

ADVANCED PACKAGING TECHNOLOGY (M) BHD.
[Registration No: 198201003236 (82982-K)]
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Three (3) months ended		Year-to-date	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM '000	RM '000	RM '000	RM '000
Revenue	7,651	8,378	19,515	23,220
Other operating income	84	121	365	509
Changes in inventories of finished goods	56	441	(329)	351
Raw materials and consumables used	(4,725)	(6,232)	(11,498)	(16,302)
Employee benefits expense	(1,461)	(1,273)	(4,175)	(3,669)
Foreign exchange – realised gain/(loss)	4	29	(7)	41
Foreign exchange – unrealised (loss)/gain	-	(15)	10	1
Other operating expenses	(1,209)	(1,795)	(2,999)	(3,915)
Operating profit/(loss) (EBITDA)	401	(348)	883	237
Depreciation	(411)	(319)	(1,200)	(997)
Interest expense	(146)	(62)	(421)	(140)
Loss before tax	(156)	(729)	(738)	(899)
Income tax	(11)	-	(28)	-
Net loss for the period	(167)	(729)	(766)	(899)
Net (loss)/profit attributable to:				
Owners of the parent	(167)	(736)	(766)	(922)
Non-controlling interest	-	6	-	23
Net loss for the period	(167)	(729)	(766)	(899)
Basic loss per share (sen) ¹	(0.21)	(3.67)	(0.94)	(4.52)

¹ Weighted average number of ordinary shares for FY2023 have accounted for the recent share-split, which was completed in November 2022.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

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INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	As at 30/09/2023 RM '000 <i>Unaudited</i>	As at 31/12/2022 RM '000 <i>Audited</i>
Assets		
Non-current assets		
Property, plant and equipment	10,883	11,363
Right-of-use assets	2,956	2,842
Investment properties	19,814	19,846
	33,653	34,051
Current assets		
Inventories	3,631	4,341
Trade receivables	6,189	6,497
Contract assets	1,100	1,207
Non-trade receivables, deposits and prepayments	2,184	62
Tax prepayment	361	339
Other investments	1,350	707
Deposits with licensed banks	304	154
Cash and bank balances	735	4,003
	15,854	17,309
Total assets	49,507	51,359
Equity and liabilities		
Equity		
Share capital	20,504	20,504
Treasury shares	(149)	(401)
Retained earnings	9,137	9,289
	29,493	29,392
Liabilities		
Non-current liabilities		
Deferred tax	355	355
Provisions for staff gratuity	895	868
Lease liabilities	29	-
Loan payable	12,491	13,066
	13,769	14,288
Current liabilities		
Trade payables	4,328	3,670
Amount due to directors	213	208
Non-trade payables and accruals	1,184	2,719
Tax payable	44	44
Provisions for staff gratuity	-	658
Lease liabilities	20	-
Loan payable	457	380
	6,245	7,678
Total liabilities	20,014	21,967
Total equity and liabilities	49,507	51,359
Net assets per share (RM)	0.36	0.37

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

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(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Non-distributable		Distributable		Equity attributable to owners of the parent	Non-controlling interests	Total
	Share capital	Treasury shares	Retained earnings				
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Balance as at 1/1/2023	20,504	(401)	9,289		29,392	-	29,392
Effect of sale of Treasury Shares	-	252	614		866	-	866
Total comprehensive loss for the period	-	-	(766)		(766)	-	(766)
Balance as at 30/09/2023	20,504	(149)	9,137		29,493	-	29,493
Balance as at 1/1/2022	20,504	(1,096)	9,327		28,735	(24)	28,712
Effect of sale of Treasury Shares	-	608	1,495		2,103	-	2,103
Total comprehensive loss for the period	-	-	(922)		(922)	23	(899)
Balance as at 30/09/2022	20,504	(488)	9,900		29,916	(1)	29,916

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

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INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	For the period ended	
	30/09/2023	30/09/2022
	RM '000	RM '000
Cash flows from operating activities		
Loss before tax	(738)	(899)
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	1,203	995
Interest income	(6)	(34)
Interest expense	420	120
Gain on disposal of property, plant and equipment	(100)	(152)
Unrealised gain on foreign exchange	(10)	(1)
Realised loss/(gain) on foreign exchange	7	(39)
(Gain)/loss on other investments	(93)	14
Property, plant and equipment written off	-	12
Reversal of provision for staff gratuity	(453)	(255)
Operating profit/(loss) before working capital changes	231	(241)
Changes in inventories	714	(346)
Changes in receivables	(1,703)	(3,145)
Changes in payables	(723)	2,899
Cash used in operations	(1,481)	(833)
Income tax paid	(50)	(34)
Net cash used in operating activities	(1,531)	(867)
Cash flows from investing activities		
Acquisition of investment properties	-	(15,651)
Acquisition of other investments	(550)	3,237
Acquisition of property, plant and equipment and right-of-use assets	(1,081)	(3,079)
Proceeds from disposal of property, plant and equipment	100	103
Interest income received	6	34
Net cash used in investing activities	(1,525)	(15,357)
Cash flows from financing activities		
Drawdown of loan	-	10,500
Sale of treasury shares	866	2,103
Interest paid	(421)	(120)
Repayment of loan	(498)	(81)
Repayment of lease liabilities	(1)	(21)
Net cash (used in)/from financing activities	(60)	12,380
Net decrease in cash and cash equivalents	(3,117)	(3,843)
Cash and cash equivalents at 1 January	4,157	5,066
Cash and cash equivalents at 30 September	1,039	1,222
Cash and cash equivalents at the end of the financial period comprise of the following:		
Cash and cash bank balances	735	1,069
Deposits with licensed banks	304	154
	1,039	1,222

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

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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.

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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
• 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 107 and MFRS 7, <i>Supplier Finance Arrangements</i>	1 January 2024
• Amendments to MFRS 121, <i>Lack of Exchangeability</i>	1 January 2025
• 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 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 610,000 treasury shares (post-share split) for a consideration of RM396,500.

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A7 Dividend Paid

There was no dividend paid during the quarter ended 30 September 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.

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 have 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 has capital commitments approved and contracted for (property, plant and equipment) amounting to approximately RM1,200,000 which has not been provided for in the financial statements as at 30 September 2023.

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A14 Fair Value of Financial Instruments

In respect of the financial instrument classified under current assets and current liabilities, the carrying amount is an approximate to the 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 30 September 2023		As at 31 December 2022	
	Carrying value	Fair value	Carrying value	Fair value
	RM '000	RM '000	RM '000	RM '000
<u>Financial asset measured through profit or loss</u>				
Other investments	1,350	1,350	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 30 September 2023.

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B1 Review of Performance

The Group reported a higher turnover of approximately RM7.7 million for the quarter ended 30 September 2023, which translates to roughly a 34% increase on the turnover of approximately RM5.7 million for the preceding quarter. The Group also recorded an operating profit of approximately RM0.4 million as compared to an operating loss in the comparative period. Such increase and improvements were primarily due to cost management and orders from across a wider customer base during the period which positively contributed to both the top and bottom-line financials.

The Group, however, reported a slightly lower turnover as compared to the preceding year's corresponding quarter, primarily attributed by the overall slowdown of the economy/spending, accompanied by inflationary pressure and tightening monetary conditions which had adversely affected the businesses of consumer-related companies (whom are our primary customers) and in turn, the demand for such consumer-related goods and, likewise, the demand for packaging products from customers were adversely affected as well during this slowdown.

The improvement in the operating profit has narrowed down the loss before tax and net loss by roughly more than 70% as compared to the comparative periods.

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

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

	30 Sept 2023	Quarter ended 30 June 2023	Changes in	
	RM '000	RM '000	RM '000	%
	<i>(Unaudited)</i>	<i>(Unaudited)</i>		
Revenue	7,651	5,724	1,927	34%
Operating profit/(loss) (EBITDA)	401	(184)	585	>-100%
Loss before tax	(156)	(734)	577	-79%
Net loss for the period	(167)	(744)	577	-78%
Net loss attributable to owners of the parent	(167)	(744)	577	-78%

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

	30 Sept 2023	Quarter ended 30 Sept 2022	Changes in	
	RM '000	RM '000	RM '000	%
	<i>(Unaudited)</i>	<i>(Audited)</i>		
Revenue	7,651	8,378	(727)	-9%
Operating profit/(loss) (EBITDA)	401	(348)	749	>-100%
Loss before tax	(156)	(729)	573	-79%
Net loss for the period	(167)	(729)	563	-77%
Net loss attributable to owners of the parent	(167)	(736)	569	-77%

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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:*

	30 Sept 2023	Year-to-date 30 Sept 2022	Changes in	
	RM '000	RM '000	RM '000	%
	<i>(Unaudited)</i>	<i>(Audited)</i>		
Revenue	19,515	23,220	(3,704)	-16%
Operating profit (EBITDA)	883	237	646	>100%
Loss before tax	(738)	(899)	161	-18%
Net loss for the period	(766)	(899)	133	-15%
Net loss attributable to owners of the parent	(766)	(896)	130	-14%

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

As mentioned in Note B1 of this report, the current economic environment has negatively impacted the turnover of the Group for the first half of FY2023. Coupled with higher labour costs and market competition, these remain as challenges for the current financial year. Despite such challenges, the Group's overall customer base has continued to grow and the Group has made good progress towards the improvement of its production facilities and capabilities year-to-date.

The Group is in midst of implementing the next level of certification while continuously performing facility improvements and upgrades. Such improvements would allow the Group to operate more efficiently, reach out to more potential customers and improve long-term cost management.

The Company maintains substantial growth opportunities from new and prospective customers for the financial year. Should such opportunities materialize, the Group expects their contribution to overall turnover to be meaningful and coupled with improving orders from existing customers, the business prospects of the Group are expected to improve for the remainder of the year and for the financial year ahead.

Barring any unforeseen circumstances, raw material prices are anticipated to remain relatively consistent for the financial year. Should raw material prices adjust downwards, this would have a positive impact on the performance and profitability of our flexible packaging business.

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.

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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 RM10,500 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 RM0.469 million through its private investment account during the financial period under review.

B8 Status of Corporate Proposals

As of 16 November 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.

The Transfer of Listing Status has been completed on 14 November 2023, following the de-listing of Advanced Packaging Technology (M) Bhd Shares and listing and quotation for Greater Bay Holdings Berhad (“GBAY”) shares, in its place. Consequently, Advanced Packaging Technology (M) Bhd is now a wholly-owned subsidiary of GBAY.

B9 Borrowings and Debt Securities

The Group’s borrowings as at 30 September 2023 is as below:

	Quarter ended 30 Sept 2023 RM ‘000 (Unaudited)	Quarter ended 30 Sept 2022 RM ‘000 (Audited)
Non-current		
Loan payable	12,491	10,278
Current		
Loan payable	457	140

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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 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 30 September 2023 by the weighted average number of shares in issue of the Group at the end of the quarter.

	Quarter ended 30 Sept 2023 (Unaudited)	Year-to-date 30 Sept 2023 (Unaudited)
Loss for the period ('000)	(167)	(766)
Weighted average number of ordinary shares in issue ('000)	81,355	81,355
Basic loss per share (sen)	(0.21)	(0.94)

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 RM0.36 million in comparison to the preceding year's corresponding quarter was primarily due to lower investment income recognized.

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.

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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 comprise 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	5,846	343

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: 16th November 2023