

Quarterly Report on Results for the First Quarter Ended 31 March 2024

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 2023.

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 2023.

(a) Standards issued and effective

On 1 January 2024, the Group has adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January 2024.

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 107 and MFRS 7, <i>Supplier Finance Arrangements</i>	1 January 2024
• 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

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
<ul style="list-style-type: none">• Amendments to MFRS 121, <i>Lack of Exchangeability</i>	1 January 2025
<ul style="list-style-type: none">• 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

There were no debt or equity transactions during the current quarter under review.

A7 Dividend Paid

There was no dividend paid during the quarter ended 31 March 2024.

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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 RM58,000 which has not been provided for in the financial statements as at 31 March 2024.

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 31 March 2024		As at 31 December 2023	
	Carrying value RM '000	Fair value RM '000	Carrying value RM '000	Fair value RM '000
<u>Financial asset measured through profit or loss</u>				
Other investments	891	891	999	999

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

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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 2024.

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B1 Review of Performance

The Group reported a higher turnover of approximately RM8.5 million for the quarter ended 31 March 2024 against all comparative periods, with an operating profit of approximately RM0.7 million being recorded as compared to operating losses in the comparative periods. Such improvement was primarily due to the development of new business and commercial opportunities resulting in higher revenue generated from both existing and new customers. The continuous improvements made across the Group's operating capabilities, infrastructure and processes have shown fruition over the past months. All these factors have positively improved both the top and bottom-line financials of the Group. The performance of the Group was partially offset by higher raw material and operating 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:*

	31 Mar 2024 RM '000 (Unaudited)	Quarter ended		Changes in RM '000	%
		31 Dec 2023 RM '000 (Audited)			
Revenue	8,458	6,291		2,167	34%
Operating profit/(loss) (EBITDA)	734	(618)		1,351	>-100%
Profit/(Loss) before tax	94	(1,213)		1,307	>-100%
Net profit/(loss) for the period	78	(889)		967	>-100%
Net profit/(loss) attributable to owners of the parent	78	(889)		967	>-100%

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

	31 Mar 2024 RM '000 (Unaudited)	Quarter ended		Changes in RM '000	%
		31 Mar 2023 RM '000 (Audited)			
Revenue	8,458	5,972		2,486	42%
Operating profit/(loss) (EBITDA)	734	(8)		742	>-100%
Profit/(Loss) before tax	94	(422)		516	>-100%
Net profit/(loss) for the period	78	(422)		500	>-100%
Net profit/(loss) attributable to owners of the parent	78	(422)		500	>-100%

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

	31 Mar 2024 RM '000 (Unaudited)	Year-to-date		Changes in RM '000	%
		31 Mar 2023 RM '000 (Audited)			
Revenue	8,458	5,972		2,486	42%
Operating profit/(loss) (EBITDA)	734	(8)		742	>-100%
Profit/(Loss) before tax	94	(422)		516	>-100%
Net profit/(loss) for the period	78	(422)		500	>-100%
Net profit/(loss) attributable to owners of the parent	78	(422)		500	>-100%

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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

Looking ahead, the improvements and initiatives undertaken over the past few years, including the acquisition new machines, improvements in our operating facility, new certification (including recently, FSSC) and solar-energy system, are expected to contribute significantly to the operating efficiency, capabilities and long-term competitiveness of the Group in the market while continuing to explore and develop new business opportunities to expand its customer base and product offerings.

Substantial growth potential exists based on our available production capacity and the prevalent demand for our products' end consumers across the fast moving consumer goods sector. Therefore, these factors coupled with our continued marketing efforts and dedicated service, and improving operational capabilities and efficiency, will allow the Group to better navigate through the challenges ahead – such as economic/market downturns, fluctuating raw material costs and other factors that may remain outside the control of the Group.

Barring any unforeseen circumstances and once the overall macroeconomic environment improves, we believe our flexible packaging business will reach further economies of scale and create more value for the shareholders. The Group will also continue to explore business opportunities with a view to diversify its earnings base and to enhance returns for the shareholders.

B4 Variance of Actual Profit from Forecast Profit

Not applicable.

B5 Taxation

Tax expenses were recorded in relation to the subsidiary of the Company, Sino Peak Sdn Bhd. No tax effects were recorded for the Company's other subsidiary APT, as it has unutilized tax losses and unabsorbed capital allowances, which can be utilized against future taxable profits.

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 did not purchase or dispose any foreign or local quoted securities through its private investment account during the financial quarter under review.

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B8 Status of Corporate Proposals

As of 16 May 2024 (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.

B9 Borrowings and Debt Securities

The Group's borrowings as at 31 March 2024 is as below:

	Quarter ended 31 Mar 2024 RM '000 (Unaudited)	Quarter ended 31 Dec 2023 RM '000 (Audited)
Non-current		
Loan and hire purchase payable	14,177	13,452
Current		
Loan and hire purchase payable	816	683

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 Earnings per Share

The basic earnings per share is calculated by dividing the Group's profit after tax attributable to ordinary shareholders for the current quarter and cumulative quarter to 31 March 2024 by the weighted average number of shares in issue of the Group at the end of the quarter.

	Quarter ended 31 Mar 2024 (Unaudited)	Year-to-date 31 Mar 2024 (Unaudited)
Profit for the period ('000)	78	78
Weighted average number of ordinary shares in issue ('000)	81,355	81,355
Basic earnings per share (sen)	0.10	0.10

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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 RM0.16 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. An increase is seen as compared to the preceding year's corresponding quarter mainly due to an increase in utility costs, transportation costs and other ancillary costs due to the increased levels of production.

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 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	6,337	405

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 May 2024