

QUARTERLY REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2023



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

		INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER 31.03.2023	PRECEDING YEAR CORRES- PONDING QUARTER 31.03.2022	CURRENT YEAR TO DATE (UNAUDITED) 31.03.2023	PRECEDING YEAR CORRES- PONDING PERIOD (UNAUDITED) 31.03.2022
Revenue	A7	313,601	333,002	313,601	333,002
Cost of goods sold		(267,900)	(284,994)	(267,900)	(284,994)
Gross profit		45,701	48,008	45,701	48,008
Other income		1,405	1,024	1,405	1,024
Selling and distribution expenses		(7,478)	(6,105)	(7,478)	(6,105)
Administrative expenses		(11,264)	(11,049)	(11,264)	(11,049)
Other expenses		(2,167)	(604)	(2,167)	(604)
Results from operating activities	B5	26,197	31,274	26,197	31,274
Interest income		516	116	516	116
Finance costs		(2,195)	(560)	(2,195)	(560)
Share of net Profit of Associate		48	480	48	480
Profit before tax	A7	24,566	31,310	24,566	31,310
Tax expense	B6	(4,437)	(6,378)	(4,437)	(6,378)
Profit for the period		20,129	24,932	20,129	24,932
Other comprehensive income/(expense), net of tax					
Foreign currency translation differences for foreign operations		1,801	1,643	1,801	1,643
Total comprehensive income for the period		21,930	26,575	21,930	26,575
Profit attributable to:					
Owners of the Company		19,551	24,596	19,551	24,596
Non-controlling interests		578	336	578	336
		20,129	24,932	20,129	24,932
Total comprehensive income attributable to:					
Owners of the Company		21,352	26,239	21,352	26,239
Non-controlling interests		578	336	578	336
		21,930	26,575	21,930	26,575
Earnings per ordinary share (sen)					
- Basic	B14	5.00	6.39	5.00	6.39
- Diluted	B14	4.92	6.23	4.92	6.23

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	UNAUDITED AS AT 31.03.2023 RM'000	AUDITED AS AT 31.12.2022 RM'000
ASSETS			
Property, plant and equipment	A8	399,990	400,153
Investment property		60,409	24,567
Investment in associate		3,767	3,719
Deferred tax assets		373	376
Trade and other receivable		-	22,161
Total non-current assets		464,539	450,976
Inventories		232,595	284,846
Trade and other receivables		291,303	290,594
Current tax assets		3,675	4,035
Cash and cash equivalents		288,058	273,955
Total current assets		815,631	853,430
TOTAL ASSETS		1,280,170	1,304,406
EQUITY			
* Share capital		256,855	255,516
Reserves		577,777	565,544
Total equity attributable to owners of the Company		834,632	821,060
Non-controlling interests		29,843	29,265
Total equity		864,475	850,325
Long term borrowings		52,817	58,655
Lease liability		1,585	1,849
Deferred tax liabilities		39,392	38,607
Total non-current liabilities		93,794	99,111
Short term borrowings		161,139	164,754
Lease Liability		1,328	1,250
Trade and other payables		155,777	185,346
Current tax liabilities		3,657	3,620
Total current liabilities		321,901	354,970
Total LIABILITIES		415,695	454,081
TOTAL EQUITY AND LIABILITIES		1,280,170	1,304,406
Net Assets per share attributable to the owners of the Company (RM)		2.13	2.10

* Total number of shares as at 31 March 2023 is 391,378,840

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-distributable			Non-controlling interests		Total equity
	Share capital	Translation reserve	Fair Value reserve	Share Option reserve	Statutory reserve	Treasury shares	Distributable Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months year ended 31.03.2022										
At 1 January 2022	246,454	26,779	(567)	3,017	4,141	(5,135)	459,111	733,800	27,802	761,602
Total comprehensive income for the period	-	1,643	-	-	-	-	24,596	26,239	336	26,575
Share options exercised	947	-	-	(222)	-	-	-	725	-	725
At 31 March 2022	<u>247,401</u>	<u>28,422</u>	<u>(567)</u>	<u>2,795</u>	<u>4,141</u>	<u>(5,135)</u>	<u>483,707</u>	<u>760,764</u>	<u>28,138</u>	<u>788,902</u>
3 months year ended 31.03.2023										
At 1 January 2023	255,516	28,254	(567)	3,017	4,141	(5,135)	535,834	821,060	29,265	850,325
Total comprehensive income for the period	-	1,801	-	-	-	-	19,551	21,352	578	21,930
Share option exercised	1,339	-	-	(313)	-	-	-	1,026	-	1,026
Dividends to owners of the Company	-	-	-	-	-	-	(8,806)	(8,806)	-	(8,806)
At 31 March 2023	<u>256,855</u>	<u>30,055</u>	<u>(567)</u>	<u>2,704</u>	<u>4,141</u>	<u>(5,135)</u>	<u>546,579</u>	<u>834,632</u>	<u>29,843</u>	<u>864,475</u>

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 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 31.03.2023 RM'000	UNAUDITED 31.03.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	24,566	31,310
Adjustments for:		
Depreciation of property, plant and equipment	8,238	8,119
Depreciation of investment property	155	147
(Gain)/Loss on disposal of property, plant and equipment	-	(22)
Written off of property, plant and equipment	-	6
Interest income	(516)	(116)
Interest expense	2,195	560
Share of net profit of associate	(48)	(480)
Operating profit before changes in working capital	34,590	39,524
Changes in working capital:		
Trade and other receivables	23,381	(19,398)
Inventories	52,818	9,438
Trade and other payables	(35,387)	(63,853)
Cash generated from operations	75,402	(34,289)
Income taxes paid	(3,251)	(3,359)
Net cash generated from operating activities	72,151	(37,648)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(43,377)	(13,705)
Proceeds from disposal of property, plant and equipment	11	22
Interest received	516	116
Investment in Unit Trust	-	(2)
Net cash used in investing activities	(42,850)	(13,569)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(4,881)	-
Interest paid	(2,195)	(560)
(Repayment)/proceed of finance lease liabilities	177	30
(Repayment)/proceed of lease liabilities	(328)	(284)
(Repayment)/proceed of term loans, net	(4,796)	984
Other bank borrowings, net	(4,870)	35,053
Proceeds from exercise of ESOS	1,026	726
Acquisition of treasury shares	-	-
Net cash from/ (used in) financing activities	(15,867)	35,949
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,434	(15,268)
Effects of exchange rate fluctuations on cash held	634	204
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	273,360	292,656
CASH AND CASH EQUIVALENTS AT END OF PERIOD	287,428	277,592
REPRESENTED BY:-		
Cash and bank balances	206,240	170,854
Short-term deposits	81,818	107,125
Bank overdrafts	(630)	(387)
	287,428	277,592

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 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 2022 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 2022. The Group adopted the following amendments to the applicable standards that are mandatory for annual period beginning on or after 1st January 2023.

Description	Effective date
MFRS 17, Insurance Contracts	1 January 23
Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information	1 January 23
Amendments to MFRS 101, Presentation of Financial Statements –Disclosures of Accounting Policies	1 January 23
Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 23
Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 23

Adoption of the above standard did not have any material effect on the financial performance or position of the Group. The Group do not plan to apply MFRS 17 that is effective for annual periods beginning on or after 1st January 2023 as they are not applicable to the Group.

The following revised MFRSs and Amendments to MFRSs applicable to the Group have been issued by the Malaysia Accounting Standard Board ("MASB") and are not yet effective for adoption by the Group.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16	Leases - Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements - Non-current Liabilities with Convenants and Classification of Liabilitites as Current or Non-current

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

Amendments to MFRS 10	Consolidated Financial Statements
Amendments to MFRS 128	Investment in Associates and Joint Ventures - Sale or Contribution by Assets between an Investor and its Associate or Joint Venture

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

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**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 to cater for the demand of 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

During the current quarter, the Company issued 908,000 new ordinary shares at exercise price of RM1.13 pursuant to the Employee Share Option Scheme ("ESOS").

During the quarter ended 31 March 2023, the total treasury shares are 2,806,400 units.

Save as disclosed above, there were no other issuance, cancellations, repurchases, resale or repayments of debts and equity securities during the current quarter under review.

A6 Dividends paid

During the current quarter, the Company paid the Third single-tier interim dividend of 1.25 sen per share amounting to RM4,880,887 for the financial year ended 31 December 2022 on 18 January 2023.

A7 Segment information

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

Segment information for the year ended 31 March 2023 are as follow:

2023	<u>Plastic</u>	<u>Food,</u>	
Revenue	<u>packaging</u>	<u>beverages</u>	
Revenue from external customers	<u>products</u>	<u>and other</u>	<u>Consolidated</u>
	RM'000	<u>consumable</u>	RM'000
		<u>products</u>	RM'000
	283,694	29,907	313,601
Segment profit	22,360	2,206	24,566
Included in the measure of segment profit is:			
-Depreciation and amortisation	7,993	400	8,393
Segment assets	1,212,221	67,949	1,280,170
Included in the measure of segment assets is:			
-Capital expenditure	42,990	486	43,476

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Segment information for the year ended 31 March 2022 are as follow:

	<u>Plastic packaging products</u>	<u>Food, beverages and other consumable products</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000
2022			
Revenue			
Revenue from external customers	308,074	24,928	333,002
Segment profit	29,945	1,365	31,310
Included in the measure of segment profit is:			
-Depreciation and amortisation	7,921	345	8,266
Segment assets	1,162,734	59,266	1,222,000
Included in the measure of segment assets is:			
-Capital expenditure	13,534	170	13,704

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 2023.

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

	Individual & cumulative quarter			
	31.03.2023	31.03.2022	Variance	Variance
	RM'000	RM'000	RM'000	%
Revenue				
Plastic packaging products	283,694	308,074	(24,380)	(7.9)
Food, beverages and other consumable products	29,907	24,928	4,979	20.0
Group	313,601	333,002	(19,401)	(5.8)
Profit/(Loss) before tax				
Plastic packaging products	22,360	29,945	(7,585)	(25.3)
Food, beverages and other consumable products	2,206	1,365	841	61.6
Group	24,566	31,310	(6,744)	(21.5)

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Current Quarter - Revenue

For the current quarter ended 31 March 2023 (1Q23), the Group's plastic packaging products segment registered a revenue of RM283.69 million as compared to RM308.07 million recorded in the corresponding quarter of financial year (FY) 2022 (1Q22). The 7.9% decrease for the plastic packaging products segment was mainly due to the decrease in average selling price of stretch film, Industrial packaging, garbage bags, pvc cling film and courier bags in the current quarter, consistent with the drop in raw material prices compared to the corresponding quarter last year. The sales of food, beverages and other consumable products segment recorded a revenue of RM29.91million as compared to the corresponding quarter of FY 2022 of RM24.93million. The increase was mainly due to the overall increase in sales of tea and coffee, and other consumables products.

Current Quarter - Profit Before Tax (PBT)

For the current quarter ended 31 March 2023 (1Q23), the Group's plastic packaging products segment recorded a PBT of RM22.36 million while its food, beverages and other consumable products segment recorded a PBT of 2.21 million as compared to a PBT of RM29.95 million and RM1.37 million respectively in 1Q22.

The decrease of profit before tax for the current quarter for plastic packaging products segment is in line with the decrease in revenue coupled with the increased in employment cost and the increase in Imbalance Cost Pass-through ("ICPT") electricity tariff increase that affected certain subsidiary companies from January 2023 onward. The increase in profit before tax for food, beverages and other consumable products segment is in line with the increase in sales of tea products.

B2 Comparison with immediate preceding quarter's results

	Individual quarter ended		Variance RM'000	Variance %
	31.03.2023 RM'000	31.12.2022 RM'000		
Revenue	313,601	317,527	(3,926)	(1.2)
Profit before tax (PBT)	24,566	22,566	2,000	8.9

While the current quarter recorded lower revenue mainly due to a decrease in average selling price of plastic products, it is noteworthy that the sales volume of stretch films, industrial packaging and courier bags increased compared to the preceding quarter.

The rise of RM2 million in profit before tax from RM22.57 million to RM24.57 million was primarily attributed to a reduction in the loss from realised & unrealised foreign exchange when compared to results of 4Q22.

B3 Prospect

Despite the uncertainty in the global economy, geopolitical tensions, and climate-related concerns on plastic products, the group has achieved satisfactory results for the current quarter ended 31 March 2023. In such a situation, the management is taking every precautionary step in its business decision-making process and is continuously seeking opportunities to create value for its customers and shareholders.

In FY2023, the Group will continue its capacity expansion plan by installing two more premium stretch film production lines, as well as a planned two more premium high capacity blown film lines.

Barring any unforeseen circumstances, the Group expects to continue to grow all its business units.

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B4 Variance of actual profit from forecast profit

Not applicable.

B5 Results from operating activities

Results from operating activities are arrived at:

	Individual quarter		Cumulative period	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
After charging:				
Depreciation of property, plant and equipment	8,238	8,119	8,238	8,119
Depreciation of investment property	155	147	155	147
Property, plant and equipment written off	-	6	-	6
Loss on foreign exchange				
- realised	2,150	-	2,150	-
- unrealised	-	593	-	593
and crediting:				
Gain on disposal of property, plant and equipment	-	22	-	22
Gain on foreign exchange				
- realised	-	220	-	220
- unrealised	419	-	419	-

B6 Income tax expense

	Individual quarter		Cumulative period	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Income tax in respect of				
- Current period	3,649	5,843	3,649	5,843
Deferred taxation	788	535	788	535
	<u>4,437</u>	<u>6,378</u>	<u>4,437</u>	<u>6,378</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

31.03.2023

RM'000

Current

Secured

Finance lease liability

737

737

Unsecured

Term loans

26,437

Revolving credit

11,870

Overdrafts

630

Bankers' acceptances

32,244

Onshore foreign currency loans

89,221

160,402

161,139

Non-current

Secured

Finance lease liability

1,100

Unsecured

Term loans

27,956

Revolving credit

23,761

52,817

The above borrowings are denominated in Ringgit Malaysia except for onshore foreign currency loans, secured and unsecured term loans and revolving credit which are denominated in US Dollar or Euro.

B11 Disclosure of derivatives

There is 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 Proposed Dividends

The Board of Directors proposes an interim dividend of 1.25 sen per ordinary share for the current quarter ended 31 March 2023 to be paid on 18 July 2023 to the shareholders registered at the close of business on 30 June 2023.

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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	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Profit attributable to ordinary equity owners of the Company (RM'000)	19,551	24,596	19,551	24,596
Weighted average number of ordinary share in issue (units'000)	391,211	384,874	391,211	384,874
Basic earnings per ordinary share (sen)	5.00	6.39	5.00	6.39

(b) Diluted earnings per ordinary share

	Individual quarter		Cumulative period	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Profit attributable to ordinary equity owners of the Company (RM'000)	19,551	24,596	19,551	24,596
Weighted average number of ordinary share in issue (units'000)	397,338	394,766	397,338	394,766
Diluted earnings per ordinary share (sen)	4.92	6.23	4.92	6.23

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 22 MAY 2023