



TOMYPAK HOLDINGS BERHAD

Company No. 199501008545 (337743-W)
(Incorporated in Malaysia)

QUARTERLY REPORT

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023**

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

	Note	3 months ended 30.9.2023 RM '000	3 months ended 30.9.2022 RM '000
Revenue	7	14,591	18,606
Operating loss		(7,668)	(6,339)
Finance income		-	47
Finance costs		(422)	(486)
Loss before tax		(8,090)	(6,778)
Tax expense	15	(13)	-
Loss after tax		(8,103)	(6,778)
Loss attributable to:			
Owners of the Company		(8,125)	(6,820)
Non-controlling interest		22	42
Loss for the period and total comprehensive expense for the period		(8,103)	(6,778)
Basic and diluted earnings per ordinary share (sen)	21	(1.88)	(1.58)

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2023.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at Note 30.9.2023 RM'000	Audited As at 30.6.2023 RM'000
ASSETS		
Property, plant and equipment	98,764	90,685
Right-of-use assets	4,682	4,830
Investment property	278	279
Non-current assets	103,724	95,794
Inventories	18,414	17,849
Trade and other receivables	29,526	35,776
Current tax assets	263	249
Cash and cash equivalents	34,251	49,318
Assets classified as held for sale	18,298	18,298
Current assets	100,752	121,490
Total assets	204,476	217,284
EQUITY AND LIABILITIES		
Share capital	133,627	133,627
Reserves	26,543	34,668
Equity attributable to owners of the Company	160,170	168,295
Non-controlling interest	814	792
Total Equity	160,984	169,087
Loans and borrowings	17 14,810	7,720
Lease liabilities	1,680	1,784
Employee benefits	526	526
Non-current liabilities	17,016	10,030
Trade and other payables	22,552	21,858
Loans and borrowings	17 3,514	15,901
Lease liabilities	409	402
Current tax liabilities	1	6
Current liabilities	26,476	38,167
Total liabilities	43,492	48,197
Total equity and liabilities	204,476	217,284
Net assets per share attributable to owners of the Company (RM)	0.37	0.39

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2023.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interest	Total equity
	Non-distributable		Distributable			
	Share capital	Merger reserve	Retained earnings	Total	RM '000	RM '000
	RM '000	RM '000	RM '000	RM '000		
At 1 July 2023	133,627	2,991	31,677	168,295	792	169,087
(Loss)/Profit and total comprehensive (expense)/income for the period	-	-	(8,125)	(8,125)	22	(8,103)
At 30 September 2023	<u>133,627</u>	<u>2,991</u>	<u>23,552</u>	<u>160,170</u>	<u>814</u>	<u>160,984</u>
At 1 July 2022	133,627	2,991	(48,844)	87,774	782	88,556
(Loss)/Profit and total comprehensive (expense)/income for the period	-	-	(6,820)	(6,820)	42	(6,778)
At 30 September 2022	<u>133,627</u>	<u>2,991</u>	<u>(55,664)</u>	<u>80,954</u>	<u>824</u>	<u>81,778</u>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2023.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 30.9.2023 RM'000	3 months ended 30.9.2022 RM'000
Cash flows from operating activities		
Loss before tax	(8,090)	(6,778)
Adjustments for:		
Depreciation	2,754	803
Finance costs	422	486
Finance income	-	(47)
Loss on disposal of machinery	556	-
Unrealised gain on foreign exchange	(1,364)	(190)
Operating loss before changes in working capital	(5,722)	(5,726)
Change in inventories	(565)	(2,533)
Change in trade and other receivables	6,162	(8,699)
Change in trade and other payables	738	5,335
Cash used in operations	613	(11,623)
Tax paid	(32)	(243)
Other finance costs paid	(10)	(156)
Net cash used in operating activities	571	(12,022)
Cash flows from investing activities		
Acquisition of property, plant and equipment ¹	(11,642)	(12,186)
Proceeds from disposal of property, plant and equipment	400	-
Interest received	-	47
Net cash from investing activities	(11,242)	(12,139)
Cash flows from financing activities		
Repayment of term loans	(23)	-
Drawdown of hire purchase	9,162	-
Repayment of hire purchase	(444)	-
Repayment of lease liabilities	(98)	-
Net repayment of short-term borrowings	(12,581)	(12,656)
Interest paid	(412)	(330)
Net cash used in financing activities	(4,396)	(12,986)
Net decrease in cash and cash equivalents	(15,067)	(37,147)
Cash and cash equivalents at beginning of period	49,318	40,539
Cash and cash equivalents at end of period	34,251	3,392

¹ Includes construction in progress of machinery delivered.

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2023.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**1. Basis of Preparation**

These interim financial statements have been prepared in accordance with paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Financial Reporting Standard (“MFRS”) 134: *Interim Financial Reporting* and International Accounting Standards (“IAS”) 34: *Interim Financial Reporting*. The interim financial statements are unaudited and should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the explanatory notes accompanying the interim financial statements.

The accounting standards adopted in the preparation of the interim financial statements are consistent with those adopted in the preparation of the Group's audited financial statements for the financial year ended 30 June 2023, except for the following which were adopted at the beginning of the current financial year. These pronouncements are either not relevant or do not have any material impact on the Group's financial statements for the current financial year.

Effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements – *Classification of Liabilities as Current or Non-current and 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 a Single Transaction*

The following pronouncements are not yet effective and either not relevant or not expected to have any material impact on the Group's financial statements:

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*
- Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – *Supplier Finance Arrangements*

Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates – *Lack of Exchangeability*

Effective for annual periods beginning on or after a date yet to be announced

- 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*

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 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 during the current quarter.

5. Material Changes in Estimates

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

6. Debts and Equity Securities

There were no issuances, cancellations, repurchases, resales and repayments of debts and equity securities for the current quarter.

7. Segment Information

The Group operates principally in Malaysia and in the manufacture and sale of flexible packaging materials, polyethylene, polypropylene films and sheets.

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 Southeast Asia and Africa

	3 months ended	
	30.9.2023	30.9.2022
	RM'000	RM'000
Revenue		
- Local	12,592	11,409
- Export	1,999	7,197
	<u>14,591</u>	<u>18,606</u>

8. Material Event Subsequent to Period End

On 13 June 2023 Tomypak Flexible Packaging Sdn Bhd ("TFP"), a wholly-owned subsidiary of the Group, entered into the following agreements in relation to the proposed acquisition of EB Packaging Sdn Bhd ("EB Packaging" or "EB"):

- i. Conditional share sale agreement with Siow Chew Kiong, Teo Kee Lin, Hoo Jik Heng and Teo Peng Hong (collectively, "Promoters") for the proposed acquisition of 1,822,428 ordinary shares in EB Packaging ("EB Packaging Shares"), representing approximately 29.29% equity interest in EB, for a cash consideration of RM30,756,330.40;
- ii. Conditional share sale agreement with RMCP Plastics Holdings Sdn Bhd for the proposed acquisition of 2,532,720 EB Packaging Shares and 2 class A EB Packaging Shares, representing approximately 40.71% equity interest in EB, for a cash consideration of RM42,743,669.60;
- iii. Call and put option agreement with the Promoters for the proposed grant by the Promoters of several call options for TFP to acquire the remaining 30% equity interest in EB, from the Promoters and the proposed grant by TFP of several put options for the Promoters to sell the remaining 30% equity interest in EB, to TFP for a cash consideration of up to RM31,500,000; and
- iv. Shareholders' agreement with the Promoters and EB to set out the mutually agreed rights, duties, liabilities and obligations vis-a-vis each other in relation to the management and operation of EB Packaging between the Promoters and Tomypak.

The above proposed acquisition was approved by shareholders in an extraordinary general meeting held on 11 October 2023 and was subsequently completed on 8 November 2023 as announced. Therefore, as at the reporting date, EB Packaging is a 70%-owned subsidiary company of the Group.

Other than the above proposed acquisition, there was no material event subsequent to the end of the current quarter ended 30 September 2023.

9. Changes in Composition of the Group

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

10. Contingent Liabilities

	Company	
	As at 30.9.2023 RM'000	As at 30.6.2023 RM'000
Secured corporate guarantees given to banks in respect of outstanding banking facilities of a subsidiary	<u>17,775</u>	<u>23,046</u>

11. Capital Commitments

	Group	
	As at	As at
	30.9.2023	30.6.2023
	RM'000	RM'000
Plant and equipment		
Contracted but not provided for	<u>7,296</u>	<u>9,164</u>

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**12. Review of Performance**

Revenue is derived principally from sales that are sub-contracted out to selected converters while the Group's in-house production capacity and commercial operations are being fully restored.

Current quarter vs corresponding quarter of the preceding year (Q1-FY2024 vs Q1-FY2023)*Revenue*

For the current quarter ended 30 September 2023, the Group recorded a revenue of RM14.6 million, a decrease of RM4.0 million or 21.5% compared to RM18.6 million in the corresponding quarter in the previous financial year. The decrease was mainly due to production issues with a converter to whom sales orders had been sub-contracted to.

Loss before tax

The Group recorded a loss before tax of RM8.1 million for the current quarter under review compared to a loss of RM6.8 million in the corresponding quarter. The increase in loss by RM1.3 million or 19.1% was mainly due to higher depreciation on plant facilities and expenses relating to a corporate exercise but reduced by a more favourable net foreign exchange variance.

Current quarter vs Immediate preceding quarter (Q1-FY2024 vs Q4-FY2023)*Revenue*

Revenue for the current quarter of RM14.6 million decreased by RM8.5 million or 36.8% as compared to RM23.1 million in the immediate preceding quarter mainly due to salvage proceeds being included in revenue in the preceding quarter (and subsequently reclassified to other income in the audited statement of profit or loss for the year ended 30 June 2023) and lower export orders from major customers.

Loss before tax

The loss before tax of RM8.1 million for the quarter under review was lower by RM5.9 million or 42.1% compared to a loss of RM14.0 million in the preceding quarter mainly due to impairment on prepayments in the preceding quarter and a full year's depreciation charged in the preceding quarter upon completion of installation and commissioning of plant facilities in that quarter.

13. Commentary on Prospects

Part of the Group's recovery plan to help sustain and restore its operations to what it once was before the fire incident in December 2021 is to equip the Tampoi plant with more modern state-of-the-art production facilities. In this respect, all of the major machinery and ancillary equipment such as gravure printing lines, laminating lines, rewinders and slitting machines have been delivered and commissioned. Major civil & structural and mechanical & electrical works to upgrade the Tampoi plant to accommodate the new equipment and to achieve higher standards to meet customers' requirements and enhance the Group's production efficiencies have also been completed.

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The Group's facility has also obtained the Food Safety System Certification (FSSC 22000) for food safety/quality management, a major milestone in the Group's re-building exercise after the fire incident. Major customers have since visited, audited and certified the plant. The plant has recently started to manufacture some of the customers' requirements in-house albeit on a low scale.

The Group has fully received the final material damage insurance claim of RM205 million in total for all property, plant and equipment and stock-in-trade. The Group has also submitted a claim to the adjuster for business interruption loss. As announced on 31 March 2022 and 22 September 2022, the Group has received two interim insurance compensation payments of RM15 million each in respect of business interruption loss.

With the above progress and the completion of the acquisition of EB Packaging Sdn Bhd as stated in note 8, barring unforeseen circumstances, the Group expects revenue and earnings to improve for the remaining part of the financial year.

14. Profit Forecast

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

15. Taxation

	3 months ended	
	30.9.2023	30.9.2022
	RM'000	RM'000
Tax expense		
- Current year	13	-
- Prior year	-	-
	<u>13</u>	<u>-</u>

16. Status of Corporate Proposal Announced

There was no corporate proposal announced that is not completed as at the reporting date.

17. Group Borrowings and Debt Securities

The borrowings of the Group at the end of the reporting period are as follows:

	As at 30.9.2023 RM'000	As at 30.6.2023 RM'000
Non-current		
<i>Secured</i>		
Term loans	481	483
Hire Purchase	14,329	7,237
	14,810	7,720
Current		
<i>Secured</i>		
Term loans	68	92
Hire Purchase	3,446	1,820
	3,514	1,912
<i>Unsecured</i>		
Revolving credit - denominated in USD	-	12,159
Banker's acceptances - denominated in USD	-	1,830
	-	13,989
	3,514	15,901
	18,324	23,621

18. Disclosure of Derivatives

There were no financial derivatives during the current quarter under review.

19. Changes in Material Litigation

There was no pending material litigation at the date of this quarterly report.

20. Dividend

There was no dividend declared in respect of the current quarter and the corresponding quarter in the previous year

21. Earnings per Ordinary Share

	3 months ended	
	30.9.2023	30.9.2022
Profit attributable to owners of the Company (RM'000)	(8,125)	(6,820)
Weighted average number of ordinary shares in issue ('000)	431,117	431,117
Basic and diluted earnings per ordinary share (sen)	(1.88)	(1.58)

The diluted earnings per share of the Group is similar to the basic earnings per share as the Group does not have any material potential dilutive ordinary shares in issue.

22. Related Party Transactions

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

23. Notes to the Statements of Profit and Loss

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

	3 months ended	
	30.9.2023	30.9.2022
	RM'000	RM'000
Interest expense	422	486
Depreciation:		
- Property, plant and equipment	2,605	765
- Right-of-use assets	148	37
- Investment properties	1	1
Loss on disposal of machinery	556	-
Net foreign exchange differences	(195)	631
