

Condensed Unaudited Consolidated Statement of Financial Position As At 31 Mar 2023

	As at <u>31.03.2023</u> RM'000 (Unaudited)	As at <u>31.12.2022</u> RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	422,957	431,747
Goodwill on consolidation	22	22
Right-of-use assets	13,149	13,250
Other investments	10,000	10,000
Deferred tax assets	1,301	-
Investment properties	26,422	26,422
Total non-current assets	<u>473,851</u>	<u>481,441</u>
Current assets		
Inventories	86,022	109,684
Trade and other receivables	54,485	69,856
Prepayments	2,970	2,717
Tax Recoverable	91,887	89,651
Other investment	103,860	102,673
Cash and cash equivalents	157,514	134,563
Total current assets	<u>496,738</u>	<u>509,144</u>
TOTAL ASSETS	<u>970,589</u>	<u>990,585</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	142,985	142,985
Treasury shares	(5,512)	(5,368)
Reserves	725,285	754,429
TOTAL EQUITY	<u>862,758</u>	<u>892,046</u>
Non-current liabilities		
Loans and borrowings	10,481	11,180
Deferred tax liabilities	-	2,750
Total non-current liabilities	<u>10,481</u>	<u>13,930</u>
Current liabilities		
Loans and borrowings	41,285	24,515
Trade and other payables	51,043	55,296
Contract liabilities	5,022	4,798
Total current liabilities	<u>97,350</u>	<u>84,609</u>
TOTAL LIABILITIES	<u>107,831</u>	<u>98,539</u>
TOTAL EQUITY AND LIABILITIES	<u>970,589</u>	<u>990,585</u>
Net assets per share attributable to owners of the company (sen)	149	154

The Condensed Unaudited Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022.

Condensed Unaudited Consolidated Statement of Comprehensive Income For the First Quarter Ended 31 March 2023

	Current Quarter Ended <u>31.03.2023</u> RM'000 (Unaudited)	Corresponding Quarter Ended <u>31.03.2022</u> RM'000 (Unaudited)	Current YTD Ended <u>31.03.2023</u> RM'000 (Unaudited)	Corresponding YTD Ended <u>31.03.2022</u> RM'000 (Unaudited)
Revenue	89,562	176,418	89,562	176,418
Cost of sales	(117,528)	(179,761)	(117,528)	(179,761)
Gross loss	(27,966)	(3,343)	(27,966)	(3,343)
Other income	2,795	391	2,795	391
Selling and marketing expenses	(1,411)	(3,102)	(1,411)	(3,102)
Administrative expenses	(5,698)	(2,046)	(5,698)	(2,046)
Operating loss	(32,280)	(8,100)	(32,280)	(8,100)
Finance costs	(470)	(339)	(470)	(339)
Loss before tax	(32,750)	(8,439)	(32,750)	(8,439)
Income tax expense	3,606	(1,687)	3,606	(1,687)
Loss for the period	(29,144)	(10,126)	(29,144)	(10,126)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the period	(29,144)	(10,126)	(29,144)	(10,126)
Loss attributable to:				
Owners of the Company	(29,144)	(10,126)	(29,144)	(10,126)
Total comprehensive loss attributable to:				
Owners of the Company	(29,144)	(10,126)	(29,144)	(10,126)
Loss per ordinary share attributable to owners of the Company (sen) (Note 26)				
- Basic	(5.03)	(1.74)	(5.03)	(1.74)
- Diluted	(5.03)	(1.74)	(5.03)	(1.74)

The Condensed Unaudited Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended 31 December 2022.

Condensed Unaudited Consolidated Statement of Changes in Equity For the First Quarter Ended 31 March 2023

	← Attributable to Owners of the Company →					Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Other Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	
At 1 January 2023	142,985	(5,368)	11,319	17,922	725,188	892,046
Total comprehensive loss for the financial period						
Loss for the financial period	-	-	-	-	(29,144)	(29,144)
Realisation of revaluation reserve	-	-	-	(169)	169	-
Total comprehensive expense	-	-	-	(169)	(28,975)	(29,144)
Transactions with owners of the Company						
Shares repurchased	-	(144)	-	-	-	(144)
Dividends paid on shares	-	-	-	-	-	-
Total transactions with owners	-	(144)	-	-	-	(144)
At 31 March 2023	142,985	(5,512)	11,319	17,753	696,213	862,758
	Note 24	Note 25				

The Condensed Unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022.

**Condensed Unaudited Consolidated Statement of Cash Flows
For The Period Ended 31 March 2023**

	Current YTD Ended <u>31.03.2023</u> RM'000 (Unaudited)	Corresponding YTD Ended <u>31.03.2022</u> RM'000 (Unaudited)
Cash flows from operating activities		
Loss before taxation	(32,750)	(8,439)
Adjustments for:		
Net fair value (gain)/loss on derivatives	-	242
Property, plant and equipment		
- (Gain)/loss on disposal	-	75
- depreciation	11,498	10,328
Depreciation of right-of-use asset	100	100
Inventory provision on slow moving	1,344	-
Reversal of inventory written down	(3,672)	-
Interest expense	470	339
Interest income	(1,297)	(114)
Unrealised (gain)/loss on foreign exchange	(3,771)	(247)
Operating (loss)/profit before changes in working capital	(28,078)	2,284
Changes in working capital:		
Inventories	25,990	34,818
Receivables	18,998	27,612
Payables	(4,574)	(10,707)
Net cash generated from operations	12,336	54,007
Income tax paid	(2,681)	(32,691)
Interest received	1,297	114
Net cash flow generated from operating activities	10,952	21,430
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,708)	(19,610)
Addition to other investments	(1,187)	-
Proceeds from disposal of property, plant and equipment	-	300
Net cash flows used in investing activities	(3,895)	(19,310)
Cash flows from financing activities		
Repurchase of treasury shares	(144)	-
Net changes in bill payables	16,584	2,846
Net changes in term loan financing	(699)	(699)
Interest paid	(470)	(339)
Net cash flows generated from financing activities	15,271	1,808
Net changes in cash and cash equivalents	22,328	3,928
Cash and cash equivalents at beginning of the financial year	134,563	334,239
	156,891	338,167
Effect of exchange rate changes on cash and cash equivalents	622	-
Cash and cash equivalents at end of the financial period	157,513	338,167
Cash and bank balances	157,513	225,251
Other investments	113,860	112,916
	271,373	338,167

The Condensed Unaudited Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the financial year ended 31 December 2022.

Notes to the unaudited interim financial report

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRSs”) 134: Interim Financial Reporting, paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022. These interim financial statements contain selected explanatory notes which provide explanations of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group.

The significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 31 December 2022 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2023 which are applicable to Group. The initial adoption of these applicable MFRSs, amendments and interpretations do not have any material impact on the financial statements of the Group.

2. Audit qualifications

The auditors’ reports on the financial statements of the Group for the financial year ended 31 December 2022 is not subject to any qualification.

3. Seasonal or cyclical factors

The Group’s operations were not affected by any seasonal or cyclical factors.

4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year to date because of their nature, size, or incidence.

5. Changes in estimates

There were no significant changes in financial estimates reported in prior financial years that would have material impact in the current financial period report.

6. Debts and equity securities

There were no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares in the current quarter and financial year ended 31 March 2023.

7. Contingent assets and contingent liabilities

There were no contingent assets and liabilities since the last financial year.

8. Property, plant and equipment

Property, plant and equipment are stated at valuation or cost less accumulated depreciation and impairment losses.

9. Material events

There were no material events that may materially impact the financial results for the current quarter and financial year to date.

10. Changes in composition of the Group

There were no changes in the composition of the Group during the current financial year to date.

11. Operating segments

The Group's operating segments for the 3 months period ended 31 March 2023:

	Manufacturing and Trading RM'000	Investment Holding RM'000	Inter- Segment RM'000	Total RM'000
Revenue				
Revenue from				
external customers	89,562	-	-	89,562
Inter segment revenue	44,549	781	(45,330)	-
Total revenue	<u>134,111</u>	<u>781</u>	<u>(45,330)</u>	<u>89,562</u>
Results				
Segment (loss)/profit	(23,324)	1,345	-	(21,979)
Interest income				1,297
Interest expense				(470)
Property, plant and equipment				
- depreciation				(11,498)
Depreciation of right-of-use asset				<u>(100)</u>
Loss before tax				(32,750)
Taxation				<u>3,606</u>
Net loss for the period				<u><u>(29,144)</u></u>

The Group's operating segments for the 3 months period ended 31 March 2022:

	Manufacturing and Trading RM'000	Investment Holding RM'000	Inter- Segment RM'000	Total RM'000
Revenue				
Revenue from				
external customers	176,418	-	-	176,418
Inter segment revenue	45,532	1,049	(46,581)	-
Total revenue	<u>221,950</u>	<u>1,049</u>	<u>(46,581)</u>	<u>176,418</u>
Results				
Segment profit	1,335	954	-	2,289
Interest income				114
Interest expense				(339)
Property, plant and equipment				
- depreciation				(10,328)
- loss on disposal				(75)
Depreciation of right-of-use asset				<u>(100)</u>
Loss before tax				(8,439)
Taxation				<u>(1,687)</u>
Net loss for the period				<u><u>(10,126)</u></u>

12. Review of performance

	1st Quarter Ended		Year to Date Ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	(1QYE31MAR23)	(1QYE31MAR22)	(1QYE31MAR23)	(1QYE31MAR22)
	RM'000	RM'000	RM'000	RM'000
Revenue	89,562	176,418	89,562	176,418
Gross loss	(27,966)	(3,343)	(27,966)	(3,343)
Operating loss	(32,280)	(8,100)	(32,280)	(8,100)
Loss before tax	(32,750)	(8,439)	(32,750)	(8,439)
Loss after tax	(29,144)	(10,126)	(29,144)	(10,126)
Loss attributable to Owners of the Company	(29,144)	(10,126)	(29,144)	(10,126)
Net loss margin	-32.5%	-5.7%	-32.5%	-5.7%

For the period ended 31 March 2023, the Group achieved sales revenue of RM89.6 million with loss after tax of RM29.1 million as compare with revenue of RM176.4 million and loss after tax of RM10.1 million for the corresponding quarter of the preceding financial period ended 31 March 2022.

The lower of revenue for the quarter as compare with the corresponding quarter of FY 2022 was mainly due to lower average selling price (ASP) and volume sold. The higher loss after tax was due to erosion of margin resulted from higher cost including energy, labour cost, natural rubber costs, electricity tariffs and lower ASP.

13. Variation of quarterly results against preceding quarter

	Quarter Ended		
	31.03.2023 (1QYE31MAR23) RM'000	31.12.2022 (4QYE31Dec22) RM'000	Changes %
Revenue	89,562	103,703	-14%
Gross loss	(27,966)	(27,134)	3%
Operating loss	(32,280)	(47,927)	-33%
Loss before tax	(32,750)	(48,436)	-32%
Loss after tax	(29,144)	(17,538)	66%
Loss attributable to owners of the Company	(29,144)	(17,538)	66%
Net loss margin	-32.5%	-16.9%	

The Group generated sales revenue of RM89.6 million for the current quarter ended 31 March 2023 (1QYE31Mar23) as compared with RM103.7 million in the preceding quarter, representing a 14% decreased or RM14.2 million. This was mainly contributed by reduction in sales quantity.

The Group recorded a lower loss before tax of RM32.80 million in 1QYE31Mar23 as compare to last quarter 4QYE31Dec22 of net loss before tax of RM48.4 million mainly due to the Group taking measures in cost control and the Group making a foreign exchange gain of RM0.8 million for the quarter under review and comparative exchange loss in last quarter 4QYE31Dec22 for amount of RM6.5 million.

Under the current reporting quarter (1QYE31Mar23), The Group registered a net loss before tax of RM29.1 million in 1QYE31Mar23 as compared to last quarter 4QYE31Dec22 of net loss after tax of RM17.5 million. This was largely due to the Group has made an reversal of deferred tax expense for the amounting to RM32 million under financial year for December 2022 and reversal of deferred tax expenses for RM4.1 million in 1QYE31Mar23.

14. Current year prospects

In year 2023, the Group expects the Group's performance for the financial year ending 31 December 2023 to be optimistic with the anticipated reduction in gas tariff and reduction in cost for synthetic rubber, and the Group continues to look for improving cost efficiency to overcome challenges in the current and near-term market situation.

Barring unforeseen circumstances, with the Average Selling Price (ASP) moving up trend over the past few months, the Group is hopeful recovery is on the horizon. With the global economic reopening and ease of cross-border traveling, the Group is seeing an increase in hopeful visitors, which would help to accelerate business closures and lead to developing more sizeable orders from existing customers and securing new business through our continued business development efforts.

15. Profit forecast or profit guarantee

The Group did not publish any profit forecast or issue any profit guarantee during the reporting year.

16. Loss before taxation

This was arrived at after crediting/(charging):

	3 months ended 31.03.2023 RM'000	3 months ended 31.03.2022 RM'000	YTD ended 31.03.2023 RM'000	YTD ended 31.03.2022 RM'000
Interest income	1,297	114	1,297	114
Interest expense	(470)	(339)	(470)	(339)
Depreciation on property, plant and equipment	(11,498)	(10,328)	(11,498)	(10,328)
Depreciation of right-of-use asset	(100)	(100)	(100)	(100)
Gain on Foreign Exchange:				
- realised	(2,998)	347	(2,998)	347
- unrealised	3,771	247	3,771	247
Fair value gain / (loss) on derivatives	-	(242)	-	(242)
Loss on disposal of plant and equipment	-	(75)	-	(75)
Inventory provision on slow moving	(1,344)	-	(1,344)	-
Inventories written down	3,672	-	3,672	-

17. Capital Commitments

As at 31 Mar 2023, the Group has the below capital commitments:

	YTD Ended 31.03.2023 RM'000
Property, plant and equipment	
- approved and contracted for	4,873
- approved but not contracted for	-
	<u>4,873</u>

The capital commitments were mainly related to ancillary facilities for operation.

18. Taxation

	YTD Ended 31.03.2023 RM'000	YTD Ended 31.12.2022 RM'000
Deferred taxation - current year	4,051	16,722
- over provision in prior year	-	11,421
Taxation - current year	(445)	(2,770)
- under provision in prior year	-	(7,517)
	<u>3,606</u>	<u>17,856</u>

The effective tax rate of the Group is higher than the statutory tax rate due to the provision of taxation in subsidiaries.

19. Quoted investment

There were no purchases or sales of quoted securities for the current financial period.

20. Status of corporate proposal announced

There was no other corporate proposal announced and not completed as of 31 March 2023.

21. Borrowings

The Group have the following borrowings as at 31 March 2023:

	YTD Ended 31.03.2023 RM'000	YTD Ended 31.12.2022 RM'000
Non current:		
Secured		
- Term Loan (RM denominated)	9,493	10,192
- Lease liability	988	988
	<u>10,481</u>	<u>11,180</u>
Current:		
Secured		
- Bill payables (USD denominated)	19,401	-
- Bill payables (RM denominated)	19,073	21,704
- Term Loan (RM denominated)	2,796	2,796
- Lease liability	15	15
	<u>41,285</u>	<u>24,515</u>
	<u>51,766</u>	<u>35,695</u>

22. Material litigation

The Group was not aware of any material litigation that may have significant impact to the Group's profit since the last audited annual financial statements date to the date of issue of the quarterly report.

23. Dividends

The Directors did not recommend any payment of dividend for the current financial year to-date.

24. Share Capital

The Group's share capital as at 31 March 2023 is as follow:

	YTD Ended 31.03.2023	
	No. of shares Unit' 000	RM'000
Issued and fully paid: - At 1 Jan 2023 / 31 Mar 2023	582,949	142,985

25. Treasury Shares

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company.

For the year under review, the Company repurchased 349,900 shares from the open market at an average price of RM0.410 per share. The total consideration paid including transaction costs was RM143,574 which was financed by internally generated funds.

At 31 March 2023, the number of the Company's treasury shares held is 3,949,200 shares, at a carrying amount of RM5,511,616.

There was no cancellation or distribution of treasury shares during the financial year.

26. Earnings Per Share

(a) Basic earnings per share

Basic earnings per share are based on the profit for the financial period or year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial period or year, calculated as follows:

	3 months ended	YTD ended
	31.03.2023	31.03.2023
Loss attributable to owners of the Company (RM'000)	(29,144)	(29,144)
Weighted average number of ordinary shares for basic earnings per share ('000)	579,942	579,942
Effect of treasury shares held	(350)	(350)
Weighted average number of ordinary shares for diluted earnings per share ('000)(basic)	579,592	579,592
Basic loss per ordinary share (sen)	(5.03)	(5.03)

26. Earnings Per Share (Cont'd)

(b) Diluted earnings per share

Diluted earnings per share are based on the profit for the financial period or year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Potential ordinary shares are treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share. Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share.

Diluted earnings per share calculated as follows:

	3 months ended	YTD ended
	31.03.2023	31.03.2023
Loss attributable to owners of the Company (RM'000)	(29,144)	(29,144)
Weighted average number of ordinary shares for basic earnings per share ('000)	579,592	579,592
Effect of dilution from: - Share options ('000)	-	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	579,592	579,592
Diluted loss per ordinary share (sen)	(5.03)	(5.03)