

ADVANCED PACKAGING TECHNOLOGY (M) BHD.

Registration No: 198201003236 (82982-K)

(Incorporated in Malaysia)

Quarterly Report on Results for the First Quarter Ended 31 March 2022

NOTES

A1 Accounting Policies and Method of Computation

The quarterly financial report is unaudited and has been prepared in accordance with MFRS 134, "Interim Financial Reporting" issued by the Malaysian Accounting Standard Board and part A of Appendix 9B of the Bursa Malaysia Securities Berhad Listing Requirements and should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

The Group's financial statements have been prepared under the historical cost convention other than as disclosed in the notes to the quarterly report and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 2016 in Malaysia.

The accompanying financial statements have been prepared assuming that the Group will continue as going concern which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The significant accounting policies adopted by the Group in this report are consistent with those used in the Audited Financial Statements of the Group for the financial year ended 31 December 2021.

(a) Standards issued and effective

On 1 January 2022, the Group has adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January 2022.

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 3 <i>Business Combinations</i> : Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116 <i>Property, Plant and Equipment</i> : Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
• Annual improvements to MFRSs 2018 - 2020 cycle	
– Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
– Amendments to MFRS 9 Financial Instruments	1 January 2022
– Amendments to MFRS 16 Leases	1 January 2022
– Amendments to MFRS 141 Agriculture	1 January 2022

The Directors expect that the adoption of the new and amended MFRS above will have no material impact on the financial statements of the Group.

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Quarterly Report on Results for the First Quarter Ended 31 March 2022**NOTES****A1 Accounting Policies and Method of Computation (contd.)****(b) Standards issued but not yet effective**

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• MFRS 17, <i>Insurance Contracts</i>	1 January 2023
• Amendments to MFRS 17, <i>Insurance Contracts</i>	1 January 2023
• Amendments to MFRS 101 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023
• Amendments to MFRS 101, <i>Presentation of Financial Statements: Disclosure of Accounting Policies</i>	1 January 2023
• Amendments to MFRS 108, <i>Accounting Policies, changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
• Amendments to MFRS 112, <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
• Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an investor and its Associate or Joint Venture</i>	Deferred

The initial application of the above-mentioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statement of the Group.

A2 Audit Report

The auditors' report of the Group's preceding annual financial statements was not qualified.

A3 Seasonal or Cyclical Factors

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

A4 Exceptional/Extraordinary Items

There were no exceptional/extraordinary items for the financial period under review.

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A5 Changes in Estimates

There was no material change in estimates of amounts reported in the prior quarters of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

A6 Debts and Equity Securities

During the current quarter under review, the Group sold 114,500 treasury shares for a consideration of RM298,561.

A7 Dividend Paid

There was no dividend paid during the quarter ended 31 March 2022.

A8 Segment Information

There was no segmental reporting as the Group is currently involved primarily in a single line product.

A9 Revaluation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the quarter.

A10 Material Events Subsequent to the end of the Reporting Period

There was no material event subsequent to the end of the reporting period.

A11 Changes in the Composition of the Company

There have been no changes in the composition of the Group since the financial year ended 31 December 2021.

A12 Contingent Liabilities

No contingent liabilities have been recorded as at the end of the reporting period.

A13 Capital Commitments

Capital commitments for property, plant and equipment and other assets not provided for in the financial statements as at 31 March 2022 are as follows:

	<u>RM'000</u>
Approved and contracted for	10,756

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Quarterly Report on Results for the First Quarter Ended 31 March 2022**NOTES****A14 Fair Value of Financial Instruments**

In respect of the financial instrument classified under current assets and current liabilities, the carrying amount approximate fair value due to the relatively short-term nature of these financial instruments.

The aggregate fair value and the carrying amounts of the financial assets and financial liabilities carried on the reporting date are as below:

	As at 31 March 2022		As at 31 December 2021	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<u>Financial asset measured through other comprehensive income</u>				
Other investments	5,480	5,480	4,016	4,016
<u>Financial liability measured at amortised cost</u>				
Lease liabilities	22	22	27	27

The fair value of other investments is equivalent to its carrying value.

A15 Disclosure of Derivatives

The Group does not have any outstanding derivatives as at the end of the reporting quarter.

A16 Gain/(Loss) Arising from Fair Value Changes of Financial Liabilities

There is no gain/(loss) arising from fair value changes of financial liabilities for the quarter ended 31 March 2022.

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Quarterly Report on Results for the First Quarter Ended 31 March 2022**NOTES****B1 Review of Performance**

The Group reported a turnover of approximately RM6.88 million for the quarter ended 31 March 2022, which has improved in comparison to the turnover of RM6.74 million for the preceding quarter and RM6.02 million for the preceding year's corresponding quarter. The steadily increasing turnover was mainly due to the general improvement in the COVID-19 situation of the country which have had a positive impact on the operational capacity of our Company and our customers. Furthermore, the Group has continued to be active in its business development efforts to further grow and expand the Group's customer base.

The Group reported a loss after tax of approximately RM0.26 million for the quarter under review, in comparison to the loss after tax of RM0.93 million for the previous quarter and a profit of RM0.17 million for the preceding year's corresponding quarter. The loss after tax was primarily due to the increase in raw material costs and shipping/transportation fees – which in turn were mainly attributable to on-going geopolitical uncertainty (including that arising from the conflict in Ukraine) and impact of the COVID-19 pandemic on People's Republic of China ("China") which have had a negative impact on raw material and shipping prices and availability. The Group had also incurred one-off costs attributable to the acquisition of property and proposed corporate exercises which have amounted to approximately RM0.13 million.

Below is the key financial information of the Group presented in a tabular format:

Table 1: *The current quarter compared to the preceding quarter:*

	Quarter Ended			
	31 March 2022 RM'000 (Unaudited)	31 December 2021 RM'000 (Audited)	Changes in RM'000	%
Revenue	6,878	6,744	134	2
Operating loss	(284)	(1,342)	1,058	(79)
Loss before tax	(263)	(1,318)	1,054	(80)
Loss after tax	(263)	(929)	666	(72)
Loss attributable to owners of the parent	(250)	(906)	656	(72)

Table 2: *The current quarter compared to the preceding year's corresponding quarter:*

	Quarter Ended			
	31 March 2022 RM'000 (Unaudited)	31 March 2021 RM'000 (Audited)	Changes in RM'000	%
Revenue	6,878	6,023	855	14
Operating (loss)/profit	(284)	151	(435)	(>100)
(Loss)/Profit before tax	(263)	191	(454)	(>100)
(Loss)/Profit after tax	(263)	170	(433)	(>100)
(Loss)/Profit attributable to owners of the parent	(250)	170	(420)	(>100)

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B1 Review of Performance (contd.)

Table 3: *The financial year-to-date compared to the preceding year's financial year-to-date:*

	Year-to-date		Changes in RM'000	%
	31 March 2022 RM'000 (Unaudited)	31 March 2021 RM'000 (Audited)		
Revenue	6,878	6,023	855	14
Operating (loss)/profit	(284)	151	(435)	(>100)
(Loss)/profit before tax	(263)	191	(454)	(>100)
(Loss)/profit after tax	(263)	170	(433)	(>100)
(Loss)/profit attributable to owners of the parent	(250)	170	(420)	(>100)

B2 Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

Kindly refer to the information disclosed within Note B1 of this report.

B3 Prospects for the Current Financial Year

The on-going geopolitical conflicts between the United States of America ("USA") and China, the on-going military conflict in Ukraine, and the impact of the on-going COVID-19 pandemic have had a disruptive effect on the growth and stability of the global economy (and resulting impact on supply chains). Such disruption has continued to have a material impact on the prices of raw materials and shipping, which have been increasing year-on-year. Therefore, should such disruption prevail throughout the financial year, these factors are expected to have a negative impact on the performance of the Company.

The Company has achieved relatively consistent growth despite such challenges and management has not deviated from the continuous improvements of its production facilities and machinery over the past financial year and period.

Therefore, management remains bullish on the growth aspects of the Company and are cautiously optimistic with respect to the performance of the Company for the current financial year.

B4 Variance of Actual Profit from Forecast Profit

This is not applicable.

B5 Taxation

As a net loss was recorded for the quarter, no tax effects have been recorded accordingly.

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Quarterly Report on Results for the First Quarter Ended 31 March 2022**NOTES****B6 Profit/(Loss) on Sale of Unquoted Investments and/or Properties**

There were no disposals of unquoted investments and/or properties for the financial quarter under review.

B7 Purchases or Disposals of Quoted Securities

The Group purchased foreign and local quoted securities amounting to a net of RM2 million through a private investment account for the financial period under review.

B8 Status of Corporate Proposals

As of 18 May 2022 (being a date not earlier than seven days from the date of these financial statements), there were no corporate proposals announced but not completed as at end of the reporting period, save and except for the acquisition of the property bearing the postal address of 162, Jalan Maarof, Taman Bandaraya, 59100 Kuala Lumpur (which was completed on 21 January 2022) and the proposed share split and proposed internal reorganization (collectively referred to as "The Proposals") which were announced on 29 March 2022. The Proposals are subject to shareholders' approval being obtained at a general meeting to be convened.

B9 Borrowings and Debt Securities

The Group's borrowings as at 31 March 2022 is as below:

	Quarter ended 31 March 2022 RM'000 (Unaudited)	Quarter ended 31 March 2021 RM'000 (Unaudited)
<u>Non-current</u>		
Loan payable	4,982	-
<u>Current</u>		
Loan payable	102	-

B10 Off Balance Sheet Financial Instruments

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

B11 Material Litigation

There has been no material litigation since the last annual audited financial statements up to the date of this report.

B12 Dividend

No dividend was declared during the period under review.

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Quarterly Report on Results for the First Quarter Ended 31 March 2022**NOTES****B13 Loss per Share**

The basic loss per share is calculated by dividing the Group's loss after tax attributable to ordinary shareholders for the current quarter and cumulative quarter to 31 March 2022 by the weighted average number of shares in issue of the Group at the end of the quarter.

	Quarter ended 31 March 2022 (Unaudited)	Year-to-date 31 March 2022 (Unaudited)
Loss for the period (RM'000)	(250)	(250)
Weighted average number of ordinary shares in issue ('000)	19,227	19,227
Basic loss per share (sen)	(1.37)	(1.37)

B14 Other Income/Expenses

Other income mainly comprises of investment income, sales of scrapped materials and sales of cylinders. The increase in other income by approximately RM0.3 million in comparison to the previous quarter was primarily due to higher investment income earned.

Other expenses mainly comprise of administrative, selling and distribution expenses and other factory overheads incurred during period. An increase is seen as compared to the previous quarter mainly due to an increase in utilities due to the additional production hours, additional costs incurred to perform upkeep and maintenance of machinery and equipment as well as additional secretarial and corporate expenses to facilitate the ongoing restructuring of the Group.

B15 Foreign Exchange Exposure/Hedging Policy

The Group carries out foreign exchange hedging as and when required.

B16 Trade receivables

The Group's normal credit term ranges from thirty (30) days to ninety (90) days. Other credit terms are assessed and approved on a case-to-case basis. A significant portion of the trade receivables are regular customers that have been transacting with the Group. None of the trade receivables are considered related parties to the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables and a significant amount of the trade receivable that were past due and over ninety (90) days have been collected as at the reporting date.

Ageing analysis of trade receivables:

	Amount not due/due but less than ninety (90) days RM'000	Amount due and over ninety (90) days RM'000
Trade receivables	5,779	394

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B17 Material Impairment of assets

There was no material impairment of assets during the quarter except for the normal depreciation on straight line method and impairment of inventory.

By Order of the Board
Leong Shiak Wan
Company Secretary
Dated: 25th May 2022