



SLP RESOURCES BERHAD

[663862+I]

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 30.9.2018 RM'000	Preceding Year Corresponding Quarter 30.9.2017 RM'000	Current Year-To-Date 30.9.2018 RM'000	Preceding Year Corresponding Period 30.9.2017 RM'000
Revenue	8	52,171	45,855	140,711	135,064
Profit from operations		7,503	5,049	20,384	16,955
Finance income		366	391	1,173	513
Finance costs		-	-	-	-
Profit before tax	15	7,869	5,440	21,557	17,468
Tax expense	19	(1,641)	(725)	(3,570)	(3,032)
Profit for the period		6,228	4,715	17,987	14,436
Other comprehensive expense, net of tax:					
Fair value of available-for-sale financial assets		-	-	-	-
Foreign currency translation differences		2,119	(1,316)	2,137	(4,406)
		2,119	(1,316)	2,137	(4,406)
Total comprehensive income for the period attributable to owners of the Company		8,347	3,399	20,124	10,030
Earnings per share					
Basic (Sen)	29	1.96	1.59	5.67	4.86
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.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Note	As at End of Current Quarter 30.9.2018 RM'000	Audited As at End of Preceding Financial Year 31.12.2017 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	9	71,768	62,070
Other investments		260	257
Intangible assets		22	22
		72,050	62,349
Current Assets			
Inventories		28,285	27,128
Trade and other receivables	25	36,903	39,379
Current tax assets		1,541	534
Derivative financial assets	24	-	12
Cash and cash equivalents		63,902	64,759
		130,631	131,812
TOTAL ASSETS		202,681	194,161
EQUITY TO OWNERS OF THE COMPANY			
Share capital		113,680	113,680
Reserves		65,241	54,626
TOTAL EQUITY		178,921	168,306
Non-current Liabilities			
Deferred taxation		7,700	7,448
Current Liabilities			
Trade and other payables		9,760	12,446
Current tax liabilities		1,546	1,207
Dividend payable		4,754	4,754
		16,060	18,407
TOTAL LIABILITIES		23,760	25,855
TOTAL EQUITY AND LIABILITIES		202,681	194,161
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)			
		56.4	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.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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
At 1 January 2018	113,680	(4,451)	53	59,024	168,306
Net profit for the period	-	-	-	17,987	17,987
Other comprehensive income for the period	-	2,137	-	-	2,137
Total comprehensive income for the period	-	2,137	-	17,987	20,124
Dividend	-	-	-	(9,509)	(9,509)
At 30 September 2018	113,680	(2,314)	53	67,502	178,921
At 1 January 2017	61,833	-	39	66,237	131,236
Shares issued pursuant to bonus issue	13,207	-	-	(13,207)	-
Shares issued pursuant to private placement	38,640	-	-	-	38,640
Net profit for the period	-	-	-	14,436	14,436
Other comprehensive loss for the period	-	(4,406)	-	-	(4,406)
Total comprehensive (loss) / income for the period	-	(4,406)	-	14,436	10,030
Dividend	-	-	-	(8,464)	(8,464)
At 30 September 2017	113,680	(1,279)	39	59,002	171,442

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.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

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

	PERIOD ENDED	
	30.9.2018	30.9.2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	21,557	17,468
Adjustments:		
Depreciation of property, plant and equipment	4,101	3,524
Gain on disposal of property, plant and equipment	(4)	(77)
Dividend income	(6)	(5)
Finance income	(1,173)	(513)
Reversal of impairment loss on trade receivable	-	(270)
Operating profit before changes in working capital	24,475	20,127
Changes in working capital:		
Inventories	(820)	3,701
Trade and other receivables	2,898	(10,111)
Trade and other payables	(2,774)	4,583
Cash generated from operations	23,779	18,300
Income tax paid	(3,983)	(2,734)
Income tax refund	9	-
Net cash generated from operating activities	19,805	15,566
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(11,987)	(2,493)
Proceeds from disposal of property, plant and equipment	4	77
Dividend received	6	5
Interest received	1,173	513
Net cash used in investing activities	(10,804)	(1,898)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from private placement	-	38,640
Dividends paid	(9,509)	(7,420)
Net cash (used in) / generated from financing activities	(9,509)	31,220
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(508)	44,888
Effects of foreign exchange rate differences	(349)	(12)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	64,759	29,069
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	63,902	73,945

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (CONT'D)

	PERIOD ENDED	
	30.9.2018	30.9.2017
	RM'000	RM'000
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)	36,956	43,312
Short-term deposits with licensed banks	4,700	7,300
Cash and bank balances	22,246	23,333
	63,902	73,945

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.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

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 THIRD QUARTER ENDED 30 SEPTEMBER 2018

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 THIRD QUARTER ENDED 30 SEPTEMBER 2018

NOTES TO THE INTERIM FINANCIAL STATEMENTS

7 Dividends Paid

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

	30.9.2018	30.9.2017
Third interim dividend		
For the financial year ended	31 December 2017	31 December 2016
Approved and declared on	23 February 2018	23 February 2017
Date paid	6 April 2018	7 April 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
First interim dividend		
For the financial year ended	31 December 2018	31 December 2017
Approved and declared on	3 August 2018	4 August 2017
Date paid	**	*
Number of ordinary shares	316,959,999	316,959,999
Dividend per share (single-tier)	1.5 sen	1.5 sen
Net dividend paid	RM4,754,400	RM4,754,400

* Paid on 5 October 2017

** Paid on 5 October 2018

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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-Date		Preceding Year	
	Quarter		Corresponding		Date		Corresponding	
	30.9.2018		30.9.2017		30.9.2018		30.9.2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	23,144	44%	19,346	42%	59,880	43%	55,167	41%
Japan	19,604	38%	17,363	38%	53,302	38%	52,017	39%
European countries	2,000	4%	2,134	5%	6,126	4%	7,629	6%
Australia	4,418	9%	3,463	7%	10,422	7%	10,815	8%
Other countries	3,005	5%	3,549	8%	10,981	8%	9,436	6%
Total	52,171	100%	45,855	100%	140,711	100%	135,064	100%

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 September 2018, of which, approximately RM5.0 million was utilised as at 30 September 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, RM4.0 million was utilised as at 30 September 2018.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

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:

	Total RM'000
Approved and contracted for:	
Property, plant and machinery	5,793
	=====

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:

	Current Year-To-Date RM'000
Sales of plastic films and plastic bags to a company controlled by a Director	749
	=====

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	Preceding Year	Current	Preceding year
	Quarter	Corresponding	Year-To-Date	corresponding
	30.9.2018	Quarter	30.9.2018	period
	RM'000	30.9.2017	RM'000	30.9.2017
		RM'000		RM'000
Revenue	52,171	45,855	140,711	135,064
Profit Before Tax	7,869	5,440	21,557	17,468
Profit Before Tax Margin	15.1%	12.0%	15.4%	13.0%

For the current quarter ended 30 September 2018, the Group recorded revenue of RM52.2 million, an increase of RM6.3 million or 13.8% from RM45.9 million recorded in the corresponding quarter last year. This was attributed to higher sales in both the local and export markets. In line with higher revenue in the current year quarter, the Group posted higher Profit Before Tax ("PBT") of RM7.9 million, an increase of RM2.5 million or 44.6 % from RM5.4 million recorded in the corresponding quarter last year. With greater economies of scale achieved on higher production output, the Group's PBT margin improved to 15.1% in the current year quarter as compared to 12.0% in the corresponding quarter last year.

For the current period ended 30 September 2018, the Group recorded higher revenue of RM140.7 million as compared to RM135.0 million recorded in the corresponding period last year. This was due to higher sales from both the local and export markets. In tandem with higher revenue as well as greater economies of scale brought by higher production output, the Group recorded higher PBT and PBT margin of RM21.6 million and 15.4% in the current period ended 30 September 2018 as compared to RM17.5 million and 13.0% respectively in the corresponding period last year.

16 Comment on material change in profit before tax

	Current	Preceding	Variance	
	Quarter	Quarter		
	30.9.2018	30.06.2018		
	RM'000	RM'000	RM'000	%
Revenue	52,171	44,371	7,800	17.6%
Profit Before Tax	7,869	7,400	2,429	6.4%
Profit Before Tax Margin	15.1%	16.7%	-	(1.6%)

The Group recorded higher revenue and PBT of RM52.2 million and RM7.9 million in the current year quarter when compared with the same in the immediate preceding quarter. This was attributed to higher sales in both the local and export markets. The Group's PBT margin in the current year quarter was however recorded at 1.6% lower when compared to immediate preceding quarter. This was largely due to changes in sales mix from higher sales contribution from local market with slightly lower profit margins.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

NOTES TO THE INTERIM FINANCIAL STATEMENTS

17 Current year prospects

With the Group's recent acquisitions and successful commissioning of new machineries, the Group is well positioned to further expand the production capacity of its niche products serving the hygiene, F&B and other sectors. However, the Board is aware that the current trade tensions between the USA and China may contribute to volatile foreign exchange rates, which may affect in-coming order routines and competitive advantage of the flexible plastic packaging products producers in Malaysia including the SLP Group. Notwithstanding this, the Group's strategies have always been focusing on the supply of its flexible plastic packaging products to niche markets to bring about stability in demand of its products and coupled with the recent softening of average resin prices, the main raw materials consumed by the Group, the Board is optimistic for the Group to achieve a better set of financial results for the financial year ending 31 December 2018.

18 Variance between Actual Profit and Forecast Profit

Not applicable.

19 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year-To-Date	Corresponding
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year	1,183	799	3,341	3,218
Prior year	(23)	70	(23)	70
	1,160	869	3,318	3,288
Deferred tax				
Current year	481	(156)	252	(268)
Prior year	-	12	-	12
	1,641	725	3,570	3,032

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.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

NOTES TO THE INTERIM FINANCIAL STATEMENTS

21 Quoted securities

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

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.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

NOTES TO THE INTERIM FINANCIAL STATEMENTS

22 Status of Corporate Proposals (Cont'd)

On 3 August 2018, the Board approved the variations and extension of time for the utilisation of proceeds of RM38.61 million raised from the private placement exercise and the status of utilisation of proceeds of as at 25 October 2018 is as follows:

Purpose	Intended utilisation RM'000	Variations RM'000	After the variations RM'000	Actual utilisation RM'000	Balance after the variations RM'000	Intended Timeframe for utilisation from 19 July 2017	Extended Timeframe for Utilisation from 19 July 2017
Capital expenditure:							
-Machineries	20,000 ⁽¹⁾	7,000 ⁽³⁾	27,000	(18,392)	8,608	Within 24 months	No Change
- Warehouse	7,000 ⁽²⁾	(7,000)	-	-	-	Within 24 months	-
Working capital	10,840	-	10,840	(5,008)	5,832	Within 12 months	Within 24 months
Estimated expenses	800	-	800	(800)	-	Within 1 month	-
Total	38,640	-	38,640	(24,200)	14,440		

Notes:

- (1) Acquisitions of 2 units of high performance blown film lines with accessories
(2) Construction of a new single storey warehouse with an estimated total build-up of approximately 45,000 square feet
(3) Acquisition of a 10-colour new printing line

23 Borrowings and debt Securities

There were no outstanding bank loans and borrowings other than the bank guarantees amounting to RM1.6 million as at 30 September 2018.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 September 2018, the Group's open forward contracts entered into as hedges of anticipated future transactions are as follows:

Derivatives	Contract or Notional Amount RM'000	Fair Value Net loss RM'000
Currency forward contract: Less than 1 year	-	(19)

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 September 2018, the Group recognised a loss on derivative of RM18,766 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 September 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

	30.9.2018 RM'000	31.12.2017 RM'000
Trade		
Trade receivables (net of impairment)	31,997	29,734
Amount due from a company controlled by a Director	270	752
Non-trade		
Other receivables	1,677	1,924
Deposits	188	56
Prepayments	2,771	6,913
	36,903	39,379

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

NOTES TO THE INTERIM FINANCIAL STATEMENTS

25 Trade and other receivables (cont'd)

Included in other receivables of the Group are goods and services input tax refund amounting to RM0.7 million (31.12.2017: RM0.9 million).

Included in prepayments of the Group is RM2.3 million and RM Nil 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 September 2018 is as follows:

	RM'000
Not past due	30,273
Past due 0 – 30 days	1,428
Past due 31 – 120 days	514
Past due more than 120 days	52
	<u>32,267</u>

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:

	30.9.2018	30.9.2017
Second interim dividend		
Dividend for the financial year ending/ended	31 December 2018	31 December 2017
Approved and declared on	2 November 2018	3 November 2017
Dividend per share	1.5 sen	1.5 sen
Entitlements to dividends based on record of		
Depositors as at	7 December 2018	8 December 2017
Date payable	4 January 2019	5 January 2018

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

NOTES TO THE INTERIM FINANCIAL STATEMENTS

29 Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year-To-Date	Corresponding
	30.9.2018	Quarter	30.9.2018	Period
		30.9.2017		30.9.2017
BASIC EARNINGS PER SHARE				
Profit attributable to owners of the Company (RM'000)	6,228	4,715	17,987	14,436
Weighted average number of ordinary shares in issue ('000)	316,960	296,800*	316,960	296,800*
Basic Earnings per Share (sen)	1.96	1.59	5.67	4.86

**Comparative figures were adjusted to take into account the 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	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year-To-Date	Corresponding
	30.9.2018	Quarter	30.9.2018	Period
	RM'000	30.9.2017	RM'000	30.9.2017
		RM'000	RM'000	RM'000
Profit from operations for the period is arrived at after crediting/(charging) the following items:				
Depreciation and amortisation	(1,556)	(1,144)	(4,101)	(3,524)
Dividend income	3	3	6	5
Interest income	366	391	1,173	513
Reversal for impairment loss on trade receivables	-	140	20	270
Gain / (loss) on derivative – unrealised	(19)	18	(11)	913
Net foreign exchange gain / (loss)	364	(128)	373	(978)

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.