



SLP RESOURCES BERHAD

[663862+I]

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2018**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year 30.6.2018 RM'000	Preceding Year Corresponding Quarter 30.6.2017 RM'000	Current Year-To-Date 30.6.2018 RM'000	Preceding Year Corresponding Period 30.6.2017 RM'000
Revenue	8	44,371	43,225	88,540	89,210
Profit from operations		7,026	5,116	12,881	11,905
Finance income		374	69	807	123
Finance costs		-	-	-	-
Profit before tax	15	7,400	5,185	13,688	12,028
Tax expense	19	(811)	(570)	(1,929)	(2,307)
Profit for the period		6,589	4,615	11,759	9,721
Other comprehensive expense, net of tax:					
Fair value of available-for-sale financial assets		-	-	-	-
Foreign currency translation differences		3,916	(2,058)	18	(3,090)
		3,916	(2,058)	18	(3,090)
Total comprehensive income for the period attributable to owners of the Company		10,505	2,557	11,777	6,631
Earnings per share					
Basic (Sen)	29	2.08	1.56	3.71	3.28
Diluted (Sen)		N/A	N/A	N/A	N/A

**The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2017.**



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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

**CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT 30 JUNE 2018**

	Note	As at End of Current Quarter 30.6.2018 RM'000	Audited As at End of Preceding Financial Year 31.12.2017 RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	9	69,230	62,070
Other investments		257	257
Intangible assets		22	22
		69,509	62,349
<b>Current Assets</b>			
Inventories		29,432	27,128
Trade and other receivables	25	37,033	39,379
Current tax assets		831	534
Derivative financial assets	24	19	12
Cash and cash equivalents		60,352	64,759
		127,667	131,812
<b>TOTAL ASSETS</b>		<b>197,176</b>	<b>194,161</b>
<b>EQUITY TO OWNERS OF THE COMPANY</b>			
Share capital		113,680	113,680
Reserves		61,649	54,626
<b>TOTAL EQUITY</b>		<b>175,329</b>	<b>168,306</b>
<b>Non-current Liabilities</b>			
Deferred taxation		7,219	7,448
<b>Current Liabilities</b>			
Trade and other payables		12,853	12,446
Current tax liabilities		1,775	1,207
Dividend payable		-	4,754
		14,628	18,407
<b>TOTAL LIABILITIES</b>		<b>21,847</b>	<b>25,855</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>197,176</b>	<b>194,161</b>
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		55.3	53.1

**The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2017.**



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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2018**

<-----Attributable to owners of the Company----->

<----- Non- Distributable ----->      Distributable

	Share capital RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
<b>At 1 January 2018</b>	113,680	(4,451)	53	59,024	<b>168,306</b>
Net profit for the period	-	-	-	11,759	<b>11,759</b>
Other comprehensive expense for the period	-	18	-	-	<b>18</b>
Total comprehensive income for the period	-	18	-	11,759	<b>11,777</b>
Dividend	-	-	-	(4,754)	<b>(4,754)</b>
<b>At 30 June 2018</b>	113,680	(4,433)	53	66,029	175,329
<b>At 1 January 2017</b>	61,833	3,127	39	66,237	<b>131,236</b>
Net profit for the period	-	-	-	9,721	<b>9,721</b>
Other comprehensive expense for the period	-	(3,090)	-	-	<b>(3,090)</b>
Total comprehensive income for the period	-	(3,090)	-	9,721	<b>6,631</b>
Dividend	-	-	-	(3,710)	<b>(3,710)</b>
<b>At 30 June 2017</b>	61,833	37	39	72,248	<b>134,157</b>

**The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2017.**



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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2018**

	<b>PERIOD ENDED</b>	
	<b>30.6.2018</b>	<b>30.6.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	13,688	12,028
Adjustments:		
Depreciation of property, plant and equipment	2,545	2,375
Dividend income	(3)	(2)
Finance income	(806)	(123)
Operating profit before changes in working capital	<b>15,424</b>	<b>14,278</b>
Changes in working capital:		
Inventories	(2,335)	7,332
Trade and other receivables	4,998	(5,526)
Trade and other payables	(2,281)	(2,424)
Cash generated from operations	15,806	13,660
Income tax paid	(1,897)	(1,594)
Income tax refund	9	-
Net cash generated from operating activities	<b>13,918</b>	<b>12,066</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(9,442)	(2,142)
Dividend received	3	2
Interest received	806	123
Net cash used in investing activities	<b>(8,633)</b>	<b>(2,017)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid/ Net cash used in financing activities	<b>(9,509)</b>	<b>(7,420)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(4,224)</b>	<b>2,629</b>
Effects of foreign exchange rate differences	(183)	56
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>64,759</b>	<b>29,069</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>60,352</b>	<b>31,754</b>
Cash and cash equivalents included in the consolidated statements of cash flows comprise the following statements of financial position amounts:		
Short-term placements in money market with a licensed bank (including Islamic short term placement of RM3.0 million)	37,012	-
Short-term deposits with licensed banks	2,700	14,000
Cash and bank balances	20,640	17,754
	<b>60,352</b>	<b>31,754</b>

**The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2017.**



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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS

#### PART A : EXPLANATORY NOTES PURSUANT TO MFRS 134

##### 1 Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting in Malaysia and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2017.

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group’s consolidated audited financial statements for the financial year ended 31 December 2017, except for the adoption of the following MFRS/ Amendments/Interpretations effective 1 January 2018:

- MFRS 9, *Financial Instruments*
- MFRS 15, *Revenue from Contracts with Customers*
- Amendments to MFRS 15, *Clarifications to MFRS 15*
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

The Group has adopted the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January, 2018. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group as mentioned below:

##### **MFRS 9, *Financial Instruments***

On the adoption of MFRS 9, the Group has assessed all the three aspects of the accounting for the financial assets and liabilities for classification and measurement, impairment and hedge accounting. In respect of impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with an “expected credit loss” model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments. During the current financial quarter ended, there is no requirement for any reclassification for loans and receivables nor any significant impact on the statement of financial position on fair value measurement on the financial assets and quoted equity shares held as available-for-sale (AFS) and there is no expectation of any impairment on trade receivables.

##### **MFRS 15, *Revenue from Contracts with Customers***

Upon adoption of MFRS 15, the Group recognises the revenue from contracts with customers when or as the Group transfers goods or services to a customer, measured at the amount to which the Group expects to be entitled, according to the term and condition stipulated in the contracts with customers. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the Group’s performance; or at a point in time, when control of the goods or services is transferred to the customers. The adoption of this new MFRS 15 have not resulted in any material impact on the financial statements of the Group.



## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018

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### 1 Basis of preparation (cont'd)

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but not yet effective and have not applied by the Group:

- MFRS 16, *Leases (effective 1 January 2019)*
- MFRS 128, *Long term Interest in Associates and Joint Ventures (Amendments to MFRS 128) (effective 1 January 2019)*
- MFRS 17, *Insurance Contracts (1 January 2021)*
- Amendments to MFRS 10 and MFRS 128, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)*

### 2 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2017 were not subject to any qualification.

### 3 Seasonal or Cyclical Factors

The operations of the Group during the current quarter under review have not been materially 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 under review.

### 5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior interim period or financial period that have a material effect in the current quarter under review.

### 6 Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**7 Dividends Paid**

The following dividends were paid during the current and previous corresponding period ended:

	<b>30.6.2018</b>	<b>30.6.2017</b>
<b>Second interim dividend</b>		
For the financial year ended	31 December 2017	31 December 2016
Approved and declared on	3 November 2017	4 November 2016
Date paid	5 January 2018	6 January 2017
Number of ordinary shares	316,959,999	247,333,333
Dividend per share (single-tier)	1.5 sen	1.5 sen
Net dividend paid	RM4,754,400	RM3,710,000
<b>Third interim dividend</b>		
For the financial year ended	31 December 2017	31 December 2016
Approved and declared on	23 February 2018	23 February 2017
Date paid	**	*
Number of ordinary shares	316,959,999	247,333,333
Dividend per share (single-tier)	1.5 sen	1.5 sen
Net dividend paid	RM4,754,400	RM3,710,000

\* *Paid on 7 April 2017*

\*\* *Paid on 6 April 2018*



**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**8 Operating segments**

The Group is principally involved in the manufacturing and sale of plastic packaging and its related products and trading of polymer products. Operating segment information has therefore not been prepared as the Group's revenue and operating profit before tax are mainly confined to one operating segment.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers as follows:

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	Current Year		Preceding Year		Current Year-To-		Preceding Year	
	Quarter		Corresponding		Date		Corresponding	
	30.6.2018		Quarter		30.6.2018		Period	
	RM'000	%	30.6.2017	%	RM'000	%	30.6.2017	%
Malaysia	18,624	42%	18,425	43%	36,736	42%	35,821	40%
Japan	16,656	38%	16,088	37%	33,698	38%	34,654	39%
European countries	1,436	3%	1,920	4%	4,126	5%	5,495	6%
Australia	3,470	8%	3,917	9%	6,004	7%	7,353	8%
Other countries	4,185	9%	2,875	7%	7,976	8%	5,887	7%
<b>Total</b>	<b>44,371</b>	<b>100%</b>	<b>43,225</b>	<b>100%</b>	<b>88,540</b>	<b>100%</b>	<b>89,210</b>	<b>100%</b>

**9 Valuation of Property, Plant and Equipment**

The valuations of land and building have been brought forward, without amendment from the annual financial statements for the year ended 31 December 2017. There were no valuations of property, plant and equipment during the current quarter under review.

**10 Events Subsequent to the Balance Sheet Date**

There were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial statements as at date of this report.

**11 Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current quarter under review.

**12 Changes in contingent liabilities or contingent assets**

The Company has provided corporate guarantees to financial institutions for banking facilities granted to its subsidiaries up to limits of RM72.5 million as at 30 June 2018, of which, approximately RM2.1 million was utilised as at 30 June 2018. The Company has also issued corporate guarantee to non-financial institutions for the supply of goods and services provided to subsidiaries up to limit of RM38.70 million, of which, RM7.6 million was utilised as at 30 June 2018.



**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**13 Capital Commitments**

Capital commitments for the purchase of property, plant and equipment as at the current quarter were as follows:

	<b>Total RM'000</b>
Approved and contracted for:	
Property, plant and machinery	<b>7,774</b>
	=====

**14 Significant related party transactions**

There were no significant transactions entered into between the Group and other related parties during the current quarter under review except the following:

	<b>Current Year-To-Date RM'000</b>
Sales of plastic films and plastic bags to a company controlled by a Director	<b>421</b>
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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**PART B : EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A**

**15 Review of Performance**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.6.2018 RM'000	Preceding Year Corresponding Quarter 30.6.2017 RM'000	Current Year-To-Date 30.6.2018 RM'000	Preceding year corresponding period 30.6.2017 RM'000
Revenue	44,371	43,225	88,540	89,210
Profit Before Tax	7,400	5,185	13,688	12,028
Profit Before Tax Margin	16.7%	12.0%	15.5%	13.5%

For the current quarter ended 30 June 2018, the Group recorded revenue of RM44.4 million, an increase of RM1.2 million or 2.7% from RM43.2 million recorded in the corresponding quarter last year. This was attributed to higher export sales of flexible plastic packaging products particularly within the region. In line with higher revenue in the current year quarter, the Group posted higher Profit Before Tax (“PBT”) of RM7.4 million, an increase of RM2.2 million or 42.4 % from RM5.2 million recorded in the corresponding quarter last year. With better sales mix, the Group recorded higher PBT margin of 16.7% in the current quarter as compared to 12.0% in the corresponding quarter last year.

For the current period ended 30 June 2018, the Group recorded slightly lower revenue of RM88.5 million as compared to RM89.2 million recorded in the corresponding period last year. This was due to lower export sales to Japan, Australia and European countries. Notwithstanding the lower revenue in the current period ended 30 June 2018, the Group posted higher PBT of RM13.7 million as compared to RM12.0 million in the corresponding period last year. This was attributed to better sales mix particularly for export sales of plastic flexible packaging products.

**16 Comment on material change in profit before tax**

	Current Quarter 30.6.2018 RM'000	Preceding Quarter 31.03.2018 RM'000	Variance RM'000	%
Revenue	44,371	44,169	202	0.5%
Profit Before Tax	7,400	6,288	1,112	17.7%
Profit Before Tax Margin	16.7%	14.2%	-	2.5%

The Group’s revenue in the current year quarter of RM44.4 million was relatively stable when compared to the same in the immediate preceding quarter. The Group’s PBT, however, recorded at 17.7% increase to RM7.4 million in the current year quarter from RM6.3 million in the immediate preceding quarter mainly due to better sales mix as explained in Note 15 above. With better sales mix, the Group’s PBT margin has improved to 16.7% from 14.2% achieved in the immediate preceding quarter.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**17 Current year prospects**

With the successful commissioning of a newly acquired extrusion line in late April 2018, the Group has further expanded its production capacity in year 2018. A new printing press is also expected to be installed and commissioned by 4<sup>th</sup> quarter 2018. With this, the Group would further expand the production capacity of its niche products serving the hygiene, F & B and other sectors. However, the Group is aware that current trade tensions between the USA and China may contribute to volatile foreign exchange rates, which in turn may affect in-coming order routines and competitive advantage of the flexible plastic packaging products suppliers in Malaysia including the SLP Group. Notwithstanding this, the Group's strategies have been focusing on the supply of its flexible plastic packaging products to niche markets to bring about stability in demand of its products.

**18 Variance between Actual Profit and Forecast Profit**

Not applicable.

**19 Taxation**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 30.6.2018 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.6.2017 RM'000</b>	<b>Current Year-To-Date 30.6.2018 RM'000</b>	<b>Preceding Year Corresponding Period 30.6.2017 RM'000</b>
Income tax				
Current year	812	599	2,158	2,419
Prior year	-	-	-	-
	<b>812</b>	<b>599</b>	<b>2,158</b>	<b>2,419</b>
Deferred tax				
Current year	(1)	(29)	(229)	(112)
Prior year	-	-	-	-
	<b>811</b>	<b>570</b>	<b>1,929</b>	<b>2,307</b>

Effective tax rate in the current year quarter and financial year-to-date is lower than the statutory tax rate of 24% due to availability of tax incentives and allowances for the subsidiaries of the Company.

**20 Unquoted investments and properties**

There were no purchases or sale of unquoted investment or properties for the current quarter under review.

**21 Quoted securities**

There were no acquisitions or disposals of quoted securities for the current quarter under review and the financial year-to-date.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**22 Status of Corporate Proposals**

Except for the following disclosure, there were no corporate proposals announced but not yet completed as at the date of this quarterly report.

On 5 May 2017, RHB Investment Bank Berhad had on behalf of the Board announced that the Company proposed to undertake the following:

- (i) private placement of up to 16,800,000 new shares, representing approximately 6.79% of the total number of issued shares of the Company (“Proposed Private Placement”)
- (ii) bonus issue of up to 52,826,666 Bonus Shares to be credited as fully paid-up on the basis of 1 Bonus Share for every 5 existing shares held (“Proposed Bonus Issue”)

On 31 May 2017, Bursa Malaysia Securities had via its letter dated 31 May 2017 approved the Proposed Private Placement and Proposed Bonus Issue. On 5 July 2017, the shareholders of the Company approved the ordinary resolution on the Proposed Bonus Issue as set out in the Notice of Extraordinary General Meeting dated 15 June 2017 by way of polling. On 10 July 2017, RHB Investment Bank had on behalf of the Board announced that the Board had fixed the issue price at RM2.30 per Placement Share. On 19 July 2017, the Company completed the listing and quotation of 16,800,000 new ordinary shares on Bursa Securities pursuant to the Proposed Private Placement.

On 23 August 2017, RHB Investment Bank Berhad had on behalf of the Board announced that the Bonus Issue was completed following the listing of and quotation for 52,826,666 Bonus Shares on the Main Market of Bursa Securities on the said date.

The status of utilisation of proceeds of RM38,640,000 raised from the Proposed Private Placement as at 3 August 2018 is as follows:

<b>Purpose</b>	<b>Proposed utilisation (RM'000)</b>	<b>Actual utilisation (RM'000)</b>	<b>Intended time frame for utilisation</b>	<b>Balance unutilised</b>	
				<b>(RM'000)</b>	<b>%</b>
i. Acquisition of 2 units of high performance blown film lines	20,000	13,004	Within 24 months	6,996	35.0%
ii. Construction of a new single storey warehouse	7,000	-	Within 24 months	7,000	100.0%
iii. Working capital	10,840	5,008	Within 12 months	5,832	53.8%
iv. Estimated expenses	800	800	Within 1 month	-	-
	<b>38,640</b>	<b>18,812</b>		<b>19,828</b>	

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**23 Borrowings and debt Securities**

There were no outstanding bank loans and borrowings other than the bank guarantees amounting to RM1.4 million as at 30 June 2018.

**24 Derivative financial instruments**

Forward foreign exchange contracts are entered into by the Group in currencies other than functional currency to manage exposure to fluctuations in foreign currency exchange rates on specific transactions. In general, the Group's policy is to hedge excess amounts of receivables in foreign currencies after netting off the amounts of payables in the same foreign currencies. As at 30 June 2018, the Group's open forward contracts entered into as hedges of anticipated future transactions are as follows:

<b>Derivatives</b>	<b>Contract or Notional Amount RM'000</b>	<b>Fair Value Net loss RM'000</b>
Currency forward contract: Less than 1 year	1,600	(9)

Derivatives financial instruments that are not designated or do not qualify for hedge accounting are categorised as fair value through profit or loss account and measured at their fair value with the gain or loss recognized in the profit or loss account. During the current year quarter ended 30 June 2018, the Group recognised a loss on derivative of RM8,698 arising from fair value changes of financial derivative. The fair value changes are attributable to changes in foreign exchange spot and forward rates. The Group will fund the requirements of these derivatives from its net cash flow from operating activities when payments fall due.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk, credit risk, liquidity risk and foreign currency risk. There is no change in the significant policy for mitigating or controlling the interest rate risk, credit risk, liquidity risk and foreign currency risk for the Group nor the related accounting policies for the financial period ended 30 June 2018. Other related information associated with the financial instruments are consistent with the disclosures in the audited financial statements for the financial year ended 31 December 2017.

**25 Trade and other receivables**

	<b>30.6.2018 RM'000</b>	<b>31.12.2017 RM'000</b>
<b>Trade</b>		
Trade receivables (net of impairment)	30,742	29,734
Amount due from a company controlled by a Director	254	752
<b>Non-trade</b>		
Other receivables	1,641	1,924
Deposits	125	56
Prepayments	4,271	6,913
	<b>37,033</b>	<b>39,379</b>

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**25 Trade and other receivables (cont'd)**

Included in other receivables of the Group are goods and services tax receivables amounting to RM1.2 million (31.12.2017: RM0.9 million).

Included in prepayments of the Group is RM2.3 million and RM1.4 million (31.12.2017: RM4.7 million and RM2.5 million) representing advance payments to suppliers for purchases of plant and machinery and raw materials respectively.

The ageing analysis of the Group's trade receivables (net of impairment) as at 30 June 2018 is as follows:

	<b>RM'000</b>
Not past due	14,910
Past due 0 – 30 days	8,836
Past due 31 – 120 days	7,111
Past due more than 120 days	139
	<b><u>30,996</u></b>

**26 Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off balance sheet risk as at the end of current quarter to the date of this quarterly report.

**27 Material Litigation**

There was no pending material litigation against the Group as at the date of this quarterly report.

**28 Proposed Dividend**

Details of the dividends under the single-tier system approved and declared by the Board of Directors is as follows:

	<b>30.6.2018</b>	<b>30.6.2017</b>
<b>First interim dividend</b>		
Dividend for the financial year ending/ended	31 December 2018	31 December 2017
Approved and declared on	3 August 2018	4 August 2017
Dividend per share	1.5 sen	1.5 sen
Entitlements to dividends based on record of		
Depositors as at	7 September 2018	8 September 2017
Date payable	5 October 2018	5 October 2017



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018

NOTES TO THE INTERIM FINANCIAL STATEMENTS

29 Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.2018	Preceding Year Corresponding Quarter 30.6.2017	Current Year-To-Date 30.6.2018	Preceding Year Corresponding Period 30.6.2017
<b>BASIC EARNINGS PER SHARE</b>				
Profit attributable to owners of the Company (RM'000)	6,589	4,615	11,759	9,721
Weighted average number of ordinary shares in issue ('000)	316,960	296,800*	316,960	296,800*
Basic Earnings per Share (sen)	2.08	1.56	3.71	3.28

\*Comparative figures were adjusted for effect of bonus issue which was completed on 23 August 2017

There was no dilution in the earning per share as there was no potential diluted ordinary share outstanding as at the end of the current quarter under review.

30 Notes to the Statement of Comprehensive Income

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.2018 RM'000	Preceding Year Corresponding Quarter 30.6.2017 RM'000	Current Year-To-Date 30.6.2018 RM'000	Preceding Year Corresponding Period 30.6.2017 RM'000
Profit from operations for the period is arrived at after crediting/(charging) the following items:				
Depreciation and amortisation	(1,273)	(1,178)	(2,545)	(2,375)
Dividend income	-	0	3	2
Interest income	373	69	806	123
Reversal for impairment loss on trade receivables	-	130	20	130
Gain / (loss) on derivative – unrealised	(9)	371	6	895
Net foreign exchange gain / (loss)	487	(348)	9	(851)

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

31 Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Board.