

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED**

	Three months ended		Three months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM '000	RM '000	RM '000	RM '000
Revenue	<u>32,609</u>	<u>34,388</u>	<u>32,609</u>	<u>34,388</u>
Operating loss	(5,773)	(2,591)	(5,773)	(2,591)
Finance income	16	19	16	19
Finance costs	(671)	(932)	(671)	(932)
ESOS expenses	(112)	(65)	(112)	(65)
Loss before taxation	<u>(6,540)</u>	<u>(3,569)</u>	<u>(6,540)</u>	<u>(3,569)</u>
Tax (expenses)/ income	(4)	691	(4)	691
Loss for the period	<u>(6,544)</u>	<u>(2,878)</u>	<u>(6,544)</u>	<u>(2,878)</u>
Foreign currency translation differences for foreign operations	-	(2)	-	(2)
Total comprehensive expense for the period	<u>(6,544)</u>	<u>(2,880)</u>	<u>(6,544)</u>	<u>(2,880)</u>
Loss attributable to:				
Owners of the Company	(6,544)	(2,866)	(6,544)	(2,866)
Non-controlling interests	-	(12)	-	(12)
Loss for the period	<u>(6,544)</u>	<u>(2,878)</u>	<u>(6,544)</u>	<u>(2,878)</u>
Total comprehensive expense attributable to:-				
Owners of the Company	(6,544)	(2,867)	(6,544)	(2,867)
Non-controlling interests	-	(13)	-	(13)
Total comprehensive expense for the period	<u>(6,544)</u>	<u>(2,880)</u>	<u>(6,544)</u>	<u>(2,880)</u>
Basic loss per ordinary share (sen)	<u>(1.57)</u>	<u>(0.68)</u>	<u>(1.57)</u>	<u>(0.68)</u>
Diluted loss per ordinary share (sen)	<u>(1.57)</u>	<u>(0.68)</u>	<u>(1.57)</u>	<u>(0.68)</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - UNAUDITED

	As at 31.03.2020 RM '000	Audited As at 31.12.2019 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	184,073	187,954
Right-of-use assets	3,442	3,514
Deferred tax assets	4,527	4,527
Total non-current assets	<u>192,042</u>	<u>195,995</u>
Current assets		
Inventories	22,550	22,179
Trade and other receivables	41,674	38,090
Contract assets	6,264	10,035
Current tax assets	9	8
Cash and cash equivalents	4,604	9,563
Total current assets	<u>75,101</u>	<u>79,875</u>
TOTAL ASSETS	<u>267,143</u>	<u>275,870</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	110,180	110,015
Reserves	64,591	71,298
Equity attributable to owners of the Company	174,771	181,313
Non-controlling interests	-	-
Total equity	<u>174,771</u>	<u>181,313</u>
Non-current liabilities		
Loans and borrowings	11,707	17,233
Lease Liabilities	214	253
Employee benefits	560	554
Total non-current liabilities	<u>12,481</u>	<u>18,040</u>
Current liabilities		
Trade and other payables	22,551	19,987
Loans and borrowings	57,132	56,323
Lease Liabilities	157	156
Dividends payable	51	51
Total current liabilities	<u>79,891</u>	<u>76,517</u>
Total liabilities	<u>92,372</u>	<u>94,557</u>
TOTAL EQUITY AND LIABILITIES	<u>267,143</u>	<u>275,870</u>
Net assets per share (RM)	0.42	0.43

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Attributable to owners of the Company							Non-controlling interest	Total equity	
	Non-distributable				Distributable					
	Share capital	Translation reserve	Treasury share	Share option reserve	Merger reserve	Warrant reserve	Retained earnings	Total		
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
At 1 January 2020	110,015	-	(1,077)	2,244	2,991	16,967	50,173	181,313	-	181,313
Loss and total comprehensive expense for the year	-	-	-	-	-	-	(6,544)	(6,544)	-	(6,544)
<i>Contributions by and distributions to owners of the Company</i>										
Equity settled share based transactions										
- Share option granted	-	-	-	112	-	-	-	112	-	112
- Share issued pursuant to ESOS	130	-	-	-	-	-	-	130	-	130
- Share option exercised	35	-	-	(35)	-	-	-	-	-	-
Own shares acquired	-	-	(240)	-	-	-	-	(240)	-	(240)
Total transactions with owners of the Company	165	-	(240)	77	-	-	-	2	-	2
Share option forfeited	-	-	-	(29)	-	-	29	-	-	-
At 31 March 2020	<u>110,180</u>	<u>-</u>	<u>(1,317)</u>	<u>2,292</u>	<u>2,991</u>	<u>16,967</u>	<u>43,658</u>	<u>174,771</u>	<u>-</u>	<u>174,771</u>



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – AUDITED

	Attributable to owners of the Company							Total	Non-controlling interest	Total equity
	Non-distributable			Distributable						
	Share capital	Translation reserve	Treasury share	Share option reserve	Merger reserves	Warrant reserve	Retained earnings			
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January 2019	109,883	(4)	(662)	1,790	2,991	16,967	61,387	192,352	11	192,363
Foreign currency translation differences for foreign operation	-	(1)	-	-	-	-	-	(1)	(1)	(2)
(Loss)/ profit for the period	-	-	-	-	-	-	(2,866)	(2,866)	(12)	(2,878)
Loss and total comprehensive expense for the year	-	(1)	-	-	-	-	(2,866)	(2,867)	(13)	(2,880)
<i>Contributions by and distributions to owners of the Company</i>										
Equity settled share based transactions										
-share option granted	-	-	-	65	-	-	-	65	-	65
-share issued pursuant to ESOS	20	-	-	-	-	-	-	20	-	20
-share option exercised	6	-	-	(6)	-	-	-	-	-	-
Own shares acquired	-	-	(21)	-	-	-	-	(21)	-	(21)
Total transactions with owners of the Company	26	-	(21)	59	-	-	-	64	-	64
Share option forfeited	-	-	-	(194)	-	-	194	-	-	-
At 31 March 2019	<u>109,909</u>	<u>(5)</u>	<u>(683)</u>	<u>1,655</u>	<u>2,991</u>	<u>16,967</u>	<u>58,715</u>	<u>189,549</u>	<u>(2)</u>	<u>189,547</u>



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

	Three months ended 31.03.2020 RM '000	Three months ended 31.03.2019 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(6,540)	(3,569)
Adjustments for:-		
Depreciation on:		
- Property, plant and equipment	4,403	4,528
- Right-of-use assets	72	-
Equity settled share-based transaction	112	65
Finance costs	671	932
Finance income	(16)	(19)
Property, plant and equipment		
- Loss on disposal	5	40
Impairment loss on trade receivables	116	-
Unrealised loss/(gain) on foreign exchange	2,653	(1,516)
Operating profit before changes in working capital	<u>1,476</u>	<u>461</u>
Change in employee benefits	6	(7)
Change in inventories	(371)	2,248
Change in trade and other receivables	(2,807)	2,958
Change in trade and other payables	2,567	(5,288)
Change in contract assets	3,771	203
Cash generated from operations	<u>4,642</u>	<u>575</u>
Tax paid	(5)	(7)
Other finance costs paid	(42)	(43)
Net cash from operating activities	<u>4,595</u>	<u>525</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(530)	(1,508)
Proceeds from disposal of property, plant and equipment	3	25
Interest received	16	19
Net cash used in investing activities	<u>(511)</u>	<u>(1,464)</u>



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED (continued)

	Three months ended 31.03.2020 RM '000	Three months ended 31.03.2019 RM '000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loans	(3,546)	(3,615)
Repayment of lease liabilities	(37)	-
Net short term borrowings	(4,721)	6,440
Proceeds from exercise of share option	130	20
Payment for repurchase of treasury shares	(240)	(21)
Interest paid	(629)	(890)
Net cash (used in)/from financing activities	<u>(9,043)</u>	<u>1,934</u>
Exchange difference on translation of financial statements of foreign exchange	-	(2)
Net (decrease)/increase in cash and cash equivalents	(4,959)	993
Cash and cash equivalents at 1 January	9,563	7,055
Cash and cash equivalents at 31 March	<u>4,604</u>	<u>8,048</u>
Cash and cash equivalents at end of the year consist of:-		
Cash and bank balances	<u>4,604</u>	<u>8,048</u>
	<u>4,604</u>	<u>8,048</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)



A. NOTES TO THE QUARTERLY FINANCIAL REPORT

1 Basis of preparation

(a) Statement of compliance

The interim financial statements are unaudited and have been prepared in accordance with paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad, and Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and International Accounting Standards (“IAS”) 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*



The Group plan to apply the abovementioned accounting standards, interpretations and amendments in the respective financial year when the above standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group upon their first adoption.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements except for recognition of deferred tax assets.

The deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the unabsorbed capital allowances and unutilised reinvestment allowances can be utilised. The Directors believe that there is probable taxable profits based on the profit projections to utilise the amount of deferred tax assets recognised.

2 Audit qualification

The preceding audited financial statements of the Group were not subject to any audit qualification.

3 Seasonality or cyclicity of operations

The business operations of the Group during the financial quarter under review were not materially affected by any seasonal or cyclical factors.

4 Unusual items affecting the assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date.



5 Material changes in estimates

There were no changes in estimates of amounts, which have a material effect in the current quarter and financial year-to-date.

6 Issuances, cancellations, repurchases, resales and repayments of debts and equity securities

There were no issuances, cancellation, repurchases, resales and repayments of debts and equity securities for the current quarter, other than:-

- i) A total of 478,200 repurchased shares are being held at treasury shares.

7 Dividend paid

The Board does not recommend any interim dividend to be paid for the current quarter.

8 Segment information

The Group operates principally in Malaysia and in the manufacture and sale of flexible packaging materials.

The Group's operation is divided into local and export markets. The local market relates to sales to customers within Malaysia. The export market relates to sales to overseas customers primarily in Eastern Europe, South East Asia, South America and Africa.

	Individual quarter ended		Cumulative quarter ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Revenue				
- Local	13,495	18,483	13,495	18,483
- Overseas	19,114	15,905	19,114	15,905
	<u>32,609</u>	<u>34,388</u>	<u>32,609</u>	<u>34,388</u>

9 Valuations of property, plant and equipment

The Group did not carry out any valuations on its property, plant and equipment for the current quarter.

10 Material events subsequent to period end

There were no material events subsequent to period end.

11 Changes in composition of the group

There were no changes in the composition of the Group for the current quarter.



12 Contingent liabilities

	Company	
	31 March 2020 RM'000	31 March 2019 RM'000
Secured corporate guarantees given to banks in respect of outstanding banking facilities of a subsidiary	68,839	80,045

13 Capital commitments

	31 March 2020 RM'000	31 March 2019 RM'000
Plant and equipment Contracted but not provided for	2,374	1,938

14 Listing Requirement

The external auditors had performed a limited review on the condensed consolidated interim financial statements of the Group as at 31 March 2020 pursuant to a directive issued by Bursa Malaysia Securities Berhad on 27 May 2019. A copy of the review report dated 25 June 2020 is attached.

B. ADDITIONAL INFORMATION AS REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENT

1 Review of performance

The Group's performance for the quarter under review as compared to the same quarter of the previous financial year is as follows:

Quarter Review

For the 3 months period ended March 31, 2020, the Group achieved a revenue of RM32.6 million as compared to RM34.4 million for the same period last year. The decrease in revenue in this period under review is primarily due to decrease in sales to local customers and partially offset by an increase in orders from existing international customers.

The Group reported a higher loss before tax of RM6.5 million for the quarter under review as compared to a loss of RM3.6 million in the same quarter in FY 2019 primarily resulting from RM2.5 million of foreign exchange loss as compared to RM1.4 million of foreign exchange gain in same quarter preceding year.

The lower revenue was partly due to the government movement control order ("MCO") to contain COVID-19 pandemic whereby operations had to be temporarily scaled down. Being recognized as essential services by the Ministry of International Trade and Industry ("MITI"), full operations only resumed in April 2020.



2 Variation of results against preceding quarter

Revenue for the current quarter of RM32.6 million was 26% lower compared to RM44.1 million for the preceding quarter, due to decreased orders from both local and international customers.

The Group reported a higher loss before tax of RM6.5 million for the quarter under review as compared to a loss of RM0.3 million in the last quarter primarily because of RM2.5 million foreign exchange loss, as compared to RM1.0 million of foreign exchange gain in last quarter as well as due to the effect of the movement control order (“MCO”) as mentioned above.

3 Prospects

The current COVID-19 pandemic has affected the general population and business locally and worldwide. The Group likewise have also been affected. Notwithstanding, the market for food packaging has been encouraging and the Group expects to leverage our capability to address this opportunity.

As part of the Group’s rationalization plan for cost of operational efficiency, our bag making machines will be relocated from Tampoi plant to Senai plant.

The Group will continue to intensify sales and marketing efforts to secure more customers as well as develop new products to improve our competitive advantage.

Resulting from the positive impact from continuing enhancement to operational efficiencies, the Board is optimistic that the performance of the Group will improve.

4 Profit forecast

No profit forecast was provided for the current quarter and financial year-to-date.

5 Tax (expense)/ income

Taxation comprises the following:

	Individual quarter ended		Cumulative quarter ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
The tax (expense)/ income comprises the followings:				
Tax expense				
- Current period	(4)	-	(4)	-
- Prior year	-	-	-	-
	<u>(4)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>
Deferred tax income				
- Current period	-	691	-	691
- Prior year	-	-	-	-
	<u>-</u>	<u>691</u>	<u>-</u>	<u>691</u>
	<u>(4)</u>	<u>691</u>	<u>(4)</u>	<u>691</u>



**UNAUDITED QUARTERLY REPORT FOR THE FIRST QUARTER ENDED
31 MARCH 2020**

6 Status of corporate proposal announced

There was no corporate proposal announced for the current quarter except for the following:

On 11 March 2020, the Group had entered into a conditional sale and purchase agreement (“SPA”) with the shareholders of SP Plastic & Packaging Sdn. Bhd. (“SP Plastic”) to acquire 51% equity interest comprising 102,000 ordinary shares of SP Plastic for a total purchase consideration of RM1,168,915 which will be entirely satisfied through the transfer of 2,205,500 Treasury Shares of the Group to the shareholders of SP Plastic. The Group is currently finalizing the due diligence process.

7 Group borrowings and debts securities

The borrowings of the Group denominated in Ringgit Malaysia as at the end of the reporting period are as follows: -

	31 March 2020	31 March 2019
	RM'000	RM'000
Non-current		
Secured		
Term loans	11,707	-
	11,707	-
Current		
Secured		
Term loans	16,823	41,995
Revolving credit	14,773	12,383
	31,596	54,378
Unsecured		
Trust receipts	25,536	25,667
	25,536	25,667
	57,132	80,045
	68,839	80,045

8 Disclosure of derivatives

There were no financial derivatives for the current quarter ended 31 March 2020.

9 Changes in material litigation

There were no pending material litigations at the date of this quarterly report.

10 Dividend

No dividend was declared by the Company for the current quarter under review.



11 Earnings per ordinary shares

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the period under review is based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares in issue during the said financial period, calculated as follows:

	Individual quarter ended		Cumulative quarter ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Adjusted Net Loss attributable to ordinary shareholders (RM'000)	(6,544)	(2,866)	(6,544)	(2,866)
Weighted average number of ordinary shares in issue ('000)	418,118	418,952	418,118	418,952
Basic loss per ordinary share (sen)	<u>(1.57)</u>	<u>(0.68)</u>	<u>(1.57)</u>	<u>(0.68)</u>

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share for the period under review is based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Individual quarter ended		Cumulative quarter ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Adjusted Net Loss attributable to ordinary shareholders (RM'000)	(6,544)	(2,866)	(6,544)	(2,866)
Weighted average number of ordinary shares in issue ('000)	418,127	419,510	418,127	419,510
Diluted loss per ordinary share (sen)	<u>(1.57)</u>	<u>(0.68)</u>	<u>(1.57)</u>	<u>(0.68)</u>

12 Related party transactions

There were no significant related party transactions for the Group during the period under review.



13 Notes to the Statements of Comprehensive Income

Loss before tax is arrived at after charging/ (crediting):

	Individual quarter ended		Cumulative quarter ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Interest expense	671	932	671	932
Depreciation on:				
- Property, plant and equipment	4,403	4,528	4,403	4,528
- Right-of-use assets	72	-	72	-
Impairment loss on trade receivables	116	-	116	-
Reversal of slow moving inventories	(200)	(1,153)	(200)	(1,153)
Foreign exchange:				
- Realised loss/(gain)	(195)	154	(195)	154
- Unrealised loss/(gain)	2,653	(1,516)	2,653	(1,516)
Loss on disposal of property, plant and equipment	5	40	5	40
Equity settled share based transaction (ESOS expense)	112	65	112	65