TOMYPAK HOLDINGS BERHAD (Company No. 337743-W)

UNAUDITED QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

	Three months ended (MFRS 15)		Six months ended (MFRS 15)	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM '000	RM '000	RM '000	RM '000
Revenue	30,425	56,272	82,821	110,452
Operating (Loss)/ Profit	(3,073)	5,213	(1,461)	10,962
Finance income	40	69	40	96
Finance costs	(656)	(282)	(1,166)	(509)
ESOS expenses	-	-	-	-
(Loss)/ Profit before taxation	(3,689)	5,000	(2,587)	10,549
Income tax expense	2,320	(270)	2,585	(429)
(Loss)/ Profit for the period	(1,369)	4,730	(2)	10,120
Foreign currency translation differences for foreign operation	(5)	(7)	(1)	(5)
Total comprehensive (loss)/ income for the period	(1,374)	4,723	(3)	10,115
(Loss)/ Profit attributable to:				
Owners of the Company	(1,367)	4,739	(2)	10,142
Non-controlling interests	(2)	(9)	-	(22)
(Loss)/ Profit for the period	(1,369)	4,730	(2)	10,120
Total comprehensive (loss)/ income attributable to:-				
Owners of the Company	(1,370)	4,735	(2)	10,139
Non-controlling interests	(3)	(12)	-	(24)
Total comprehensive (loss)/ income for the period	(1,373)	4,723	(2)	10,115
Basic earnings per ordinary share (sen)	(0.33)	1.14	-	2.44
Diluted earnings per ordinary share (sen)	(0.33)	1.13	-	2.44

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - UNAUDITED

	As at 30.06.2018 RM '000	As at 31.12.2017 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	197,372	171,529
Total non-current assets	197,372	171,529
Current assets		
Inventories	30,920	28,994
Trade and other receivables	50,733	62,274
Contract assets	2,310	7,144
Tax recoverable	5,590	4,388
Cash and cash equivalents	7,201	10,492
Total current assets	96,754	113,292
TOTAL ASSETS	294,126	284,821
EQUITY AND LIABILITIES		
Equity		
Share Capital	108,831	108,735
Reserves	84,921	87,243
Total equity attributable to owners of the Company	193,752	195,978
Non-controlling interests	17	17
Total equity	193,769	195,995
Non-current liabilities		
Loans and borrowings	41,531	24,477
Employee benefits	621	665
Deferred tax liabilities	2,405	5,012
Total non-current liabilities	44,557	30,154
Current liabilities		
Trade and other payables	27,303	32,162
Loans and borrowings	27,191	26,280
Dividends payable	1,306	230
Total current liabilities	55,800	58,672
Total liabilities	100,357	88,826
TOTAL EQUITY AND LIABILITIES	294,126	284,821
Net assets per share (RM)	0.46	0.47

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

TOMYPAK HOLDINGS BERHAD (Company No. 337743-W)

UNAUDITED QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Attributable to owners of the Company										
	Non-distributable							Distributable			
	Share capital	Share premium	Translation reserve	Treasury share	Employee Share-based reserve	Merger reserves	Warrant reserve	Retained earnings	Total	Non-controlling interest	Total equity
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January 2018	108,735	993	(4)	(142)	988	2,991	16,967	65,450	195,978	17	195,995
Foreign currency translation differences for foreign operation	-	-	(1)	-	-	-	-	-	(1)	-	(1)
(Loss)/ Profit for the period	-	-	-	-	-	-	-	(2)	(2)	-	(2)
Total comprehensive (loss)/ income for the period	-	-	(1)	-	-	-	-	(2)	(3)	-	(3)
Equity settled share based transactions	-	-	-	-	-	-	-	-	-	-	-
-Share issue pursant to ESOS	96	(26)	-	(2)	5	-	-	25	98	-	98
Own share acquired	-	-	-	(224)	-	-		-	(224)	-	(224)
Dividend to owners of the Company	-	-	-	-	-	-	-	(2,097)	(2,097)	-	(2,097)
Share option forfeited	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2018	108,831	967	(5)	(368)	993	2,991	16,967	63,376	193,752	17	193,769

TOMYPAK HOLDINGS BERHAD (Company No. 337743-W)

UNAUDITED QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018

	Attributable to owners of the Company										
	Non-distributable							Distributable			
	Share capital RM '000	Share premium RM '000	Translation reserve RM '000	Treasury share RM '000	Employee Share-based reserve RM '000	Merger reserves RM '000	Warrant reserve RM '000	Retained earnings RM '000	Total RM '000	Non-controlling interest RM '000	Total equity RM '000
At 1 January 2017	82,506	11,902	(3)	(471)	1,248	2,991	16,967	74,483	189,623	46	189,669
Foreign currency translation differences for foreign operation	-	-	(1)	-	-	-	-	-	(1)	-	(1)
(Loss)/ Profit for the period	-	-	-	-	-	-	-	10,139	10,139	(24)	10,115
Total comprehensive (loss)/ income for the period	-	-	(1)	-	-	-	-	10,139	10,138	(24)	10,114
Bonus issue	20,941	(11,000)	-	-	-	-	-	(9,941)	-	-	-
Equity settled share based transactions	-	-	-	-	-	-	-	-	-	-	-
-Share option granted	-	-	-	-	54	-	-	-	54	-	54
-Share issue pursant to ESOS	3,732	-	-	-	-	-		-	3,732	-	3,732
Own share sold	-	-	-	471	-	-	-	224	695	-	695
Dividends to owners of the Company	-	-	-	-	-	-	-	(6,669)	(6,669)	-	(6,669)
Transfer to share premium for share options exercised prior to implementation of Companies Act 2016	-	26	-	-	(26)	-	-	-	-	-	-
Transfer to share premium for share options exercised after implementation of Companies Act 2016	971	-	-	-	(971)	-	-	-	-	-	-
Share option forfeited	-	-	-	-	(84)	-	-	-	(84)	-	(84)
At 30 June 2017	108,150	928	(4)	-	221	2,991	16,967	68,236	197,489	22	197,511

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

	Six months ended 30.06.2018 RM '000	Six months ended 30.06.2017 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ Profit before tax	(2,587)	10,549
Adjustments for:-		
Depreciation	7,930	6,620
Equity settled share-based transaction	-	54
Finance income	(40)	(96)
Dividend income	-	(189)
Finance costs	1,166	509
Impairment loss on trade receivables	-	-
Property, plant and equipment written off	-	2
Unrealised (gain)/ loss on foreign exchange	(453)	(1,148)
Gain on disposal of property, plant and equipment	(17)	-
Operating profit before changes in working capital	5,999	16,301
Changes in employee benefits	(44)	(11)
Changes in inventories	(1,926)	(7,962)
Changes in trade and other receivables	11,994	(994)
Changes in contract assets	4,834	1,293
Changes in trade and other payables	(4,859)	(9,868)
Cash generated from operations	15,998	(1,241)
Tax paid	(1,202)	(2,610)
Other finance costs paid	(170)	(71)
Net cash (used in)/ from operating activities	14,626	(3,922)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(33,905)	(16,416)
Proceeds from disposal of property, plant and equipment	149	-
Share capital contributed by minority shareholders of a subsidiary	-	-
Interest received	40	96
Dividend received	-	189
Net cash used in investing activities	(33,716)	(16,131)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED (continued)

	Six months ended 30.06.2018 RM '000	Six months ended 30.06.2017 RM '000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	11,827	3,386
Repayment of term loans	(3,457)	(1,941)
Net short term borrowings	9,595	4,276
Proceeds from exercise of share option	76	-
Net proceeds from the repurchase and resale of treasury shares	(224)	693
Dividends paid to owners of the Company	(1,021)	(6,579)
Interest paid	(996)	(438)
Proceeds from issuance of shares	-	2,506
Net cash for financing activities	15,800	1,903
Exchange difference on translation of the financial statements of foreign operation	(1)	-
Net (decrease)/ increase in cash and cash equivalents	(3,291)	(18,150)
Cash and cash equivalents at 1 January	10,492	30,906
Cash and cash equivalents at 30 June	7,201	12,756
* Cash and cash equivalents at end of the year consist of:-		
Deposit placed with licensed banks	-	-
Cash and bank balances	7,201	12,756
	7,201	12,756

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

A. NOTES TO THE QUARTERLY FINANCIAL REPORT

1 Basis of preparation

(a) Statement of compliance

The interim financial statement are unaudited and have been prepared in accordance with paragraph of the Listing Requirements of the Bursa Malaysia Securities Berhad, and Malaysia Financial Reporting Standard (MFRS) 134: Interim Financial Reporting. These condensed consolidated interim financial statements also comply with IAS34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 Dec 2017.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations in the respective financial years when the above standards, amendments and interpretations become effective.

The initial application of these standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There is no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2 Audit qualification

The preceding audited financial statements of the Group were not subject to any audit qualification.

3 Seasonality or cyclicality of operations

The business operations of the Group during the financial quarter under review were not materially affected by any seasonal or cyclical factors.

4 Unusual items affecting the assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date.

5 Material changes in estimates

There were no changes in estimates of amounts, which have a material effect in the current quarter and financial year-to-date.

6 Issuances, cancellations, repurchases, resales and repayments of debts and equity securities

During the current quarter, the Company purchased 180,000 treasury shares valued at RM 0.7906 and 58,100 treasury shares valued at RM 0.8109 for a total consideration of RM 189,421 in the open market.

7 Dividend paid

i) The board declared a single tier interim dividend of 0.2 sen per ordinary share totalling RM839,161 on 27th February 2018, based on issued and paid up capital as at 15th March 2018 and paid on 5th April 2018.

ii) The board declared a single tier interim dividend of 0.3 sen per ordinary share totalling RM1,257,967 on 31st May 2018, based on issued and paid up capital as at 18th June 2018 and paid on 9th July 2018.

8 Segment information

The Group operates principally in Malaysia and in the manufacture and sale of flexible packaging materials.

The Group's operation is divided into local and export market. The local market relates to sales to customers within Malaysia. The export market relates to sales to overseas customers with South East Asia being the principal market segment.

	Individual quarter ended		**Cumulative quarter ended**	
	30 June 2018	**30 June 2017**	**30 June 2018**	**30 June 2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue				
- Local	18,739	27,666	52,797	51,401
- Overseas	11,686	28,606	30,024	59,051
	30,425	56,272	82,821	110,452

9 Valuations of property, plant and equipment

The Group did not carry out any valuations on its property, plant and equipment for the current quarter.

10 Material events subsequent to period end

There were no material events subsequent to period end.

11 Changes in composition of the group

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

12 Contingent liabilities

	30 June 2018	**30 June 2017**
	RM'000	**RM'000**
Secured corporate guarantees for banking facilities given to subsidiary	34,780	26,195
Unsecured corporate guarantees for banking facilities given to subsidiary	30,166	13,657

13 Capital commitments

	30 June 2018 RM'000	30 June 2017 RM'000
Plant and equipment		
Contracted but not provided for	10,138	32,671
Authorised but not contracted for	36,500	39,474

B. ADDITIONAL INFORMATION AS REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENT

1 Review of performance

The Group's performance for the quarter under review as compared to the same quarter of the previous financial year is as follow and it takes into consideration the impact of adopting MFRS 15:

	2Q 2018 RM '000	2Q 2017 RM '000	Change %
Revenue	30,425	56,272	(46)
(Loss)/ Profit before tax	(3,689)	5,000	(174)
(Loss)/ Profit after tax	(1,369)	4,730	(129)

<u>Quarter Review</u>

For the 3 months period ended June 30, 2018, the Group achieved a revenue of RM30.4 million as compared to RM56.3 million for the same period last year. This revenue recognized takes into consideration the impact of MFRS 15 wherein approximately RM7 million of the orders that were delivered in this quarter had already been taken in as revenue in the previous quarter as prescribed by MFRS 15. Nevertheless, there was a reduction in revenue in this period under review due to the continuing reduction in orders from an international customer as compared to the same period last year. There were also planned production stoppages resulting from the on-going plant rationalization between the Tampoi and Senai factories as some of the key production lines were dismantled for major servicing and overhaul carried out with new parts installed before these equipment were moved to the Senai factory. There were also some deferments in delivery as requested by customers to synchronize with their production requirements. In terms of quantity actually delivered, there was a decrease of 12% from 3,415 metric tons in the same quarter last financial year, to 2,998 metric tons for this quarter.

The Group recorded a loss before tax of RM3.7 million for the quarter under review. This was primarily due to lower sales as well as an increase in cost of goods manufactured resulting from increase in raw materials prices, particularly ink and solvent, higher consumption of raw materials, increase in salary costs of direct and indirect operational staff in both factories, and an increase in depreciation costs of additional RM1.4 million as the Group started to depreciate the new factory buildings as well as the new equipment delivered, installed and had commenced operations in this quarter. The low volume of production as the new equipment are being slowly run-in to higher production volume over time and the stoppage of some of the old equipment in preparation for the move to the new factory, was not sufficient to fully absorb the increased factory overheads whilst the rationalization of the two factories were on-going.

The Group also suffered foreign exchange loss of RMRM0.8 million during this quarter as compared to a foreign exchange gain of RM0.9 million last year. There was also an increase in finance expenses of RM0.4 million in this quarter compared to the same quarter last year.

The Group however was able to turn in a very much smaller loss after tax of RM 1.4 million arising from the recognition of tax income and deferred tax assets.

Six Months Review

	H1 2018 RM '000	H2 2017 RM '000	Change %
Revenue	82,821	110,452	(25)
(Loss)/ Profit before tax	(2,587)	10,549	(125)
(Loss)/ Profit after tax	(2)	10,120	(100)

For the six months ended June 30, 2018, the Group recorded a revenue of RM82.8 million as compared to RM110.5 million in the corresponding period in the previous financial year, a decrease of RM27.6 million or 25%. The decrease was primarily due to a substantial reduction in international sales to 2 major international customers, although the reduction in sales to one of these 2 international customers is temporary as discussions with this particularly customer over the period has seen orders from this customer beginning to increase in the second half of this financial year. The decrease to these international customers were partially mitigated by increase in sales to some local customers. The average selling price of the products shipped during this period also decreased due to different sales mix.

As a result of the reduction in sales, the Group profit before tax decreased from RM10.5 million for the six months for financial year 2017 to a loss of RM2.6 million for the six months ended June 30, 2018. There were increase in raw materials prices during these six months which resulted in higher cost of materials used. In addition, the production costs in this six months also increased significantly as a result of the Group operating 2 factories. There was also increase in overall salary and compensation costs as the Group embarked its human resource transformation program at all levels in preparation for the enlarged operations and more stringent requirements from our customers. In particular, there was increase in direct and indirect labour costs whereby we have reduced the hiring of foreign workers by replacing them with local but more technically qualified operational staff, which resulted in marginally higher costs in the short term but will result in better operational efficiencies, higher productivity and lower overall costs in the medium and long term. Salary and related costs of the production staff increased by RM0.5 million in these six months. Depreciation of all the new buildings and equipment increased the depreciation costs over these six months by RM1.4 million.

The Group also recognized a much lower net foreign exchange gain from a gain of RM0.7 million in the six months in the prior financial year to a gain of only RM0.1 million for the six months in this financial year. In addition, there was also additional financing costs of RM0.7 million for fixed loans drawn down to finance the purchase of the new production equipment as well as working capital loans for purchase of raw materials.

The Group however was able to turn in a very much smaller loss after tax of RM 0.002 million arising from the recognition of tax income and deferred assets.

2 Variation of results against preceding quarter

The Group's performance for the quarter under review as compared to the preceding quarter is as follows:

	Q2 2018 RM '000	Q1 2018 RM '000	Change %
Revenue	30,425	52,396	(42)
(Loss)/ Profit before tax	(3,689)	1,102	(435)
(Loss)/ Profit after tax	(1,369)	838	(263)

For the three months ended June 30, 2018, the Group achieved a revenue of RM30.4 million compared to RM52.4 million for the preceding quarter, a decrease of 42%. This is after taking into the effect of MFRS 15 wherein approximately RM7 million of the revenue recorded in the preceding quarter was delivered in this quarter under review.

The profit for this quarter was affected by a slight increase in raw materials prices compared to the preceding quarter. There was also a marginal increase in selling and distribution cost of RM0.15 million as the Group participated in a major international exhibition in Singapore, Food & Hotel Asia 2018, in this quarter to promote the Group products to international food and beverage companies who were mostly present in this exhibition. Foreign exchange loss also affected the profitability of the Group as it recognised a foreign exchange loss of RM0.8 million in this quarter as against a foreign exchange gain of RM0.9 million for the preceding quarter, largely arising from term loan and working capital loans drawn down in USD to fund purchase of equipment and raw materials.

3 Prospects

As at the end of June 2018, the installation of our new film casting line at our Senai plant was completed and commenced initial production runs whilst the installation of the new ninth printing line has also been completed and is expected to have its trial run in July 2018 and will commence initial commercial production run in August 2018.

The new dry tandem laminating plant was delivered end June 2018 and is currently under installation and should be ready for trial run in September 2018. The only other major equipment to be delivered will be the tenth printing line, which is currently in trans-shipment from Europe and will be in the Senai factory by late September 2018. Thereafter it will undergo installation and trial run and is targeted to commence commercial production by December 2018. With these equipment installed and operational, all major new equipment as envisaged under the expansion program will be in place by end FY 2018.

In the meantime, the Group has also completed the final rationalization plan of the two factories and have since moved and reinstalled the first printing line from Tampoi factory to the Senai factory and this printing line will commence commercial operation in September 2018. The first laminating line to be moved from the Tampoi factory has started and this laminating line should be successfully installed and start commercial operation at the new Senai factory in October 2018. The second printing line to be moved from Tampoi plant will be towards the end of September 2018. This will complete the first phase of the rationalization plan. The second phase of the rationalization plan of moving additional printing and laminating lines will commence in the first quarter of 2019.

The focus for the remaining months of this financial year will be on the commissioning of the tenth printing line together with the commercial operation of those machines already moved from Tampoi factory. This will improve operational efficiencies as less manpower will be deployed while running more machines.

We are also in the midst of implementing the transformation program of our human resources whereby we have reduced the hiring of foreign workers by replacing them with local but more technically qualified operational staff.

This program is both beneficial in that we are deploying more technically qualified personnel to handle our increasingly sophisticated production equipment over a faster learning curve while cutting our dependence on foreign workers that are here only for the short term. Moreover, it takes longer to train these foreign workers due to cultural and language issues. We envisaged that this program will bear positive results in the mid and long term as we achieve better operational efficiencies.

Meanwhile, we have intensified our marketing efforts to secure more local and international customers as well as actively looking into the appointment of sales partners in various targeted countries to tap the respective domestic markets of these sales partners.

Whilst all the above activities are in progress, the Board is cautiously confident that the performance of the Group will continue to improve.

4 Profit forecast

No profit forecast was provided for the current quarter and financial year-to-date.

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5 Tax expense

Taxation comprises the following:

	Individual quarter ended		Cumulative quarter ended	
	30 June 2018 RM'000	**30 June 2017 RM'000**	**30 June 2018 RM'000**	**30 June 2017 RM'000**
The tax expense comprises the followings:				
Tax expense				
- Current period	112	14	107	226
- Prior year	(306)	(284)	(306)	(284)
	(194)	(270)	(199)	(58)
Deferred tax expense				
- Current period	2,514	-	2,784	(371)
	2,514	-	2,784	(371)
	2,320	(270)	2,585	(429)

6 Status of corporate proposal announced

There was no corporate proposal announced for the current quarter.

7 Utilisation of Right Issue Proceeds

Details of the expected utilisation of proceeds	Expected utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000
Construction of a new factory building	33,366	33,366	-
Purchase of machineries, equipment and other ancillary facilities	15,768	15,768	-
Working capital	5,000	5,000	-
Estimated expenses in relation to the Corporate Exercise	600	600	-
Total	**54,734**	**54,734**	**-**

8 Group borrowings and debts securities

The borrowings of the Group denominated in Ringgit Malaysia as at the end of the reporting period are as follows: -

	30 June 2018 RM'000	30 June 2017 RM'000
Non-current		
Secured		
Term loans	41,531	19,886
Finance lease liabilities	-	-
	41,531	19,886
Current		
Secured		
Term loans	9,695	6,309
Finance lease liabilities	-	-
	9,695	6,309
Unsecured		
Trust receipts	17,496	13,657
	17,496	13,657
	27,191	19,966
	68,722	39,852

9 Disclosure of derivatives

There were no financial derivatives for current quarter ended 30 June 2018.

10 Changes in material litigation

There were no pending material litigations at the date of this quarterly report.

11 Dividend

No dividend was declared by the Company for the current quarter under review.

12 Earnings per ordinary shares

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the period under review is based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares in issue during the said financial period, adjusted by the number of ordinary shares rights issue and incorporating the share split and bonus issue for the period 31 March 2018.

	Individual quarter ended		Cumulative quarter ended	
	30 June 2018	**30 June 2017**	**30 June 2018**	**30 June 2017**
Adjusted Net Profit attributable to ordinary shareholders (RM'000)	(1,367)	4,739	(2)	10,142
Weighted average number of ordinary shares in issue ('000)	419,347	417,501	419,446	415,172
Basic earnings per ordinary share (sen)	(0.33)	1.14	(0.00)	2.44

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share for the period under review is based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares in issue during the said financial period, after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Three months		Six months	
	30 June 2018	**30 June 2017**	**30 June 2018**	**30 June 2017**
Adjusted Net Profit attributable to ordinary shareholders (RM'000)	(1,367)	4,739	(2)	10,142
Weighted average number of ordinary shares in issue ('000)	419,534	417,948	419,633	415,619
Diluted earnings per ordinary share (sen)	(0.33)	1.13	(0.00)	2.44

13 Related party transactions

There were no significant related party transactions for the Group during the period under review.

14 Notes to the Statements of Comprehensive Income

(Loss)/ Profit before tax is arrived at after charging/ (crediting):

	Individual quarter ended	Cumulative quarter ended

	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Dividend income	-	(67)	-	(189)
Interest expense	657	280	1,166	509
Depreciation	3,816	3,494	7,927	6,620
Bad debts recovered	-	(140)	-	(146)
Allowance for/ (Reversal of) slow moving inventories	14	(10)	301	(355)
Foreign exchange:				
- Realised loss	600	457	2,290	475
- Unrealised gain	(402)	(1,325)	(716)	(1,148)
Gain on disposal of property, plant and equipment	-	-	(17)	(2)