

QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2018

**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 (UNAUDITED)
		31.03.2018	31.03.2017	31.03.2018	31.03.2017
Revenue	A7	215,209	199,188	215,209	199,188
Cost of goods sold		(188,023)	(167,515)	(188,023)	(167,515)
Gross profit		27,186	31,673	27,186	31,673
Other income		567	1,453	567	1,453
Selling and distribution expenses		(8,591)	(7,333)	(8,591)	(7,333)
Administrative expenses		(8,592)	(7,562)	(8,592)	(7,562)
Other expenses		(912)	(1,752)	(912)	(1,752)
Results from operating activities	B5	9,658	16,479	9,658	16,479
Interest income		640	525	640	525
Finance costs		(572)	(306)	(572)	(306)
Profit before tax	A7	9,726	16,698	9,726	16,698
Tax expense	B6	(1,096)	(3,271)	(1,096)	(3,271)
Profit for the period		8,630	13,427	8,630	13,427
Other comprehensive income/(expense), net of tax					
Fair value of available-for-sale financial assets		-	-	-	-
Foreign currency translation differences for foreign operations		(845)	(606)	(845)	(606)
Total comprehensive income for the period		7,785	12,821	7,785	12,821
Profit attributable to:					
Owners of the Company		8,495	13,083	8,495	13,083
Non-controlling interests		135	344	135	344
		8,630	13,427	8,630	13,427
Total comprehensive income attributable to:					
Owners of the Company		7,650	12,477	7,650	12,477
Non-controlling interests		135	344	135	344
		7,785	12,821	7,785	12,821
Earnings per ordinary share (sen)					
- Basic	B14	6.24	10.91	6.24	10.91
- Diluted	B14	4.94	7.45	4.94	7.45

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 2017 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 31.03.2018 RM'000	AUDITED AS AT 31.12.2017 RM'000
	Note		
ASSETS			
Property, plant and equipment	A8	175,510	178,630
Investment property		7,633	7,693
Prepaid lease payments		14,450	14,527
Intangible asset		207	213
Other investments		567	567
Deferred tax assets		2,941	3,217
Fixed deposit with a licensed bank		30	30
Total non-current assets		201,338	204,877
Inventories		162,816	147,298
Trade and other receivables		176,572	176,269
Current tax assets		2,354	1,243
Cash and cash equivalents		137,995	155,764
Total current assets		479,737	480,574
TOTAL ASSETS		681,075	685,451
EQUITY			
* Share capital		145,105	143,905
Reserves		328,504	322,348
Total equity attributable to owners of the Company		473,609	466,253
Non-controlling interests		9,985	9,850
Total equity		483,594	476,103
Long term borrowings		24,356	16,948
Deferred tax liabilities		4,935	4,928
Total non-current liabilities		29,291	21,876
Short term borrowings		65,747	58,745
Trade and other payables		101,717	127,301
Current tax liabilities		726	1,426
Total current liabilities		168,190	187,472
Total LIABILITIES		197,481	209,348
TOTAL EQUITY AND LIABILITIES		681,075	685,451
Net Assets per share attributable to the owners of the Company (RM)		3.50	3.24

* Total number of shares as at 31 March 2018 is 136,292,705

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 2017 and the accompanying explanatory notes attached to the interim financial report.

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FOR THE FIRST QUARTER ENDED 31 MARCH 2018



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											
	Share capital RM'000	Share premium RM'000	Equity component of ICULS RM'000	Non-distributable				Treasury shares RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Warrant reserve RM'000				Translation reserve RM'000	Fair value reserve RM'000	Statutory reserve RM'000						
3 months year ended 31.03.2017												
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	-	-	-	-	(606)	-	-	-	13,083	12,477	344	12,821
Exercise of warrants	365	-	-	(110)	-	-	-	-	-	255	-	255
Convertible of ICULS	1,631	-	(816)	-	-	-	-	-	(644)	171	-	171
Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note a)	4,762	(4,762)	-	-	-	-	-	-	-	-	-	-
At 31 March 2017	<u>125,065</u>	<u>-</u>	<u>19,289</u>	<u>16,454</u>	<u>23,402</u>	<u>-</u>	<u>4,141</u>	<u>-</u>	<u>254,465</u>	<u>442,816</u>	<u>8,714</u>	<u>451,530</u>
3 months year ended 31.03.2018												
At 1 January 2018	143,905	-	13,320	14,374	20,133	-	4,141	-	270,380	466,253	9,850	476,103
Total comprehensive income for the period	-	-	-	-	(845)	-	-	-	8,495	7,650	135	7,785
Exercise of warrants	318	-	-	(96)	-	-	-	-	-	222	-	222
Convertible of ICULS	882	-	(441)	-	-	-	-	-	(378)	63	-	63
Purchase of treasury shares	-	-	-	-	-	-	-	(579)	-	(579)	-	(579)
At 31 March 2018	<u>145,105</u>	<u>-</u>	<u>12,879</u>	<u>14,278</u>	<u>19,288</u>	<u>-</u>	<u>4,141</u>	<u>(579)</u>	<u>278,497</u>	<u>473,609</u>	<u>9,985</u>	<u>483,594</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 2017 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months ended	
	UNAUDITED 31.03.2018 RM'000	UNAUDITED 31.03.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	9,726	16,698
Adjustments for:		
Depreciation of property, plant and equipment	4,644	3,802
Depreciation of investment property	60	
Amortisation of prepaid lease payments	69	128
Amortisation of intangible assets	6	
Gain on disposal of property, plant and equipment	(19)	(26)
Written off of property, plant and equipment	-	7
Interest income	(639)	(525)
Interest expense	572	306
Operating profit before changes in working capital	<u>14,419</u>	<u>20,390</u>
Changes in working capital:		
Trade and other receivables	(470)	(11,957)
Inventories	(15,789)	7,580
Trade and other payables	(25,675)	(10,205)
Cash generated from operations	<u>(27,515)</u>	<u>5,808</u>
Income taxes paid	(2,643)	(2,979)
Net cash generated from operating activities	<u>(30,158)</u>	<u>2,829</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(512)	(4,370)
Additions to prepaid lease payments	(18)	(7,945)
Proceeds from disposal of property, plant and equipment	30	26
Interest received	639	525
Net cash used in investing activities	<u>139</u>	<u>(11,764)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(572)	(306)
Drawdown of revolving credit	-	15,481
Repayment of finance lease liabilities	(1,298)	(1,055)
Repayment of term loans, net	8,971	(1,174)
Other bank borrowings, net	6,136	5,786
Proceeds from conversion of warrants	222	254
Acquisition of treasury shares	(579)	-
Net cash from/ (used in) financing activities	<u>12,880</u>	<u>18,986</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(17,139)</u>	<u>10,051</u>
Effects of exchange rate fluctuations on cash held	(102)	(126)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>154,916</u>	<u>151,538</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>137,675</u>	<u>161,463</u>
REPRESENTED BY:-		
Cash and bank balances	77,637	116,306
Short-term deposits	60,358	45,494
Bank overdrafts	(320)	(337)
	<u>137,675</u>	<u>161,463</u>

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 2017 and the accompanying explanatory notes attached to the interim financial report.



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 2017 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 2017, except for the adoption of the following:

Description	Effective date
IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 18
Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards	1 January 18
Amendments to MFRS 2, Share-based Payment - Classification and Measurement of Share-based Payment Transactions	1 January 18
Amendments to MFRS 4, Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 18
Amendments to MFRS 128, Investments in Associates and Joint Ventures	1 January 18
Amendments to MFRS 140, Investment Property - Transfers of Investment Property	1 January 18

The adoption of the above mentioned are not expected to have any material financial impact to the Group except as mentioned below:

MFRS 9, Financial Instruments

MFRS 9 replace the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting. In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss (ECL)" model. MFRS 9 contain a new classification and measurement approach for financial assets that reflect the business model in which assets are managed and their cash flow characteristics. During the current financial quarter ended, the Group have assessed the estimated impact of the initial application of MFRS 9 on the financial statements. Based on the assessment, the adoption of MFRS 9 does not have any significant impact on the financial statements of the Group.

MFRS 15, Revenue from Contracts with Customers

Upon adoption of MFRS 15, the Group recognise the revenue from contracts with customers when or as the Group transfer goods or services to a customer, measured at the amount to which the Group expects to be entitled, according to the term and condition stipulated in the contracts with customers. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the Group's performance; or at the point in time, when control of the goods or services is transferred to the customers. The adoption of MFRS 15 have not resulted in any material impact on th financial statements of 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 cancellations and resale of treasury shares for the current quarter ended 31 March 2018, except for the following:

Treasury Shares

During the quarter ended 31 March 2018, the Company repurchase 186,200 of its issued ordinary shares from the open market at an average price of RM3.0976 per share. The total consideration paid for the repurchased including transaction costs was RM578,990.68. The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

A6 Dividends paid

There was no dividend paid in the quarter under review.

A7 Segment information

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

Segment information for the year ended 31 March 2018 are as follow:

	<u>Plastic and petroleum products</u> RM'000	<u>Food, beverages and other consumable products</u> RM'000	<u>Consolidated</u> RM'000
2018			
Revenue			
Revenue from external customers	200,726	14,483	215,209
Segment profit	10,052	(326)	9,726
Included in the measure of segment profit is:			
-Depreciation and amortisation	4,336	443	4,779
Segment assets	630,344	47,790	678,134
Included in the measure of segment assets is:			
-Capital expenditure	1,264	412	1,676

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

<u>2017</u>	<u>Plastic and petroleum products</u> RM'000	<u>Food, beverages and other consumable products</u> RM'000	<u>Consolidated</u> RM'000
Revenue			
Revenue from external customers	186,106	13,082	199,188
Segment profit	15,841	857	16,698
Included in the measure of segment profit is:			
-Depreciation and amortisation	3,685	245	3,930
Segment assets	598,819	42,860	641,679
Included in the measure of segment assets is:			
-Capital expenditure	13,124	405	13,529

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 March 2018.

A11 Contingent liabilities

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

B1 Review of performance

	<u>Individual quarter & Cumulative period</u>			
	<u>31.03.2018</u> <u>RM'000</u>	<u>31.03.2017</u> <u>RM'000</u>	<u>Variance</u> <u>RM'000</u>	<u>Variance</u> <u>%</u>
Revenue				
Plastic and petroleum products	200,726	186,106	14,620	7.9
Food, beverages and other consumable products	14,483	13,082	1,401	10.7
Group	<u>215,209</u>	<u>199,188</u>	<u>16,021</u>	<u>8.0</u>
Profit/(Loss) before tax				
Plastic and petroleum products	10,052	15,841	(5,789)	(36.5)
Food, beverages and other consumable products	(326)	857	(1,183)	(138.0)
Group	<u>9,726</u>	<u>16,698</u>	<u>(6,972)</u>	<u>(41.8)</u>

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*Current Quarter & Cumulative period - Revenue*

For the quarter ended 31 March 2018 (1Q18), the Group registered a revenue of RM215.21 million as compared to RM199.19 million recorded in 31 March 2017 (1Q17). The 7.9% increase in plastic and petroleum products' revenue was mainly due to the increase in sales volume of its plastic products and is mainly contributed by the increase in export sales of its stretch film, industrial bags and PVC food wrap. The sales of the Group's food, beverages and other consumable products increased by 10.7% in 1Q18 compared to 1Q17. This is mainly contributed by the sales of organic products, other consumables products and from the restaurant operations.

Current Quarter & Cumulative period - Profit Before Tax (PBT)

For the quarter ended 31 March 2018 (1Q18), the Group's plastic products division recorded a PBT of RM10.05 million while its food, beverages and other consumable products division recorded a loss of RM0.33 million respectively as compared to profits of RM15.84 million and RM0.86 million recorded in 1Q17.

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 prices of USD sales when translated to MYR as a result of the depreciation of the USD against MYR during the current quarter. Higher operating expenses such as freight charges, depreciation expenses and staff cost also contributed to the lower PBT.

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

B2 Comparison with immediate preceding quarter's results

	Individual quarter ended		Variance RM'000	Variance %
	31.03.2018 RM'000	31.12.2017 RM'000		
Revenue	215,209	210,489	4,720	2.2
Profit before tax	9,726	958	8,768	915.2

The higher revenue recorded as compared to the preceding quarter was mainly due to the increased in its sales volume of stretch films, industrial bags and PVC food wrap. The improvement in the Group's profit before tax as compared to the immediate preceding quarter was mainly due to its food and beverages division that has manage to narrow its operating losses. The Group has also reviewed its selling prices of its plastic products to reflect the strengthening in MYR as compared to USD.

B3 Prospect

For the financial year ended 31 March 2018, the Group recorded a 8% growth in revenue. The Group will commission additional PVC food wrap lines in 2018. An additional stretch film production line is expected to be commissioned in 2018. With the additional capacity coming on stream, 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	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
After charging:				
Depreciation of property, plant and equipment	4,644	3,802	4,644	3,802
Depreciation of investment property	60		60	
Amortisation of prepaid lease payments	69	128	69	128
Amortisation of intangible assets	6		6	
Property, plant and equipment written off	-	7	-	7
Loss on foreign exchange				
- realised	277	-	277	-
- unrealised	599	1,752	599	1,752
and crediting:				
Gain on disposal of plant and equipment	19	26	19	26
Gain on foreign exchange				
- realised	-	1,189	-	1,189
Reversal of impairment loss on receivables	58	-	58	-

B6 Income tax expense

	Individual quarter		Cumulative period	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Income tax in respect of				
- Current period	808	2,325	808	2,325
- Prior year	25	752	25	752
Deferred taxation	263	194	263	194
	<u>1,096</u>	<u>3,271</u>	<u>1,096</u>	<u>3,271</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

31.03.2018
RM'000

Current

Secured

Term loans
Bankers' acceptances
Finance lease liability

5,767
1,576
625
7,968

Unsecured

Term loans
Overdrafts
Bankers' acceptances
Onshore foreign currency loans
Foreign currency trust receipt
Liability component of ICULS

3,110
320
3,368
33,682
16,109
1,288

57,877

65,747

Non-current

Secured

Term loans
Finance lease liability

19,911
1,531

Unsecured

Term loans
Liability component of ICULS

1,669
1,245

24,356

The above borrowings are denominated in Ringgit Malaysia except for onshore foreign currency loans and secured and unsecured term loans and foreign currency trust receipt 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 28 August 2018 if approved.

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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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Profit attributable to ordinary equity owners of the Company (RM'000)	8,495	13,083	8,495	13,083
Weighted average number of ordinary share in issue (units'000)	136,201	119,920	136,201	119,920
Basic earnings per ordinary share (sen)	6.24	10.91	6.24	10.91

(b) Diluted earnings per ordinary share

	Individual quarter		Cumulative period	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Profit attributable to ordinary equity owners of the Company (RM'000)	8,495	13,083	8,495	13,083
Weighted average number of ordinary share in issue (units'000)	171,810	175,578	171,810	175,578
Diluted earnings per ordinary share (sen)	4.94	7.45	4.94	7.45

If there is any outstanding ICULS on the maturity date (10 October 2019), the ICULS shall be automatically converted into new TGIB shares at conversion price.

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 24 MAY 2018