

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2023

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2023

	Note	INDIVIDUAL QUARTER 3 MONTHS		CUMULATIVE QUARTER 6 MONTHS	
		Current Year Quarter 30.06.23 RM'000	Preceding Year Corresponding Quarter 30.06.22 RM'000	Current Period To Date 30.06.23 RM'000	Preceding Year Corresponding Period 30.06.22 RM'000
Revenue	8	37,627	47,065	77,893	92,582
Profit from operations		4,165	9,690	7,708	15,416
Finance income		510	76	1,003	159
Finance costs		-	-	-	-
Profit before tax	15	4,675	9,766	8,711	15,575
Tax expense	19	(1,189)	(909)	(2,198)	(2,205)
Profit for the period		3,486	8,857	6,513	13,370
Other comprehensive income / (expense), net of tax:					
Fair value of available-for-sale financial assets		-	-	-	-
Foreign currency translation differences		4,192	3,882	4,587	4,713
		4,192	3,882	4,587	4,713
Total comprehensive income / (expense) for the year attributable to owners of the Company		7,678	12,739	11,100	18,083
Earnings per share					
Basic (Sen)	28	1.09	2.80	2.05	4.22
Diluted (Sen)		N/A	N/A	N/A	N/A

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2022.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2023

CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	As at End of Current Quarter 30.06.23 RM'000	Audited As at End of Preceding Financial Year 31.12.22 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	20	59,396	59,420
Right-of-use assets		10,276	9,743
Intangible assets		9	9
		69,681	69,172
Current Assets			
Inventories		47,057	45,076
Trade and other receivables	24	26,546	31,398
Current tax assets		21	270
Cash and cash equivalents		81,979	83,354
		155,603	160,098
TOTAL ASSETS		225,284	229,270
EQUITY TO OWNERS OF THE COMPANY			
Share capital		113,680	113,680
Reserves		82,549	79,373
TOTAL EQUITY		196,229	193,053
Non-current Liabilities			
Deferred tax liabilities		9,742	9,754
Current Liabilities			
Trade and other payables		14,924	20,797
Current tax liabilities		1,219	695
Derivative financial liabilities		-	217
Dividend payable		3,170	4,754
		19,313	26,463
TOTAL LIABILITIES		29,055	36,217
TOTAL EQUITY AND LIABILITIES		225,284	229,270
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		61.9	60.9

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2022.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2023

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	<-----Attributable to owners of the Company----->				
	<----- Non- Distributable ----->			Distributable	
	Share capital RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2023	113,680	2,766	(106)	76,713	193,053
Net profit for the period	-	-	-	6,513	6,513
Other comprehensive income for the period	-	4,587	-	-	4,587
Total comprehensive income for the period	-	4,587	-	6,513	11,100
Dividend	-	-	-	(7,924)	(7,924)
At 30 June 2023	113,680	7,353	(106)	75,302	196,229
At 1 January 2022	113,680	(1,830)	(106)	73,566	185,310
Net profit for the period	-	-	-	13,370	13,370
Other comprehensive income for the period	-	4,713	-	-	4,713
Total comprehensive income for the period	-	4,713	-	13,370	18,083
Dividend	-	-	-	(7,924)	(7,924)
At 30 June 2022	113,680	2,883	(106)	79,012	195,469

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2022.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2023

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Note	PERIOD ENDED	
		30.06.23 RM'000	30.06.22 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		8,711	15,575
Adjustments:			
Depreciation of property, plant and equipment		3,128	3,076
Depreciation of right-of-use assets		74	71
Gain on disposal of property, plant and equipment		-	(10)
Gain on disposal of right-of-use assets		-	(5,055)
Finance income		(1,003)	(159)
Property, plant & equipment written off		1	25
(Reversal) / Impairment loss on trade receivables		(22)	(112)
Operating profit before changes in working capital		10,889	13,411
Changes in working capital:			
Inventories		(485)	(7,434)
Trade and other receivables		5,423	(4,889)
Trade and other payables		(7,984)	5,818
Cash generated from operations		7,843	6,906
Income tax paid		(1,437)	(1,860)
Net cash generated from operating activities		6,406	5,046
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	20	(202)	(537)
Proceeds from disposal of property, plant and equipment		-	10
Proceeds from disposal of right-of-use assets		-	6,305
Interest received		1,003	159
Net cash generated from / (used in) investing activities		801	5,937
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(9,509)	(9,509)
Net cash used in financing activities		(9,509)	(9,509)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(2,302)	1,474
Effects of foreign exchange rate differences		927	442
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD		83,354	77,153
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD		81,979	79,069

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2023

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONT'D)

	Note	PERIOD ENDED	
		30.06.23 RM'000	30.06.22 RM'000
Cash and cash equivalents included in the consolidated statements of cash flows comprise the following statements of financial position amounts:			
Short-term placements in money market with a licensed bank (including Islamic short term placement of RM19.6 million (30.06.22: RM19.2 million))		38,546	37,768
Short-term deposits with licensed banks		24,205	17,987
Cash and bank balances		19,228	23,314
		81,979	79,069

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2022.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART A : EXPLANATORY NOTES PURSUANT TO MFRS 134

1 Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting in Malaysia and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

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, except for the adoption of the following Amendments effective 1 January 2023:

- Amendments to MFRS 101, Presentation of Financial Statements – Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from Single Transaction

The Group has adopted the Amendments that are relevant and effective for accounting periods beginning on or after 1 January, 2023. The adoption of these Amendments has not resulted in any material impact on the financial statements of the Group.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been applied by the Group:

- 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

2 Auditors’ Report on Preceding Annual Financial Statements

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

3 Seasonal or Cyclical Factors

The operations of the Group during the current quarter under review have not been materially affected by any seasonal or cyclical factors.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS

4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior interim period or financial year that have a material effect in the current quarter under review.

6 Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

7 Dividends Paid

A fourth interim single-tier tax exempt dividend of 1.5 sen per share in respect of financial year ended 31 December 2022 was declared by the Board on 24 February 2023 and subsequently paid on 13 April 2023.

A first interim single-tier tax exempt dividend of 1.0 sen per share in respect of financial year ending 31 December 2023 was declared by the Board on 5 May 2023 and subsequently paid on 6 July 2023.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS

8 Operating segments

The Group is principally involved in the manufacturing and sale of plastic packaging and its related products and trading of polymer products. Operating segment information has therefore not been prepared as the Group's revenue and operating profit before tax are mainly confined to one operating segment.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers as follows:

	INDIVIDUAL QUARTER 3 MONTHS				CUMULATIVE QUARTER 6 MONTHS			
	Current Year Quarter 30.06.23		Preceding Year Corresponding Quarter 30.06.22		Current Period To Date 30.06.23		Preceding Year Corresponding Period 30.06.22	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	24,563	65%	28,560	61%	51,150	65%	54,216	59%
Japan	10,389	28%	13,328	28%	21,528	28%	29,222	32%
Australia	833	2%	1,938	4%	2,084	3%	3,767	4%
Other countries	1,842	5%	3,239	7%	3,131	4%	5,377	5%
Total	37,627	100%	47,065	100%	77,893	100%	92,582	100%

9 Valuation of Property, Plant and Equipment

The valuations of land and building have been brought forward, without amendment from the annual financial statements for the year ended 31 December 2022. There were no valuations of property, plant and equipment during the current quarter under review.

10 Events Subsequent to the Balance Sheet Date

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

11 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review. In streamlining the Group's corporate structure, on 16 February 2021, the Company decided to proceed with a voluntary winding up of its wholly owned subsidiary, Sinliplas Sdn Bhd, a dormant subsidiary.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS

12 Changes in contingent liabilities or contingent assets

The Company has provided corporate guarantees to financial institutions for banking facilities granted to its subsidiaries collectively up to limits of RM44 million as at 30 June 2023, of which, approximately RM1.9 million of the total banking facilities was utilised as at 30 June 2023. The Company has also issued corporate guarantees to non-financial institutions for the supply of goods and services provided to subsidiaries collectively amounting to RM7.0 million as at 30 June 2023.

13 Capital Commitments

Capital commitments for the purchase of property, plant and equipment as at the end of the current quarter was as follows:

	Total RM'000
Approved and contracted for:	
Property, plant and equipment	- =====

14 Significant related party transactions

There were no significant transactions entered into between the Group and other related parties during the current year under review except the following:

	Current Year-To-Date RM'000
Sales of plastic films and plastic bags to a company controlled by a Director	<u>479</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART B : EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

15 Review of Performance

	INDIVIDUAL QUARTER 3 MONTHS			CUMULATIVE QUARTER 6 MONTHS		
	Current Year Quarter 30.06.23 RM'000	Preceding Year Corresponding Quarter 30.06.22 RM'000	Variance %	Current Period To Date 30.06.23 RM'000	Preceding Year Corresponding Period 30.06.22 RM'000	Variance %
Revenue	37,627	47,065	(20.1%)	77,893	92,582	(15.9%)
Profit Before Tax	4,675	9,766	(52.1%)	8,711	15,575	(44.1%)
Profit After Tax	3,486	8,857	(60.6%)	6,513	13,370	(51.3%)
Profit Before Tax Margin	12.4%	20.8%	(8.4%)	11.2%	16.8%	(5.6%)
Profit After Tax Margin	9.3%	18.8%	(9.5%)	8.4%	14.4%	(6.0%)

For the current quarter ended 30 June 2023, the Group recorded revenue of RM37.6 million, a decrease of 20.1% from RM47.1 million recorded in the corresponding quarter last year. The significant decrease in revenue was attributable to the softening demand from local and regional markets.

During the second quarter last year, the Group posted a gain from disposal of leasehold land (right-of-use assets) amounted to RM5.1 million. For the current quarter, the Group posted a lower Profit Before Tax ("PBT") of RM4.7 million, dropped 52.1% from RM9.8 million recorded in the corresponding quarter last year due to absent of the non-recurring gain.

For the current period ended 30 June 2023, the Group recorded lower revenue of RM77.9 million, a decrease of 15.9% from RM92.6 million recorded in the corresponding period last year. This was attributed to softening demand from local and regional markets. During current period, the Group recorded RM8.7 million of PBT, a decrease of 44.1% compared with RM15.6 million recorded in the corresponding period last year due to the explanation given in the above paragraph.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS

16 Comment on material change in profit before tax

	Current	Preceding	Variance	
	Quarter	Quarter	RM'000	%
	30.06.23	31.03.23		
	RM'000	RM'000	RM'000	%
Revenue	37,627	40,266	2,639	(6.6%)
Profit Before Tax	4,675	4,036	639	15.8%
Profit After Tax	3,486	3,027	459	15.2%
Profit Before Tax Margin	12.4%	10.0%	-	2.4%
Profit After Tax Margin	9.3%	7.5%	-	1.8%

For the current quarter ended 30 June 2023, the Group recorded a lower revenue of RM37.6 million compared to RM40.3 million recorded in the preceding quarter. The decrease in revenue was attributed to softening in demand from local and regional markets.

Notwithstanding with the decrease in revenue, the Group's PBT improved by 15.8% to RM4.7 million from RM4.0 million. This was mainly due to favourable foreign exchange during the current quarter.

17 Current year prospects

The Group had anticipated earlier this year that both domestic and external demand would remain sluggish under the current global economic environment. The consumer spending confidences remained weak locally and regionally, affected by the inflationary factors, derived from high interest rates, weakening of currencies against greenback and among others. Hence the Group expects the recovery process could be prolonged, subject to indicators in the coming months.

Nonetheless, the Group will remain focused to demonstrate its product range differentiations to sustain its market shares, continue to strengthen its financial fundamentals to weather the potential impacts arising from the current global economic challenges. Despite facing stormy headwinds and weak economic sentiments, the Group shall remain prudent in all business aspects to mitigate risks and exposures, to ensure delivery of positive results in the 2nd half of 2023.

18 Variance between Actual Profit and Forecast Profit

Not applicable.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS

19 Taxation

	INDIVIDUAL QUARTER 3 MONTHS		CUMULATIVE QUARTER 6 MONTHS	
	Current Year Quarter 30.06.23 RM'000	Preceding Year Corresponding Quarter 30.06.22 RM'000	Current Period To Date 30.06.23 RM'000	Preceding Year Corresponding Period 30.06.22 RM'000
Income tax				
Current year	1,213	936	2,210	2,154
Prior year	-	-	-	-
	1,213	936	2,210	2,154
Deferred tax				
Current year	(24)	(27)	(12)	51
Prior year	-	-	-	-
	1,189	909	2,189	2,205

Effective tax rate in the current year quarter and financial year-to-date is 25%.

20 Property, plant and equipment

During the financial period ended 30 June 2023, the Group has acquired / disposed the following assets:

	30.06.23	
	Acquisition of assets RM'000	Disposal/ written of assets RM'000
Plant, machinery and factory equipment	184	(1)
Motor vehicle	16	-
Office furniture and equipment	2	-
	202	(1)

21 Unquoted investments and properties

There were no purchases or sale of unquoted investment or properties for the current quarter under review.

22 Quoted securities

There were no acquisitions or disposals of quoted securities for the current quarter under review and the financial year-to-date.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS

23 Borrowings and debt Securities

Other than bank guarantee facilities, there were no outstanding bank loans and borrowings.

24 Trade and other receivables

	30.06.23	31.12.22
	RM'000	RM'000
Trade		
Trade receivables (net of impairment)	22,753	26,981
Amount due from a company controlled by a Director	240	626
Non-trade		
Other receivables	1,963	3,115
Deposits	178	204
Prepayments	1,412	472
	26,546	31,398

Included in prepayments of the Group are RM0.8 million (31.12.2022: RM Nil) representing advance payments to suppliers for purchases of raw materials.

The ageing analysis of the Group's trade receivables as at 30 June 2023 is as follows:

	Gross Carrying	Loss Allowances	Net Balance
	Amount	(ECL)	RM'000
	RM'000	RM'000	RM'000
Not past due	16,519	(14)	16,505
Past due 0 – 30 days	5,316	(3)	5,313
Past due 31 – 120 days	1,136	-	1,136
Past due more than 120 days	85	(46)	39
	23,056	(63)	22,993

25 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the end of current quarter to the date of this quarterly report.

26 Material Litigation

There are no material litigation against the Group as at the date of this quarterly report.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS

27 Proposed Dividend

Details of the dividends approved and declared by the Board of Directors are as follows:

30.06.23

Second Interim Dividend

Dividend for the financial year ending	31 December 2023
Declared on	4 August 2023
Dividend per share	1.25 sen
Entitlements to dividends based on record of	
Depositors as at	8 September 2023
Date payable	5 October 2023

28 Earnings Per Share

	Individual Quarter 3 MONTHS		Cumulative Quarter 6 MONTHS	
	Current Year Quarter 30.06.23	Preceding Year Corresponding Quarter 30.06.22	Current Period To Date 30.06.23	Preceding Year Corresponding Period 30.06.22
BASIC EARNINGS PER SHARE				
Profit attributable to owners of the Company (RM'000)	3,486	8,857	6,513	13,370
Weighted average number of ordinary shares in issue ('000)	316,960	316,960	316,960	316,960
Basic Earnings per Share (sen)	1.09	2.80	2.05	4.22

There was no dilution in the earnings per share as there was no potential diluted ordinary share outstanding as at the end of the current quarter under review.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS

29 Notes to the Statement of Comprehensive Income

	Individual Quarter 3 MONTHS		Cumulative Quarter 6 MONTHS	
	Current Year Quarter 30.06.23 RM'000	Preceding Year Corresponding Quarter 30.06.22 RM'000	Current Period To Date 30.06.23 RM'000	Preceding Year Corresponding Period 30.06.22 RM'000
Profit from operations for the period is arrived at after charging the following items:				
Depreciation and amortisation	1,552	1,552	3,128	3,076
Depreciation of right-of-use assets	37	36	74	71
Impairment loss on trade receivables	-	2	-	-
Loss on derivative – unrealised	-	579	-	713
and after crediting the following items:				
Interest income	510	76	1,003	159
Gain on disposal of property, plant and equipment	-	-	-	10
Gain on disposal of right-of-use assets	-	5,055	-	5,055
Gain on derivative – unrealised	3	-	220	-
Net foreign exchange gain	285	179	186	247
Reversal of impairment loss on trade receivables	3	-	22	112

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

30 Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Board.