

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

**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)
		30.09.2023	30.09.2022	30.09.2023	30.09.2022
Revenue	A7	317,379	356,500	921,671	1,068,798
Cost of goods sold		(268,867)	(306,467)	(783,215)	(911,952)
Gross profit		48,512	50,033	138,456	156,846
Other income		1,660	2,412	6,251	4,291
Selling and distribution expenses		(9,112)	(6,912)	(24,484)	(19,650)
Administrative expenses		(11,891)	(11,472)	(35,007)	(33,613)
Other expenses		878	1,286	(2,617)	(3,007)
Results from operating activities	B5	30,047	35,347	82,599	104,867
Interest income		852	467	2,198	920
Finance costs		(2,708)	(1,653)	(7,356)	(3,196)
Share of net Profit of Associate		22	76	184	632
Profit before tax	A7	28,213	34,237	77,625	103,223
Tax expense	B6	(5,925)	(6,903)	(14,690)	(20,997)
Profit for the period		22,288	27,334	62,935	82,226
Other comprehensive income/(expense), net of tax					
Foreign currency translation differences for foreign operations		(1,452)	(82)	3,302	2,713
Total comprehensive income for the period		20,836	27,252	66,237	84,939
Profit attributable to:					
Owners of the Company		21,900	27,121	63,035	81,184
Non-controlling interests		388	213	(100)	1,042
		22,288	27,334	62,935	82,226
Total comprehensive income attributable to:					
Owners of the Company		20,448	27,039	66,337	83,897
Non-controlling interests		388	213	(100)	1,042
		20,836	27,252	66,237	84,939
Earnings per ordinary share (sen)					
- Basic	B14	5.58	7.02	16.06	21.02
- Diluted	B14	5.53	6.87	15.92	20.56

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 30.09.2023 RM'000	AUDITED AS AT 31.12.2022 RM'000
ASSETS			
Property, plant and equipment	A8	413,388	400,153
Investment property		60,098	24,567
Investment in associate		3,215	3,719
Deferred tax assets		326	376
Trade and other receivable		-	22,161
Total non-current assets		477,027	450,976
Inventories		252,339	284,846
Trade and other receivables		280,654	290,594
Current tax assets		3,932	4,035
Cash and cash equivalents		265,864	273,955
Total current assets		802,789	853,430
TOTAL ASSETS		1,279,816	1,304,406
EQUITY			
* Share capital		261,729	255,516
Reserves		618,179	565,544
Total equity attributable to owners of the Company		879,908	821,060
Non-controlling interests		29,165	29,265
Total equity		909,073	850,325
Long term borrowings		67,112	58,655
Lease liability		923	1,849
Deferred tax liabilities		42,398	38,607
Total non-current liabilities		110,433	99,111
Short term borrowings		133,067	164,754
Lease Liability		1,324	1,250
Trade and other payables		123,709	185,346
Current tax liabilities		2,210	3,620
Total current liabilities		260,310	354,970
Total LIABILITIES		370,743	454,081
TOTAL EQUITY AND LIABILITIES		1,279,816	1,304,406
Net Assets per share attributable to the owners of the Company (RM)		2.23	2.10

* Total number of shares as at 30 September 2023 is 394,683,240

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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						Distributable Retained earnings	Total	Non- controlling interests	Total equity
	Non-distributable									
	Share capital	Translation reserve	Fair Value reserve	Share Option reserve	Statutory reserve	Treasury shares	RM'000	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months year ended 30.09.2022										
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	-	2,713	-	-	-	-	81,184	83,897	1,042	84,939
Share options exercised	6,842	-	-	519	-	-	-	7,361	-	7,361
Dividends to owners of the Company	-	-	-	-	-	-	(13,482)	(13,482)	-	(13,482)
Shares issued by a subsidiary and subscribed by non-controlling interests	-	-	-	-	-	-	-	-	50	50
At 30 September 2022	<u>253,296</u>	<u>29,492</u>	<u>(567)</u>	<u>3,536</u>	<u>4,141</u>	<u>(5,135)</u>	<u>526,813</u>	<u>811,576</u>	<u>28,894</u>	<u>840,470</u>
9 months year ended 30.09.2023										
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	-	3,302	-	-	-	-	63,035	66,337	(100)	66,237
Share option exercised	6,213	-	-	-	-	-	-	6,213	-	6,213
Dividends to owners of the Company	-	-	-	-	-	-	(13,702)	(13,702)	-	(13,702)
At 30 September 2023	<u>261,729</u>	<u>31,556</u>	<u>(567)</u>	<u>3,017</u>	<u>4,141</u>	<u>(5,135)</u>	<u>585,167</u>	<u>879,908</u>	<u>29,165</u>	<u>909,073</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

	9 months ended	
	UNAUDITED 30.09.2023 RM'000	UNAUDITED 30.09.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	77,625	103,223
Adjustments for:		
Depreciation of property, plant and equipment	25,825	24,665
Depreciation of investment property	466	441
(Gain)/Loss on disposal of property, plant and equipment	(71)	(50)
Written off of property, plant and equipment	-	6
Interest income	(2,198)	(920)
Interest expense	7,356	3,196
Share option expenses	1,325	1,866
Share of net profit of associate	(184)	(632)
Operating profit before changes in working capital	110,144	131,795
Changes in working capital:		
Trade and other receivables	35,618	(44,378)
Inventories	33,163	(38,291)
Trade and other payables	(64,478)	(71,646)
Cash generated from operations	114,447	(22,520)
Income taxes paid	(12,158)	(9,819)
Net cash generated from operating activities	102,289	(32,339)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(73,663)	(71,735)
Proceeds from disposal of property, plant and equipment	106	81
Interest received	2,198	920
Investment in Unit Trust	-	(4)
Acquisition of associate	-	(282)
Share subscribed by non-controlling interests in a subsidiary	-	50
Net cash used in investing activities	(71,359)	(70,970)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(13,702)	(13,482)
Interest paid	(7,356)	(3,196)
(Repayment)/proceed of finance lease liabilities	(188)	(4)
(Repayment)/proceed of lease liabilities	(993)	(906)
(Repayment)/proceed of term loans, net	2,954	4,585
Other bank borrowings, net	(25,930)	87,272
Proceeds from exercise of ESOS	4,760	5,240
Net cash from/ (used in) financing activities	(40,455)	79,509
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(9,525)	(23,800)
Effects of exchange rate fluctuations on cash held	1,500	1,543
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	273,360	292,656
CASH AND CASH EQUIVALENTS AT END OF PERIOD	265,335	270,399
REPRESENTED BY:-		
Cash and bank balances	168,757	150,628
Short-term deposits	97,107	121,346
Bank overdrafts	(529)	(1,575)
	265,335	270,399

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 Covenants and Classification of Liabilities 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 3,044,800 new ordinary shares at exercise price of RM1.13 pursuant to the Employee Share Option Scheme ("ESOS").

During the quarter ended 30 September 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 First single-tier interim dividend of 1.25 sen per share amounting to RM4,895,482 for the financial year ended 31 December 2023 on 18 July 2023.

A7 Segment information

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

Segment information for the year ended 30 September 2023 are as follow:

	<u>Plastic packaging products</u> RM'000	<u>Food, beverages and other consumable products</u> RM'000	<u>Consolidated</u> RM'000
2023			
Revenue			
Revenue from external customers	829,957	91,714	921,671
Segment profit	70,641	6,984	77,625
Included in the measure of segment profit is:			
-Depreciation and amortisation	25,070	1,221	26,291
Segment assets	1,206,566	73,250	1,279,816
Included in the measure of segment assets is:			
-Capital expenditure	71,723	1,940	73,663

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Segment information for the year ended 30 September 2022 are as follow:

<u>2022</u>	<u>Plastic packaging products</u> RM'000	<u>Food, beverages and other consumable products</u> RM'000	<u>Consolidated</u> RM'000
Revenue			
Revenue from external customers	983,582	85,216	1,068,798
Segment profit	97,273	5,950	103,223
Included in the measure of segment profit is:			
-Depreciation and amortisation	24,074	1,034	25,108
Segment assets	1,269,307	63,171	1,332,478
Included in the measure of segment assets is:			
-Capital expenditure	70,904	831	71,735

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 30 September 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

	<u>Individual quarter</u>			
	<u>30.09.2023</u> RM'000	<u>30.09.2022</u> RM'000	<u>Variance</u> RM'000	
Revenue				
Plastic packaging products	284,708	327,548	(42,840)	(13.1)
Food, beverages and other consumable products	32,671	28,952	3,719	12.8
Group	317,379	356,500	(39,121)	(11.0)
Profit/(Loss) before tax				
Plastic packaging products	25,609	32,550	(6,941)	(21.3)
Food, beverages and other consumable products	2,604	1,687	917	54.4
Group	28,213	34,237	(6,024)	(17.6)

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	Cumulative period			Variance %
	30.09.2023 RM'000	30.09.2022 RM'000	Variance RM'000	
Revenue				
Plastic packaging products	829,957	983,582	(153,625)	(15.6)
Food, beverages and other consumable products	91,714	85,216	6,498	7.6
Group	<u>921,671</u>	<u>1,068,798</u>	<u>(147,127)</u>	<u>(13.8)</u>
Profit/(Loss) before tax				
Plastic packaging products	70,641	97,273	(26,632)	(27.4)
Food, beverages and other consumable products	6,984	5,950	1,034	17.4
Group	<u>77,625</u>	<u>103,223</u>	<u>(25,598)</u>	<u>(24.8)</u>

Current Quarter - Revenue

For the current quarter ended 30 September 2023 (3Q23), the Group's plastic packaging products segment registered a revenue of RM284.80 million as compared to RM327.55 million recorded in the corresponding quarter of financial year (FY) 2022 (3Q22). The 13.1% decrease for the plastic packaging products segment was mainly due to the decrease in sales volume of garbage bags division, food wrap and courier bags division coupled with the lower average selling price (ASP) for the current quarter as compared to the corresponding quarter last year. Lower ASP is in line with the comparatively lower raw material prices. The food, beverages and other consumable products segment recorded a revenue of RM32.67million as compared to the corresponding quarter of FY 2022 of RM28.95million. The increase was mainly due to the increase in demand of tea and coffee in the market.

Current Quarter - Profit Before Tax (PBT)

For the current quarter ended 30 September 2023 (3Q23), the Group's plastic packaging products segment recorded a PBT of RM25.61 million while its food, beverages and other consumable products segment recorded a PBT of 2.60 million as compared to a PBT of RM32.55 million and RM1.69 million respectively in 3Q22.

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 interest expenses and higher selling and distribution expenses. The increase in profit before tax for food, beverages and other consumable products segment is in line with the increase in sales.

Cumulative Period - Revenue

For the nine months cumulative period, the Group recorded a decrease in revenue of 15.6% or RM153.63 million for its plastic products division. However, the Group achieved a 7.6% or RM6.50 million growth in its food, beverages and other consumable products division. The total revenue for the nine months cumulative period is RM921.67 million, a dropped of 13.8% as compared to the preceeding year's corresponding period of RM1,068.80 million. The decreased in revenues was mainly due to the decrease in sales volume of most of its plastic packaging products coupled with the lower ASP as compared to last year. Lower ASP is in line with the drop of raw material price.

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Cumulative Period - Profit before Tax (PBT)

The Group's profit before tax for the nine months cumulative period ended 30 September 2023 is RM70.64 million (2022: RM97.27 million) for its plastic products division while its food, beverages and other consumable products division recorded a profit of RM6.98 million (2022: RM5.95 million).

The decrease of PBT for the plastic products segment is in line with the decrease in revenue.

For the food, beverages and other consumable products division, the increase in the profit before taxation was in line with the increase in revenue.

B2 Comparison with immediate preceding quarter's results

	Individual quarter ended		Variance RM'000	Variance %
	30.09.2023 RM'000	30.06.2023 RM'000		
Revenue	317,379	290,691	26,688	9.2
Profit before tax (PBT)	28,213	24,846	3,367	13.6

The current quarter recorded a growth of revenue mainly due to the increase in sales volume of stretch films, Industrial packaging, garbage bags, PVC cling films, courier bags and food and beverage.

The increase of PBT is in line with the increase of revenue.

B3 Prospect

The outlook remains challenging with high inflation and interest rates, rising energy, labour and other operating cost and increase geopolitical tensions in the Middle East and Eastern Europe. As softer global market demand continued, the Group continue its effort to reduce cost by managing its operational cost, increase productivity and reduce production wastages. The Group had also expand its market shares in the advance economies of Europe and USA with innovative marketing strategies.

Barring any unforeseen circumstances, the Group is confident that it will continue to grow in the next years.

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	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
After charging:				
Depreciation of property, plant and equipment	8,769	8,329	25,825	24,665
Depreciation of investment property	155	147	466	441
Property, plant and equipment written off	-	-	-	6
Loss on foreign exchange				
- realised	-	-	2,334	2,869
and crediting:				
Gain on disposal of property, plant and equipment	46	9	71	50
Gain on foreign exchange				
- realised	1,099	60	-	-
- unrealised	905	2,549	2,646	1,265

B6 Income tax expense

	Individual quarter		Cumulative period	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Income tax in respect of				
- Current period	4,405	2,535	11,219	14,153
- Prior year	84	(264)	224	(478)
Deferred taxation	1,436	4,632	3,247	7,322
	<u>5,925</u>	<u>6,903</u>	<u>14,690</u>	<u>20,997</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

30.09.2023
RM'000

Current

Secured

Finance lease liability

686

686

Unsecured

Term loans

23,629

Revolving credit

14,677

Overdrafts

529

Bankers' acceptances

78,370

Trust receipt

15,176

132,381

133,067

Non-current

Secured

Finance lease liability

784

Unsecured

Term loans

38,516

Revolving credit

27,812

67,112

The above borrowings are denominated in Ringgit Malaysia except for 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 did not recommend any dividend for the financial period under review.

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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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Profit attributable to ordinary equity owners of the Company (RM'000)	21,900	27,121	63,035	81,184
Weighted average number of ordinary share in issue (units'000)	392,537	386,311	392,537	386,311
Basic earnings per ordinary share (sen)	5.58	7.02	16.06	21.02

(b) Diluted earnings per ordinary share

	Individual quarter		Cumulative period	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Profit attributable to ordinary equity owners of the Company (RM'000)	21,900	27,121	63,035	81,184
Weighted average number of ordinary share in issue (units'000)	396,068	394,795	396,068	394,795
Diluted earnings per ordinary share (sen)	5.53	6.87	15.92	20.56

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 23 NOVEMBER 2023