



TOMYPAK HOLDINGS BERHAD

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

QUARTERLY REPORT

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023**

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

	Note	3 months ended 31.12.2023 RM '000	3 months ended 31.12.2022 RM '000	6 months ended 31.12.2023 RM '000	6 months ended 31.12.2022 RM '000
Revenue	7	34,229	10,446	48,820	29,052
Operating loss		(8,832)	(6,842)	(16,500)	(13,181)
Finance income		338	-	338	47
Finance costs		(1,509)	(642)	(1,931)	(1,128)
Loss before tax		(10,003)	(7,484)	(18,093)	(14,262)
Tax expense	15	(673)	-	(686)	-
Loss after tax		(10,676)	(7,484)	(18,779)	(14,262)
Loss attributable to:					
Owners of the Company		(11,104)	(7,547)	(19,229)	(14,367)
Non-controlling interest		428	63	450	105
Loss for the period and total comprehensive expense for the period		(10,676)	(7,484)	(18,779)	(14,262)
Basic and diluted earnings per ordinary share (sen)	21	(2.58)	(1.75)	(4.46)	(3.33)

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 31.12.2023 RM'000	Audited As at 30.6.2023 RM'000
ASSETS		
Property, plant and equipment	140,312	90,685
Right-of-use assets	4,535	4,830
Investment property	277	279
Goodwill	12,169	-
Non-current assets	157,293	95,794
Inventories	57,461	17,849
Trade and other receivables	51,637	35,776
Current tax assets	190	249
Cash and cash equivalents	51,070	49,318
Assets classified as held for sale	18,298	18,298
Current assets	178,656	121,490
Total assets	335,949	217,284
EQUITY AND LIABILITIES		
Share capital	133,627	133,627
Reserves	(9,616)	34,668
Equity attributable to owners of the Company	124,011	168,295
Non-controlling interest	27,526	792
Total Equity	151,537	169,087
Loans and borrowings	17 84,758	7,720
Lease liabilities	1,573	1,784
Employee benefits	501	526
Put option liabilities	16,053	-
Deferred tax liabilities	6,768	-
Non-current liabilities	109,653	10,030
Trade and other payables	37,646	21,858
Loans and borrowings	17 27,504	15,901
Lease liabilities	416	402
Put option liabilities	9,002	-
Current tax liabilities	191	6
Current liabilities	74,759	38,167
Total liabilities	184,412	48,197
Total equity and liabilities	335,949	217,284
Net assets per share attributable to owners of the Company (RM)	0.29	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				Total RM '000	Non- controlling interest RM '000	Total equity RM '000
	Non-distributable		Distributable				
	Share capital RM '000	Merger reserve RM '000	Other reserve	Retained earnings RM '000			
At 1 July 2023	133,627	2,991	-	31,677	168,295	792	169,087
Acquisition of subsidiary	-	-	-	-	-	26,284	26,284
(Loss)/Profit and total comprehensive (expense)/income for the period	-	-	-	(19,229)	(19,229)	450	(18,779)
Put option liabilities	-	-	(25,055)	-	(25,055)	-	(25,055)
At 31 December 2023	133,627	2,991	(25,055)	12,448	124,011	27,526	151,537
At 1 July 2022	133,627	2,991	-	(48,848)	87,770	782	88,552
(Loss)/Profit and total comprehensive (expense)/income for the period	-	-	-	(14,367)	(14,367)	104	(14,263)
At 31 December 2022	133,627	2,991	-	(63,215)	73,403	886	74,289

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.

TOMYPAK HOLDINGS BERHAD

Company No. 199501008545 (337743-W)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31.12.2023 RM'000	6 months ended 31.12.2022 RM'000
Cash flows from operating activities		
Loss before tax	(18,093)	(14,262)
Adjustments for:		
Depreciation	6,437	1,780
Finance costs	1,931	1,128
Finance income	(338)	(47)
Loss on disposal of machinery	556	-
Property, plant and equipment written off	-	19
Reclassification of impairment loss on trade receivables	(741)	-
Unrealised gain on foreign exchange	(619)	(190)
Operating loss before changes in working capital	(10,867)	(11,572)
Change in employee benefits	(25)	-
Change in inventories	2,024	(4,318)
Change in trade and other receivables	22,267	(33,300)
Change in trade and other payables	(1,081)	(2,737)
Cash used in operations	12,318	(51,927)
Tax paid	(355)	(280)
Other finance costs paid	(28)	(235)
Net cash used in operating activities	11,935	(52,442)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(13,838)	(5,884)
Acquisition of subsidiary	(54,097)	-
Proceeds from disposal of property, plant and equipment	400	-
Proceeds from insurance claim	-	40,000
Interest received	338	47
Net cash from investing activities	(67,197)	34,163
Cash flows from financing activities		
Drawdown of term loans	66,588	-
Drawdown of hire purchase	9,162	-
Repayment of term loans	(2,773)	-
Repayment of hire purchase	(1,282)	-
Repayment of lease liabilities	(197)	-
Net repayment of short-term borrowings	(12,581)	(13,523)
Interest paid	(1,903)	(893)
Net cash used in financing activities	57,014	(14,416)
Net decrease in cash and cash equivalents	1,752	(32,695)
Cash and cash equivalents at beginning of period	49,318	40,539
Cash and cash equivalents at end of period	51,070	7,844

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		6 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Revenue				
- Local	15,667	3,363	17,698	10,507
- Export	18,562	7,083	31,122	18,545
	<u>34,229</u>	<u>10,446</u>	<u>48,820</u>	<u>29,052</u>

8. Material Event Subsequent to Period End

There was no material event subsequent to the end of the current quarter ended 31 December 2023.

9. Changes in Composition of the Group

During the current quarter, the Company completed the acquisition of 70% equity interest in EB Packaging Sdn Bhd on 8 November 2023. Subsequent to the completion of this acquisition, EB Packaging Sdn Bhd became a subsidiary of the Company.

Save for the above, there were no changes in the composition of the Group for the current quarter.

The provisional fair value of the identifiable assets and liabilities relating to acquisition were as follows:

	Provisional fair value recognised on acquisition RM'000
<u>Assets</u>	
Property, plant and equipment	42,887
Inventories	41,636
Trade and other receivables	38,120
Tax recoverable	87
Cash and bank balances	19,403
	<u>142,133</u>
<u>Liabilities</u>	
Trade and other payables	16,813
Borrowings	30,936
Deferred tax liabilities	6,768
	<u>54,517</u>
Net identifiable assets	<u>87,616</u>
Fair value of identifiable assets	87,616
Non-controlling interest	(26,285)
Goodwill on consolidation	12,169
Cost of business combination	<u>73,500</u>
<u>Cash outflow on acquisition was as follows:</u>	
Purchase consideration satisfied by cash	73,500
Less: Cash and cash equivalents of subsidiary acquired	(19,403)
Net cash outflow of the Group	<u>54,097</u>

Provisional accounting of acquisition

The identifiable assets and liabilities were recorded at their provisional fair values as at the acquisition date pending the conclusion of the purchase price allocation exercise. Provisional amounts recognised are subject to change to reflect new information obtained about the facts and circumstances that existed as of the acquisition date within the one-year measurement period.

10. Contingent Liabilities

	Group	
	As at	As at
	31.12.2023	30.06.2023
	RM'000	RM'000
Secured corporate guarantees given to banks in respect of outstanding bank facilities of a subsidiary	82,551	23,046

11. Capital Commitments

	Group	
	As at	As at
	31.12.2023	30.06.2023
	RM'000	RM'000
Plant and equipment Contracted but not provided for	560	9,164

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD**

12. Review of Performance

Current quarter (3 months) vs corresponding quarter of the preceding year (Q2-FY2024 vs Q2-FY2023)

Revenue

For the current quarter ended 31 December 2023, the Group recorded a revenue of RM34.2 million, an increase of RM23.8 million or >100.0% compared to RM10.5 million in the corresponding quarter in the previous financial year. The higher revenue was mainly due to sales by the newly acquired subsidiary, EB Packaging Sdn Bhd, being consolidated for the first time as well as increase in sales orders after the Tampoi plant having achieved production readiness.

Loss before tax

The Group recorded a loss before tax of RM10.0 million for the current quarter under review compared to a loss of RM7.5 million in the corresponding quarter. The increase in loss by RM2.5 million or 33.3% was mainly due to higher factory overheads and depreciation attributed to the Tampoi plant's operations and expenses relating to the acquisition of EB Packaging.

Current financial period (cumulative 6 months) vs corresponding financial period of the preceding year (1H-FY2024 vs 1H-FY2023)

Revenue

For the current financial period ended 31 December 2023, the Group recorded a revenue of RM48.8 million, an increase of RM19.7 million or 67.7% compared to RM29.1 million in the corresponding financial period in the previous financial year due to the abovementioned reasons.

Loss before tax

The Group recorded a loss before tax of RM18.1 million for the current financial period under review compared to a loss of RM14.3 million in the corresponding financial period. The increase in loss by RM3.8 million or 26.6% was mainly due to the abovementioned reasons as well as higher finance costs and tax expense.

Current quarter vs Immediate preceding quarter (Q2-FY2024 vs Q1-FY2024)

Revenue

Revenue for the current quarter of RM34.2 million increased by RM19.6 million or >100% as compared to RM14.6 million in the immediate preceding quarter was partly due to sales by the newly acquired subsidiary, EB Packaging Sdn Bhd, being consolidated for the first time as well as increase in local customers demand upon having obtained the Food Safety System Certification (FSSC 22000) certification after the readiness of Tampoi plant.

Loss before tax

The loss before tax of RM10.0 million for the quarter under review was higher by RM1.9 million or 23.5% compared to a loss of RM8.1 million in the preceding quarter mainly due to expenses relating to a corporate exercise but soften by contribution from the newly acquired subsidiary.

13. Commentary on Prospects

As part of the Group's ongoing recovery and rebuilding efforts, significant focus has been placed on continuous engagement with existing customers and attracting new ones with the newly operational Tampoi plant.

Major customers have conducted comprehensive audits and certified the plant facility, allowing us to initiate in-house production of specific customer requirements, albeit on a limited scale. Concurrently, the Group is actively working on introducing new sustainable structures for upcoming orders.

Following the successful acquisition of EB Packaging Sdn Bhd on 8 November 2023, the Group will be implementing strategic initiatives towards deriving synergies to strengthen our market position and expand market reach as well as optimizing production processes, leveraging combined resources, and introducing innovative solutions to meet evolving market demands.

The acquisition of EB Packaging has allowed the Group to expand our product portfolio and enter new market segments, contributing to sustainable long-term growth. By combining the strengths of both entities, the Group is well-positioned to offer wider range of product offerings, expand our market coverage and increase value to stakeholders.

14. Profit Forecast

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

15. Taxation

	3 months ended		6 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Tax expense				
- Current year	673	-	686	-
- Prior year	-	-	-	-
	<u>673</u>	<u>-</u>	<u>686</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 31.12.2023 RM'000	As at 30.6.2023 RM'000
Non-current		
<i>Secured</i>		
Term loans	71,328	483
Hire Purchase	13,430	7,237
	84,758	7,720
Current		
<i>Secured</i>		
Term loans	7,964	92
Hire Purchase	3,506	1,820
	11,470	1,912
<i>Unsecured</i>		
Revolving credit - denominated in USD	-	12,159
Banker's acceptances		
- denominated in USD	6,807	1,830
- denominated in MYR	9,227	-
	16,034	13,989
	27,504	15,901
	112,262	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		6 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Profit attributable to owners of the Company (RM'000)	(11,104)	(7,547)	(19,229)	(14,367)
Weighted average number of ordinary shares in issue ('000)	431,117	431,117	431,117	431,075
Basic and diluted earnings per ordinary share (sen)	<u>(2.58)</u>	<u>(1.75)</u>	<u>(4.46)</u>	<u>(3.33)</u>

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		6 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Interest expenses	1,509	642	1,931	1,128
Depreciation:				
- Property, plant and equipment	3,535	943	6,140	1,704
- Right-of-use assets	147	37	295	74
- Investment properties	1	1	2	2
Loss on disposal of machinery	-	-	556	-
Net foreign exchange differences	(369)	(521)	(176)	17
