholders	670	-
Net cash from/ (used in) financing activities	15,379	(11,061)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,438	48,706
Effects of exchange rate fluctuations on cash held	(795)	(194)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	151,538	103,026
CASH AND CASH EQUIVALENTS AT END OF PERIOD	155,181	151,538
REPRESENTED BY:-		
Cash and bank balances	101,029	106,013
Short-term deposits	55,000	46,597
Bank overdrafts	(848)	(1,072)
	155,181	151,538

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

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PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

A1 Basis of preparation

This quarterly report is unaudited and is prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") No 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read together with the Group's audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes.

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 31 December 2016, except for the adoption of the following:

Description	Effective date
Amendments to MFRS 12, Disclosure of Interests in Other Entities	1 January 17
Amendments to MFRS 107, Statement of Cash Flows	1 January 17
Amendments to MFRS 112, Income Taxes	1 January 17

The adoption of the above Amendments and Annual Improvements to standard did not have any material financial impact to the Group.

A2 Seasonal or cyclical factors

The cyclical nature of the manufacturing sector is generally correlated to the global economy while seasonally demand will normally peak for the year end festive periods.

A3 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year-to-date as a consequence of their nature, size or incidence.

A4 Changes in estimates

There were no material changes in estimates of amount reported in either the prior interim period of the current financial year or prior financial years that have a material effect on the results during the current quarter and financial year-to-date.

A5 Debt and equity securities

There were no issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter ended 31 December 2017.

A6 Dividends paid

There was no dividend paid in the quarter under review.

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**A7 Segment information**

The Group's operations can be divided into two products based operating segments.

Segment information for the year ended 31 December 2017 are as follow:

<u>2017</u>	<u>Plastic and petroleum products</u>	<u>Food, beverages and other consumable products</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000
Revenue			
Revenue from external customers	776,365	55,786	832,151
Segment profit	54,408	(2,226)	52,182
Included in the measure of segment profit is:			
-Depreciation and amortisation	16,077	1,259	17,336
Segment assets	619,356	49,766	669,122
Included in the measure of segment assets is:			
-Capital expenditure	70,885	2,481	73,366

Segment information for the year ended 31 December 2016 are as follow:

<u>2016</u>	<u>Plastic and petroleum products</u>	<u>Food, beverages and other consumable products</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000
Revenue			
Revenue from external customers	693,486	49,382	742,868
Segment profit	64,932	3,212	68,144
Included in the measure of segment profit is:			
-Depreciation and amortisation	15,913	806	16,719
Segment assets	575,909	42,789	618,698
Included in the measure of segment assets is:			
-Capital expenditure	22,840	2,197	25,037

A8 Revaluation of property, plant and equipment

Land and buildings of the Group have not been revalued since certain properties were first revalued in 1995. The Directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions of International Accounting Standard No. 16 (Revised): Property, Plant and Equipment adopted by the Malaysian Accounting Standard Board, these assets are stated at their respective valuation less accumulated depreciation.

A9 Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the current quarter that have not been reflected in the financial statements as the date of this report.

A10 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter ended 31 December 2017.

A11 Contingent liabilities

The Company has provided financial support to certain subsidiaries to enable them to continue operating as a going concern.

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**B1 Review of performance**

	Individual quarter			
	31.12.2017 RM'000	31.12.2016 RM'000	Variance RM'000	Variance %
Revenue				
Plastic and petroleum products	196,008	183,887	12,121	6.6
Food, beverages and other consumable products	14,481	11,856	2,625	22.1
Group	<u>210,489</u>	<u>195,743</u>	<u>14,746</u>	<u>7.5</u>
Profit/(Loss) before tax				
Plastic and petroleum products	4,751	18,464	(13,713)	(74.3)
Food, beverages and other consumable products	(3,793)	(67)	(3,726)	(5,561.2)
Group	<u>958</u>	<u>18,397</u>	<u>(17,439)</u>	<u>(94.8)</u>
Cumulative period				
	31.12.2017 RM'000	31.12.2016 RM'000	Variance RM'000	Variance %
Revenue				
Plastic and petroleum products	776,365	693,486	82,879	12.0
Food, beverages and other consumable products	55,786	49,382	6,404	13.0
Group	<u>832,151</u>	<u>742,868</u>	<u>89,283</u>	<u>12.0</u>
Profit/(Loss) before tax				
Plastic and petroleum products	54,408	64,932	(10,524)	(16.2)
Food, beverages and other consumable products	(2,226)	3,212	(5,438)	(169.3)
Group	<u>52,182</u>	<u>68,144</u>	<u>(15,962)</u>	<u>(23.4)</u>

Current Quarter - Revenue

For the fourth quarter ended 31 December 2017 (4Q17), the Group registered a revenue of RM210.50 million as compared to RM195.74 million recorded in 31 December 2016 (4Q16). The 6.6% increase in plastic and petroleum products' revenue was mainly due to the increase in sales volume of its plastic products and is mainly from export sales. The sales of the Group's food, beverages and other consumable products increased by 22.1% in 4Q17 compared to 4Q16. This is mainly contributed by the sales of ceylon tea, organic products, other consumables products and from the Marche Movenpick franchise restaurant.

Current Quarter - Profit Before Tax (PBT)

For the fourth quarter ended 31 December 2017 (4Q17), the Group's plastic products division recorded a PBT of RM4.75 million while its food, beverages and other consumable products division recorded a loss of RM3.79 million respectively as compared to profit of RM18.46 million and losses of RM0.067 million recorded in 4Q16.

Lower profit before tax for the current quarter was mainly due to the reduction of gross profit margin in plastic products due to the lower selling price of USD sales when translated to MYR as a result of the depreciation of the USD against MYR during the current quarter. Increased in operating expenses such as freight, sales and promotional expenses and staff cost also contributed to the lower PBT. The Group also recorded a realised and unrealised foreign exchange loss of RM1.9m for the current quarter.

For the food, beverages and other consumable products division, despite an increased in revenue, the division recorded a higher loss due mainly to the operating losses from its restaurant operations and organic noodle division.

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Cumulative Period - Revenue

For the twelve months cumulative period, the Group recorded a growth in revenue of 12% or RM82.89 million for its plastic products division. The Group also achieved a 13% or RM6.40 million growth in its food, beverages and other consumable products division. The total revenue for the twelve months cumulative period is RM832.15 million, a growth of 12% as compared to the preceding year's corresponding period of RM742.87 million. The increased in revenue was mainly contributed by the increase in export sales of its stretch film and PVC food wrap.

Cumulative Period - Profit before Tax (PBT)

The Group's profit before tax for the 12 months cumulative period ended 31 December 2017 is RM54.41 million (2016: RM64.93 million) for its plastic products division while its food, beverages and other consumable products division recorded a losses of RM2.23 million (2016: profit of RM3.21 million).

Lower profit before tax for the 12 months cumulative period was mainly due to the reduction in gross profit margin for plastic products mainly due to lower selling prices of USD sales when translated to MYR as a result of the depreciation of the USD against MYR especially during the fourth quarter. Increased in operating expenses such as freight, sales and promotional expenses and staff cost also contributed to the lower PBT. The Group also recorded an unrealised foreign exchange loss of RM4.0m for the 12 months cumulative period (2016: realised and unrealised foreign exchange gain of RM5.0m).

For food, beverages and other consumable products division, despite of an increased in revenue, the division recorded a drop in its profit before tax due mainly to the operating losses from its restaurant operations and organic noodle division.

B2 Comparison with immediate preceding quarter's results

	Individual quarter ended		Variance RM'000	Variance %
	31.12.2017 RM'000	30.09.2017 RM'000		
Revenue	210,489	217,217	(6,728)	(3.1)
Profit before tax	958	17,473	(16,515)	(94.5)

Lower revenue recorded as compared to preceding quarter was mainly due to the decreased in its sales volume from its China based operations.

Lower profit before tax for the current quarter was mainly due to the reduction in gross profit margin in plastic products mainly due to lower selling prices of USD sales when translated to MYR as a result of the depreciation of the USD against MYR especially during the fourth quarter. Increased in operating expenses such as freight, sales and promotional expenses and staff cost and the operating losses from its restaurant operations also contributed to the lower PBT. The Group recorded a realised and unrealised foreign exchange loss of RM1.9m for the current quarter due to the strengthening of Ringgit Malaysia against US Dollar.

B3 Prospect

For the financial year ended 31 December 2017, the Group recorded a 12% growth in revenue. For the financial year 2018, the group has planned to commission more stretch film production line as well as PVC food wrap lines, two more production lines. With the additional capacity coming on stream in year 2018, the Group is optimistic to continue its upward trend in sales volume and profitability.

Barring any unforeseen circumstances, the Group expects to continue its growth plans for all its business units.

B4 Variance of actual profit from forecast profit

Not applicable.

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B5 Results from operating activities

Results from operating activities are arrived at:

	Individual quarter		Cumulative period	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
After charging:				
Bad debt written off	20	-	20	20
Depreciation of property, plant and equipment	4,990	4,145	16,864	16,451
Amortisation of prepaid lease payments	93	69	472	268
Property, plant and equipment written off	6	-	13	49
Loss on disposal of other investments	(1)	-	-	35
Impairment loss on receivables	510	3,374	510	3,379
Loss on foreign exchange				
- realised	533	-	-	-
- unrealised	1,409	-	4,053	-
and crediting:				
Gain on disposal of plant and equipment	10	10	122	2,049
Gain on foreign exchange				
- realised	-	1,157	90	842
- unrealised	-	2,658	-	4,149
Reversal of impairment loss on receivables	88	8	119	168

B6 Income tax expense

	Individual quarter		Cumulative period	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Income tax in respect of				
- Current period	1,485	1,829	11,113	7,496
- Prior year	(11)	(56)	1,131	(156)
Deferred taxation	(3,148)	1,134	(5,346)	3,376
	<u>(1,674)</u>	<u>2,907</u>	<u>6,898</u>	<u>10,716</u>

The Group's effective tax rate was lower than the statutory corporate tax rate due to the availability of certain tax incentives to certain subsidiary companies within the group.

B7 Sale of unquoted investments and/or properties

There were no sale of unquoted investments for the current financial quarter and financial period-to-date.

B8 Quoted securities

There were no purchases or disposals of quoted securities for the current financial quarter and financial period-to-date.

B9 Status of corporate proposals announced

There were no material corporate proposals announced and not completed as at date of this report.

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B10 Group borrowings and debt securities

31.12.2017
RM'000

Current

Secured

Term loans	4,287
Bankers' acceptances	1,624
Finance lease liability	656
	6,567

Unsecured

Term loans	3,235
Overdrafts	848
Bankers' acceptances	2,862
Onshore foreign currency loans	28,396
Foreign currency trust receipt	15,716
Liability component of ICULS	1,288
	52,345
	58,912

Non-current

Secured

Term loans	11,384
Finance lease liability	1,585

Unsecured

Term loans	2,580
Liability component of ICULS	1,231
	16,780

The above borrowings are denominated in Ringgit Malaysia except for discounted bills, onshore foreign currency loans and unsecured term loans which are denominated in US Dollar.

B11 Disclosure of derivatives

There were no derivatives in the quarter under review.

B12 Changes in material litigation

There was no material litigation pending as at the date of this quarterly report.

B13 Dividends

The Board of Directors proposes to recommend for shareholders' approval at the forthcoming Annual General Meeting a final single-tier dividend of 8 sen per ordinary share in respect of the financial year ended 31 December 2017, to be paid on a date to be determined.

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**B14 Earnings per ordinary share****(a) Basic earnings per ordinary share**

Basic earnings per ordinary share amounts are calculated by dividing profit attributable to the ordinary equity shareholders by the weighted average number of ordinary shares in issue during the financial period, excluding treasury shares held by the Company.

	Individual quarter		Cumulative period	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Profit attributable to ordinary equity owners of the Company (RM'000)	2,861	14,922	44,460	55,854
Weighted average number of ordinary share in issue (units'000)	127,500	107,340	127,500	107,340
Basic earnings per ordinary share (sen)	2.24	13.90	34.87	52.03

(b) Diluted earnings per ordinary share

	Individual quarter		Cumulative period	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Profit attributable to ordinary equity owners of the Company (RM'000)	2,861	14,922	44,460	55,854
Weighted average number of ordinary share in issue (units'000)	168,473	164,069	168,473	164,069
Diluted earnings per ordinary share (sen)	1.70	9.09	26.39	34.04

The ICULS can only be converted into new TGIB Shares in the second (2nd) anniversary (10 October 2016) of the date of issue of the ICULS.

B15 Auditors' report on preceding annual financial statements

There were no qualification on the auditors' report of the Group's most recent annual audited financial statements.

By Order of the Board

Dato' Ang Poon Chuan
Managing Director

DATED THIS 27 FEBRUARY 2018