

Quarterly Report on Results for the Second Quarter Ended 30 June 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 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>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
• Amendments to MFRS 121, <i>Lack of Exchangeability</i>	1 January 2025
• Amendments to MFRS 9 and MFRS 7, <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
• MFRS 18, Presentation and Disclosure in Financial Statements	1 January 2027
• MFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027
• Amendments to MFRS 10 and MFRS 128, <i>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.

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A7 Dividend Paid

There was no dividend paid during the quarter ended 30 June 2024.

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 30 June 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 30 June 2024		As at 31 December 2023	
	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	975	975	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 30 June 2024.

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B1 Review of Performance

The Group reported a minor decrease in revenue for the quarter ended 30 June 2024 as compared to the preceding quarter mainly due to sales slowdown attributable to the multiple holiday and festive periods during the quarter. Nevertheless, operating profit (EBITDA) and the corresponding net profit have increased.

In comparison with the corresponding quarter of the previous year (and being its financial year-to-date as well), the Group reported a substantial increase in revenue, higher operating profit and a profit before tax (as opposed to a loss).

These improvements were primarily due to the higher revenue generated from both new and existing customers brought about by the Group's business development endeavours. Furthermore, on-going production cost, efficiency and quality management with other internal improvements have had a positive impact, in conjunction with business development, on the overall performance of the Group. The performance of the Group was partially offset by higher raw materials (of which the prices of some major raw materials had increased during the period) and other 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:*

	30 June 2024 RM '000 (Unaudited)	Quarter ended		Changes in RM '000	%
		31 Mar 2024 RM '000 (Audited)			
Revenue	7,933	8,458	(525)	-6%	
Operating profit (EBITDA)	782	734	48	7%	
Profit before tax	102	94	8	9%	
Net profit for the period, attributable to owners of the parent	83	78	5	7%	

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

	30 June 2024 RM '000 (Unaudited)	Quarter ended		Changes in RM '000	%
		30 June 2023 RM '000 (Audited)			
Revenue	7,933	5,724	2,209	39%	
Operating profit (EBITDA)	782	303	479	>100%	
Profit/(loss) before tax	102	(247)	349	>100%	
Net profit/(loss) for the period, attributable to owners of the parent	83	(257)	340	>100%	

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

	30 June 2024 RM '000 (Unaudited)	Year-to-date		Changes in RM '000	%
		30 June 2023 RM '000 (Audited)			
Revenue	16,391	11,864	4,526	38%	
Operating profit (EBITDA)	1,515	482	1,034	>100%	
Profit/(loss) before tax	196	(582)	778	>100%	
Net profit/(loss) for the period, attributable to owners of the parent	161	(599)	761	>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 recent years, including the acquisition new machines, improvements in our operating facility, new certification (specifically, our Food Safety System Certification or “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 develop business opportunities to continuously grow our 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 diversifying 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 disposed foreign and local quoted securities amounting to RM0.15 million through its private investment account during the financial quarter under review.

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B8 Status of Corporate Proposals

As of 15 August 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 30 June 2024 is as below:

	Quarter ended 30 June 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	565	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 30 June 2024 by the weighted average number of shares in issue of the Group at the end of the quarter.

	Quarter ended 30 June 2024 (Unaudited)	Year-to-date 30 June 2024 (Unaudited)
Profit for the period ('000)	83	161
Weighted average number of ordinary shares in issue ('000)	81,355	81,355
Basic earnings per share (sen)	0.10	0.20

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B14 Other Income/Expenses

Other income mainly comprises of investment income, sales of scrap materials and sales of cylinders. The increase in other income of approximately RM0.24 million in comparison to the preceding year's corresponding quarter was primarily due to higher 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	7,217	538

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: 15th August 2024