

Quarterly Report on Results for the First Quarter Ended 31 March 2023

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 2022.

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 2022.

(a) Standards issued and effective

On 1 January 2023, the Group has adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January 2023.

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: Initial Application of MFRS 17 and MFRS 9—Comparative Information</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

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.

(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
• Amendments to MFRS 16, <i>Leases: Lease Liability in a Sale and Leaseback</i>	1 January 2024
• Amendments to MFRS 101, <i>Non-current Liabilities with Covenants</i>	1 January 2024
• 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

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A1 Accounting Policies and Method of Computation (contd.)

(b) Standards issued but not yet effective (contd.)

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

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 188,500 treasury shares (post-share split) for a consideration of RM127,467.

A7 Dividend Paid

There was no dividend paid during the quarter ended 31 March 2023.

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.

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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 Group

There has been no changes in the composition of the Group during the period under review.

A12 Contingent Liabilities

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

A13 Capital Commitments

The Group does not have capital commitments for property, plant and equipment and other assets not provided for in the financial statements as at 31 March 2023.

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:

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 2023		As at 31 December 2022	
	Carrying value RM '000	Fair value RM '000	Carrying value RM '000	Fair value RM '000
<u>Financial asset measured through other comprehensive income</u>				
Other investments	1,345	1,345	707	707

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 2023.

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B1 Review of Performance

The Group reported a higher turnover of approximately RM6.1 million for the quarter ended 31 March 2023, which translates to a 6% increase on the turnover of RM5.8 million for the preceding quarter. The Group also recorded an operating profit of RM0.17 million as compared to an operating loss in the comparative period. However, the Group reported lower turnover by approximately RM0.7 million or 10% in comparison to the turnover of the preceding year's corresponding quarter primarily attributed by an overall slow-down of orders from customers and likely contributed by the cumulative festive holidays and general economic slowdown during the first quarter of the year. The loss before tax and net loss for the period was primarily due to lower turnover but slightly offset by improvement in material and other costs.

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		Changes in	
	31 March 2023 RM '000 (Unaudited)	31 Dec 2022 RM '000 (Unaudited)	RM '000	%
Revenue	6,140	5,799	341	6%
Operating profit/(loss)	179	(351)	529	>-100%
Loss before tax	(335)	(765)	430	-56%
Net loss for the period	(342)	(809)	467	-58%
Net loss attributable to owners of the parent	(342)	(817)	474	-58%

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

	Quarter ended		Changes in	
	31 March 2023 RM '000 (Unaudited)	31 March 2022 RM '000 (Audited)	RM '000	%
Revenue	6,140	6,850	(710)	-10%
Operating profit	179	191	(13)	-7%
Loss before tax	(335)	(218)	(118)	54%
Net loss for the period	(342)	(218)	(125)	57%
Net loss attributable to owners of the parent	(342)	(222)	(121)	54%

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

	Year-to-date		Changes in	
	31 March 2023 RM '000 (Unaudited)	31 March 2022 RM '000 (Audited)	RM '000	%
Revenue	6,140	6,850	(710)	-10%
Operating profit	179	191	(13)	-7%
Loss before tax	(335)	(218)	(118)	54%
Net loss for the period	(342)	(218)	(125)	57%
Net loss attributable to owners of the parent	(342)	(222)	(121)	54%

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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 Group anticipates a year of economic slowdown, with elevated operating costs and market competition. Growth targets of the Group remained buoyed from substantial growth opportunities based on prospective and new customers, available production capacity and sustained demand for our products across various essential sectors including food, pharmaceutical and household products. Should such opportunities materialize, the Group expects their contribution to be meaningful and allow the flexible packaging business to achieve further growth and economies of scale.

Barring any unforeseen circumstances and with steady improvement of the macroeconomic environment during the financial year, raw material prices are anticipated to steadily come down and have a positive impact on the performance and profitability of the flexible packaging business.

The Group maintains continuous improvements of its production facilities and machinery, and in midst of implementing next level of certification while planning for further facility upgrades and new machinery which may allow the Group to operate more efficiently and improve long-term cost management.

The Group will also continue to explore business opportunities with a view to diversify its' earnings base and ultimately enhance returns for the shareholders. Therefore, management remains bullish on the growth aspects of the Group and are cautiously optimistic with respect to the performance of the Group for the current financial year.

B4 Variance of Actual Profit from Forecast Profit

Not applicable.

B5 Taxation

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

The subsidiary of the Company, Sino Peak Sdn Bhd recorded a tax expense of RM7,000 for the quarter.

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 RM0.275 million through its private investment account for the financial period under review.

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B8 Status of Corporate Proposals

As of 18 May 2023 (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 for the approved Restructuring (Transfer of Listing Status), which is pending extension granted from Bursa Malaysia, whereby upon being granted so, is expected to be executed and completed within the current financial year.

B9 Borrowings and Debt Securities

The Group's borrowings as at 31 March 2023 is as below:

	Quarter ended 31 March 2023 RM '000 (Unaudited)	Quarter ended 31 March 2022 RM '000 (Audited)
Non-current Loan payable	12,626	4,982
Current Loan payable	678	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.

B13 Loss per Share

The basic earnings/(loss) per share is calculated by dividing the Group's profit/(loss) after tax attributable to ordinary shareholders for the current quarter and cumulative quarter to 31 March 2023 by the weighted average number of shares in issue of the Group at the end of the quarter.

	Quarter ended 31 March 2023 (Unaudited)	Year-to-date 31 March 2023 (Unaudited)
Loss for the period ('000)	(342)	(342)
Weighted average number of ordinary shares in issue ('000)	80,169	80,169
Basic loss per share (sen)	(0.43)	(0.43)

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B14 Other Income/Expenses

Other income mainly comprises of investment income, sales of scrap materials and sales of cylinders. The decrease in other income by approximately RM0.13 million in comparison to the preceding year's corresponding quarter was primarily due to lower investment income earned and the gain on sale of fixed asset recorded in the comparative period.

Other expenses mainly comprise of administrative, selling and distribution expenses and other factory overheads incurred during the period. A decrease is seen as compared to the preceding year's corresponding quarter mainly due to the one-off costs incurred for the corporate exercises recorded in the comparative quarter.

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. The trade receivables predominantly comprises customers of the Group and non-related parties to the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables and a substantial amount of the trade receivables 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	4,383	1,428

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: 18<sup>th</sup> May 2023