HENG HUAT RESOURCES GROUP BERHAD

(Company No. 969678-D)
(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.09.2017 [1] RM'000	Preceding Year Corresponding Quarter 30.09.2016 RM'000	Current Year Period 30.09.2017 [1] RM'000	Preceding Year Corresponding Period 30.09.2016 RM'000
Revenue	29,341	17,853	85,538	57,358
Cost of sales	(17,806)	(11,929)	(54,262)	(36,658)
Gross profit ("GP")	11,535	5,924	31,276	20,700
Other income	97	556	1,307	2,309
Selling and distribution expenses	(5,241)	(3,506)	(15,852)	(11,031)
Administrative and other expenses	(3,318)	(2,846)	(10,154)	(10,093)
Finance costs	(835)	(379)	(2,413)	(1,061)
Profit before tax	2,238	(251)	4,164	824
Tax expenses	(977)	(274)	(1,502)	(277)
Profit after tax / Total comprehensive income	**1,261**	**(525)**	**2,662**	**547**
Profit for the financial period/ Total comprehensive income attributable to:				
- Owners of Heng Huat	1,258	(540)	2,779	600
- Non-controlling interests	3	15	(117)	(53)
	1,261	**(525)**	**2,662**	**547**
Earnings per share attributable to owners of Heng Huat:				
- Basic (sen) [2]	0.41	(0.17)	0.90	0.19
- Diluted (sen) [2]	N/A	N/A	N/A	N/A

Notes:

N/A *Not applicable.*

[1] *The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.*

[2] *Kindly refer to* ***Note B8*** *for further details.*

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	As at 30.09.2017 [1] RM'000 (unaudited)	As at 31.12.2016 RM'000 (audited)
Non-Current Assets		
Property, plant and equipment	107,778	105,373
Intangible assets	4,556	5,457
	112,334	110,830
Current Assets		
Inventories	11,652	7,415
Trade and other receivables	32,108	29,288
Derivative asset	13	-
Current tax assets	349	381
Cash and cash equivalents	9,906	11,397
	54,028	48,481
TOTAL ASSETS	**166,362**	**159,311**
Equity		
Share capital	30,870	30,870
Share premium	5,454	5,454
Reorganisation reserve	(5,185)	(5,185)
Retained earnings	50,562	44,697
	81,701	75,836
Non-controlling interests	504	3,707
Total Equity	**82,205**	**79,543**
Non-Current Liabilities		
Borrowings	23,065	25,516
Deferred tax liabilities	1,410	732
	24,475	26,248
Current Liabilities		
Trade and other payables	25,568	22,682
Derivative liability	-	522
Current tax liabilities	940	123
Borrowings	33,174	30,193
	59,682	53,520
Total Liabilities	**84,157**	**79,768**
TOTAL EQUITY AND LIABILITIES	**166,362**	**159,311**
NET ASSETS PER SHARE (RM) [2]	**0.265**	**0.246**

Notes:

(1) *The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.*

(2) *Calculated based on the Company's existing issued and paid-up share capital of 308,700,045 ordinary shares ("**Shares**").*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)

	[--------- Non-Distributable --------]			*Distributable*			
	Share capital RM'000	**Share premium RM'000**	**Reorganisation reserve RM'000**	**Retained earnings RM'000**	**Total attributable to owners of the Company RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2017	30,870	5,454	(5,185)	44,697	**75,836**	3,707	**79,543**
Total comprehensive income for the financial period	-	-	-	2,779	**2,779**	(117)	**2,662**
Acquisition of non-controlling interests without a change in control	-	-	-	3,086	**3,086**	(3,086)	-
At 30 September 2017	30,870	5,454	(5,185)	50,562	**81,701**	504	**82,205**
At 1 January 2016	30,870	5,454	(5,185)	44,652	**75,791**	5,255	**81,046**
Dividend paid to non-controlling shareholder of a subsidiary	-	-	-	-	**-**	(500)	**(500)**
Total comprehensive income for the financial period	-	-	-	600	**600**	(53)	**547**
At 30 September 2016	30,870	5,454	(5,185)	45,252	**76,391**	4,702	**81,093**

Note:
The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	Year-to-date ended	
	30.09.2017	30.09.2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,164	824
Adjustments for:		
Amortisation of intangible assets	898	192
Bad debt written-off	124	37
Depreciation of property, plant and equipment	7,669	5,724
Fair value adjustment on derivative instruments	(535)	15
Loss/(Gain) on disposal of property, plant and equipment	7	(53)
Intangible assets written-off	3	-
Property, plant and equipment written-off	8	5
Provision of doubtful debts	-	12
Reversal of impairment of receivables	(373)	(380)
Interest expense	2,413	1,061
Interest income	(80)	(52)
Unrealised loss on foreign exchange	861	1,066
Operating profit before working capital changes	15,159	8,451
Increase in inventories	(4,237)	(3,197)
(Increase)/Decrease in trade and other receivables	(3,430)	5,021
Increase in trade and other payables	2,886	93
	10,378	10,368
Tax refund	25	13
Net cash from operating activities	**10,403**	**10,381**
CASH FLOWS FROM INVESTING ACTIVITIES		
Development costs incurred	-	(1,413)
Interest received	80	52
Proceeds from disposal of property, plant and equipment	249	134
Purchase of property, plant and equipment	(9,139)	(19,695)
Changes in fixed deposits pledged with licensed banks	157	(35)
Net cash used in investing activities	**(8,653)**	**(20,957)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling shareholders of a subsidiary	-	(500)
Interest paid	(2,413)	(1,061)
Net repayment of bankers' acceptance	(1,029)	(880)
Net (repayment)/drawdown of term loans	(1,624)	10,248
Net repayment of hire purchase payables	(2,557)	(2,982)
Net cash (used in) from financing activities	**(7,623)**	**4,825**
Net changes in cash and cash equivalents	(5,873)	(5,751)
Effects of foreign exchange	(2)	(1)
Cash and cash equivalents at beginning of the financial period	2,434	4,660
Cash and cash equivalents at end of the financial period	**(3,441)**	**(1,092)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
(UNAUDITED)

	Year-to-date ended	
	30.09.2017	**30.09.2016**
	RM'000	**RM'000**
Cash and cash equivalents comprise the following:		
Cash and bank balances	7,513	4,821
Fixed deposits pledged to financial institutions	2,393	2,395
	9,906	7,216
Less: Bank overdraft	(10,954)	(5,913)
Less: Fixed deposits pledged to financial institutions	(2,393)	(2,395)
	(3,441)	**(1,092)**

Note:
The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.

Commentary

The negative balance of cash and cash equivalents at the end of the financial period is primarily due to increase in cash outlays for additions of property, plant and equipment in conjunction with the construction of the Group's new production factory at Gua Musang ("Gua Musang Expansion"), a significant portion of which was funded by internally-generated funds.

The prevailing negative net cash position is temporary and is expected to reduce gradually in the foreseeable future.

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EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134

A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements as contained in this interim financial report are unaudited and have been prepared under the historical cost convention except otherwise stated.

These unaudited interim financial statements have been prepared in accordance with the requirements of MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Part K, Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements ("ACE LR") issued by Bursa Malaysia Securities Berhad ("Bursa Securities").

These unaudited interim financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report. The explanatory notes contained herein 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 financial year ended 31 December 2016.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the preparation of these unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2016, except for the adoption of the following MFRS and Amendments to MFRSs as disclosed below:

Effective for annual periods commencing on or after 1 January 2017

- Amendments to MFRS 12 (*Annual Improvements to MFRS Standards 2014 – 2016 Cycle*)
- Amendments to MFRS 107 *Disclosure Initiative*
- Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the above MFRS and Amendments to MFRSs did not have any significant financial impact to the Group.

A2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not early adopted by the Group:

Effective for annual periods commencing on or after 1 January 2018
- Amendments to MFRS 1 (*Annual Improvements to MFRS Standards 2014 – 2016 Cycle*)
- Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*
- MFRS 9 *Financial Instruments (IFRS 9 as issued by IASB in July 2014)*
- MFRS 15 *Revenue from Contracts with Customers*
- Clarifications to MFRS 15
- Amendments to MFRS 128 (*Annual Improvements to MFRS Standards 2014 – 2016 Cycle*)
- Amendments to MFRS 140 *Transfers of Investment Property*
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts* *** [See MFRS 4 Paragraphs 46 and 48 for the effective date] ***

Effective for annual periods commencing on or after 1 January 2019
- MFRS 16 Leases
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*

Effective for annual periods commencing on or after 1 January 2021
- MFRS 17 *Insurance Contracts*

Deferred (date to be determined by MASB)
- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group is in the process of assessing the impact of implementing these accounting standards and amendments, since the effects would only be observable for the future financial years.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the Group's most recent annual audited financial statements for the financial year ended 31 December 2016 were not subject to any qualification.

A4. SEASONALITY OR CYCLICALITY OF OPERATION

Save for oil palm empty fruit bunch ("EFB") fibre, the Group's biomass materials and value-added products are not significantly affected by seasonal/cyclical effects. Demand for the Group's oil palm EFB fibre generally experience a decline during the Chinese New Year season mainly due to slowdown in logistics services and business activities in China during this period as businesses are closed for holidays during the festive season.

The Group typically experience higher sales of mattresses and related products prior to major festive season such as Chinese New Year and Hari Raya in tandem with the expected increase in household spending for such items during such periods.

A5. UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial period under review.

A6. MATERIAL CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in prior financial years that have a material impact on the current quarter and financial period under review.

A7. DEBTS AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial period under review.

A8. DIVIDEND PAID/ DECLARED

The Board of Directors did not recommend any payment of dividend during the current quarter and financial period under review. (*FPE 30 September 2016: Nil*)

A9. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

A fire had occurred at the Group's production plant in Gua Musang, Kelantan. The plant belongs to HK Gua Musang Sdn Bhd, a wholly-owned subsidiary of the Company.

The fire started around 1.00a.m on 16 November 2017 (Thursday). No one was injured in the incident. The production floor was not severely affected and the Company estimates the operations of HK Gua Musang Sdn Bhd can be fully resumed within two (2) weeks. The assets are covered by insurance.

The operational impact of the incident is not material as majority of the production lines are not affected and remain functional, and the loss of sales arising from the disruption is estimated to be less than 1% of the Group's total sales revenue based on the audited financial statements for the financial year ended 31 December 2016.

The full financial impact and consequences of the incident can only be ascertained after the fire department and insurance representative completed their investigations. The Board will make further announcement whenever there is new development as well as any significant financial impact on the Group.

Relevant announcements have been made to Bursa Securities.

Save for the above, there were no material events subsequent to the end of current quarter and financial period under review that have not been reflected in this interim financial report/ announced to the Bursa Securities.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

The Group had, on 26 May 2017, acquired the remaining 50% equity interests in its subsidiary, HK Palm Fibre Manufacturer Sdn Bhd ("HK Palm Fibre"). Upon completion of the acquisition, HK Palm Fibre became a wholly-owned subsidiary of the Group. Relevant details on the acquisition had been announced to the Bursa Securities.

The Group had, on 18 September 2017, incorporated a new subsidiary company namely Sabut Kelapa Saujana Setiu Terengganu Sdn Bhd ("SKSSTSB"). Relevant details on the incorporation had been announced to the Bursa Securities.

Save for the above, there were no changes in the composition of the Group during the current quarter and financial period under review.

A11. CHANGES IN CONTINGENT LIABILITIES

There are no material contingent liabilities as at the date of this report.

A12. CAPITAL COMMITMENTS

There were no material capital commitments in respect of property, plant and equipment which were not provided in the financial statements as at 30 September 2017.

A13. SEGMENT INFORMATION

The Group, through its subsidiaries, are principally engaged in manufacturing and trading of biomass materials and manufacturing and trading of mattresses and related products. There is no change to the principal activities of the Group during the current quarter and financial period under review.

The Group has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Biomass materials and related products

Manufacturing and trading of coconut fibre and related products, and oil palm EFB fibre and related products.

(ii) Mattresses and related products

Manufacturing and trading of mattresses and related products.

A13. SEGMENT INFORMATION (cont'd)

	Current quarter ended		Year-to-date ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Segment Revenue				
Biomass materials and related products	26,461	14,521	75,999	42,963
Mattresses and related products	5,300	4,564	16,486	17,118
	31,761	19,085	92,485	60,081
Elimination of intragroup transactions	(2,420)	(1,232)	(6,947)	(2,723)
Revenue from external customers	**29,341**	**17,853**	**85,538**	**57,358**
Segment Results				
Biomass materials and related products	2,684	609	5,397	1,363
Mattresses and related products	(120)	(455)	(199)	(196)
	2,564	154	5,198	1,167
Unallocated corporate income and expenses (net)	(303)	(478)	(841)	(751)
Elimination of intragroup transactions and profits	(23)	73	(193)	408
Profit before tax of the Group	**2,238**	**(251)**	**4,164**	**824**
Segment Assets				
Biomass materials and related products	161,682	133,302	161,682	133,302
Mattresses and related products	17,436	16,292	17,436	16,292
	179,118	149,594	179,118	149,594
Tax assets	349	392	349	392
Unallocated assets	30,001	32,885	30,001	32,885
Elimination of intragroup balances and profits	(43,106)	(31,868)	(43,106)	(31,868)
Total assets of the Group	**166,362**	**151,003**	**166,362**	**151,003**
Segment Liabilities				
Biomass materials and related products	99,632	74,968	99,632	74,968
Mattresses and related products	14,658	13,686	14,658	13,686
	114,290	88,654	114,290	88,654
Tax liabilities	2,350	835	2,350	835
Unallocated liabilities	10,198	12,058	10,198	12,058
Elimination of intragroup balances and profits	(42,681)	(31,636)	(42,681)	(31,636)
Total liabilities of the Group	**84,157**	**69,911**	**84,157**	**69,911**

A14. RELATED PARTY TRANSACTIONS

	Current quarter ended		Year-to-date ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Purchase of oil palm EFB ^	-	76	319	266
Renting of a single storey office annexed with a single storey detached factory used for oil palm EFB fibre manufacturing	18	18	54	54
Renting of two storey office with single storey detached factory used for mattress production and warehouse	78	78	234	234
Renting of vacant land for placement of portable cabins used for staff accommodation	30	30	90	90

^ *Upon completion of the acquisition of the remaining 50% equity stake in HK Palm Fibre on 26 May 2017, the supplier of oil palm EFB (i.e. Arah Kawasan Sdn Bhd) has ceased to be a related party. Any subsequent purchase of oil palm EFB from the said supplier will no longer be considered as related party transaction.*

The above transactions are necessary for the Group's day-to-day operations and are undertaken in the ordinary course of business. The above transactions are carried out on terms not more favourable to the related parties than those generally available to the public, which are not to the detriment of the non-controlling shareholders of the Group.

ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. ANALYSIS OF PERFORMANCE

Revenue

The Group's total revenue for the current quarter and financial period ended 30 September 2017 stood at RM29.34 million and RM85.54 million respectively, representing an improvement of RM11.49 million or 64.37% and RM28.18 million or 49.13% respectively as compared to the preceding year corresponding quarter and period.

The improved sales performance was primarily attributable to the following factors:

(i) Increase in sales volume of oil palm EFB fibre, where total quantities sold during the current quarter and financial period under review improved by 28.65% and 36.62% respectively as compared to the preceding year corresponding quarter and period. The increase was in line with the gradual recovery of market demand from China, supported by the enhanced production capacity of our Group following the commencement of new production plant at Gua Musang;

(ii) Increase in average selling prices of oil palm EFB fibre during the current quarter and financial period review, which has improved by approximately 14.84% and 15.65% respectively as compared to the preceding year corresponding quarter and period; and

(iii) Additional revenue contribution of approximately RM3.85 million and RM9.08 million respectively from sales of bio-oil, a secondary product derived from the manufacturing process of oil palm EFB fibre.

Profit Level

Our Group profit before tax for the current quarter and financial period ended 30 September 2017 stood at approximately RM2.24 million and RM4.16 million respectively, representing an improvement of RM2.49 million or 996.00% and RM3.34 million or 407.32% respectively as compared to the preceding year corresponding quarter and period.

The improved profit performance for the current quarter and financial period under review, as compared to the preceding year corresponding quarter, was primarily due to increase in gross profit in line with the enhanced sales performance as explained above. The growth in gross profit was, however, partially offset by the following:

- Increase in selling and distribution expenses as a result of higher transportation costs, which was primarily due to an overall hike in the rate imposed by the logistics providers and higher quantities of oil palm EFB fibre exported;

- Increase in administrative and other expenses in line with the commencement of operations at the new production plant at Gua Musang; and

- Increase in finance costs as a result of additional borrowings utilised to finance the expansion of new production plant at Gua Musang and for working capital purposes.

B1. ANALYSIS OF PERFORMANCE (cont'd)

Profit Level (cont'd)

In line with the improved profit before tax, our Group's net profit for the current quarter and financial period ended 30 September 2017 increased to RM1.26 million and RM2.66 million respectively, representing an improvement of 337.74% and 383.64% respectively as compared to the preceding year corresponding quarter and period.

B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current quarter ended 30.09.2017	Preceding quarter ended 30.06.2017
	RM'000	RM'000
Profit before tax	2,238	1,364

Our Group recorded profit before tax of approximately RM2.24 million for the current quarter ended 30 September 2017, improved by RM0.88 million or 64.71% as compared to the preceding quarter ended 30 June 2017. The improved performance was primarily due to:

- Higher gross profit recorded in line with the increase in sales, primarily attributable to additional contribution from sales of bio-oil (RM3.85 million in the current quarter under review as compared to RM3.38 million in the preceding quarter); and

- Lower depreciation expenses recorded during the current quarter under review, as our Group have revised the estimated useful lives of machinery and equipment deployed in the production taking into consideration the prevailing conditions of those machinery and equipment and the actual useful lives of similar assets in the past.

B3. PROSPECTS

For the near future, our Group expect the orders for oil palm EFB fibre from China will experience greater degree of volatility due to the prevailing economic uncertainties. Notwithstanding that, our Group remain cautiously optimistic that orders for oil palm EFB fibre from China in the mid and long term will be promising backed by the rising population in China and increasing demand for raw material alternatives that are cheaper, natural and environmentally-friendly.

Following the completion and commencement of our Group's new production plant at Gua Musang, our Group is better positioned to step up the efforts in penetrating new customer segment as well as expanding the market coverage.

The Board will monitor the market development closely, and ensure that prompt actions are taken in response to the changes. Barring any unforeseen circumstances and adverse external economic factors, the Board of Directors is of the view that the Group's financial performance for the financial year ending 31 December 2017 will remain positive.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as no profit forecast or profit guarantee has been previously published or issued by the Group.

B5. TAX EXPENSES

	Current quarter ended 30.09.2017 RM'000	Year-to-date ended 30.09.2017 RM'000
Current tax expenses	(508)	(824)
Deferred tax expenses	(469)	(678)
Total tax expenses	(977)	(1,502)
Effective tax rate	43.66%	36.07%

The Group's effective tax rate for the current quarter and financial period under review stood at 43.66% and 36.07% respectively. The prevailing statutory tax rate applicable to the Group is 24%.

The effective tax rate during the current quarter and financial period under review was higher than the applicable statutory tax rate, as a result of additional current tax and deferred tax expenses provided upon expiry of the Pioneer Status exemption granted to one of the Group's operating subsidiaries, HK Fibre Sdn Bhd.

B6. STATUS OF CORPORATE PROPOSALS

- ***Acquisition of biomass co-generation power plant***

  On 22 June 2015, the Company had announced that HK Power Sdn Bhd, a wholly-owned subsidiary of the Company, had entered into a contract with Advance Boilers Sdn Bhd for the design, supply, delivery to site, installation and commissioning of one (1) unit of 1,077 electrical kilowatts (eKW) biomass co-generation power plant ("Power Plant") for a cash consideration of RM8,810,000 ("**Proposed Acquisition of Power Plant**").

  Relevant details on the Proposed Acquisition of Power Plant has been announced to Bursa Securities on the same date.

  The Proposed Acquisition of the Power Plant and its construction have been completed on 24 May 2017.

There is no other corporate proposal announced but not completed as at the date of this announcement.

B7. BORROWINGS

The Group's borrowings as at 30 September 2017 are as follows:-

	Short Term (Within 12 months) RM'000	Long Term (> 12 months) RM'000	Total RM'000
Secured and guaranteed			
Bankers' acceptance	14,018	-	14,018
Bank overdrafts	10,954	-	10,954
Hire purchase payables	4,605	6,816	11,421
Term loans	3,597	16,249	19,846
Total Borrowings	**33,174**	**23,065**	**56,239**

All the borrowings are denominated in Ringgit Malaysia (RM), and obtained from financial institutions based in Malaysia.

B8. EARNINGS PER SHARE

Basic Earnings per Share ("BEPS")

	Current quarter ended		Year-to-date ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Basic earnings per share				
Profit attributable to equity holders of the parent	1,258	(540)	2,779	600
Weighted average number of ordinary shares in issue ('000)	308,700	308,700	308,700	308,700
BEPS (sen)	0.41	(0.17)	0.90	0.19

Diluted Earnings per Share ("DEPS")
No diluted earnings per share is disclosed as the Company does not have any dilutive potential ordinary shares (such as options or convertible instruments) in issue as at 30 September 2017.

B9. CHANGES IN MATERIAL LITIGATION

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board of Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

B10. DISCLOSURE ON REALISED AND UNREALISED PROFIT/LOSS

The retained earnings of the Group as at 30 September 2017 are analysed as follows:

	As at 30.09.2017 RM'000	As at 31.12.2016 RM'000
The retained earnings of the Company and its subsidiaries:		
- Realised	58,368	55,161
- Unrealised	(2,271)	(1,919)
	56,097	53,242
Add: Consolidation adjustments	(5,535)	(8,545)
Total Group retained earnings as per consolidated financial statements	**50,562**	**44,697**

B11. DISCLOSURE ON SELECTED INCOME/EXPENSE ITEMS

Included in profit before tax comprised the following income/(expense) items:

	Current quarter ended 30.09.2017 RM'000	Year-to-date ended 30.09.2017 RM'000
Interest income	41	80
Other income including investment income	100	294
Interest expense	(835)	(2,413)
Depreciation expenses	(2,151)	(7,669)
Amortisation expenses	(299)	(898)
Net foreign exchange loss	(51)	(526)
Loss on disposal of property, plant and equipment	-	(7)
Fair value gain on derivative instruments	56	535
Reversal of impairment of receivables	285	373
Provision for doubtful debts and write-off of receivables	(51)	(124)
Intangible assets written off	-	(3)
Property, plant and equipment written off	-	(8)
Impairment of assets	-	-
Provision for and write off of inventories	-	-
Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	-
Exceptional items	-	-

B12. FINANCIAL INSTRUMENTS

Derivatives

The Group have entered into forward foreign currency contracts to operationally hedge forecast sales collection denominated in foreign currency that are expected to occur at various dates within the next (12) months from the end of the reporting period. As at 30 September 2017, the Group have the following outstanding forward currency contracts:

	[------- Contract Value -------]		Fair value as at
Maturity Period	**USD'000**	**RM'000 equivalent**	**30.09.2017 RM'000**
- By November 2017	100	433	444
- By December 2017	50	214	214
- By February 2018	250	1,073	1,085
- By March 2018	250	1,052	1,042
	650	2,772	2,785

The fair value of a forward foreign currency contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.

The difference between the forward rates entered into, and the market rates, is recognised as derivatives liability or asset as applicable with a corresponding amount reported in the profit or loss.

Gains / (Losses) arising from Fair Value Changes of Financial Liabilities

The Group recorded net fair value gain of approximately RM535,000 during the financial period under review, as a result of reversal of derivative liability associated with forward foreign currency contracts which lapsed during the current quarter under review and after offsetting fair value changes of the forward foreign currency contracts entered into by the Group and outstanding as at 30 September 2017.

There is no change to the policies in relation to the derivatives since the last financial year ended 31 December 2016.