



CJ CENTURY LOGISTICS HOLDINGS BERHAD
199701008845 (424341-A)

INTERIM FINANCIAL REPORT

31 DECEMBER 2019

26 FEBRUARY 2020



CJ CENTURY LOGISTICS HOLDINGS BERHAD (Registration No. 199701008845 (424341-A))
Interim report on unaudited consolidated results for the financial period ended 31 December 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2019

	-----Individual quarter-----				-----Cumulative quarter-----			
	Current year quarter 31.12.2019 RM'000	Preceding year corresponding quarter 31.12.2018 RM'000	-----Changes-----		Current year to date 31.12.2019 RM'000	Preceding year corresponding period 31.12.2018 RM'000	-----Changes-----	
			RM'000	%			RM'000	%
Revenue	111,920	87,929	23,991	27%	491,985	400,998	90,987	23%
Direct operating expenses	(95,569)	(76,587)	(18,982)	-25%	(430,933)	(341,165)	(89,768)	-26%
Gross profit	16,351	11,342	5,009	44%	61,052	59,833	1,219	2%
Net other operating expenses	(16,727)	(9,922)	(6,805)	-69%	(60,756)	(44,589)	(16,167)	-36%
Results from operating activities	(376)	1,420	(1,796)	-126%	296	15,244	(14,948)	-98%
Net finance costs	652	(535)	1,187	222%	(4,849)	(1,622)	(3,227)	-199%
(Loss) / Profit before taxation	276	885	(609)	-69%	(4,553)	13,622	(18,175)	-133%
Taxation	(1,667)	(213)	(1,454)	-683%	(2,857)	(3,740)	883	24%
(Loss) / profit for the period	(1,391)	672	(2,063)	-307%	(7,410)	9,882	(17,292)	-175%
Other comprehensive income								
Foreign currency translation differences for foreign operations	-	(2)	2	100%	11	18	(7)	-39%
Other comprehensive income for the period	-	(2)	2	100%	11	18	(7)	-39%
Total comprehensive (loss) / profit for the period	(1,391)	670	(2,061)	-308%	(7,399)	9,900	(17,299)	-175%
(Loss) / profit attributable to:								
Equity holders of the Company	(1,424)	648	(2,072)	-320%	(7,531)	9,784	(17,315)	-177%
Non-controlling interests	33	24	9	38%	121	98	23	23%
(Loss) / profit for the period	(1,391)	672	(2,063)	-307%	(7,410)	9,882	(17,292)	-175%
Total comprehensive (loss) / profit attributable to:								
Equity holders of the Company	(1,424)	646	(2,070)	-320%	(7,520)	9,802	(17,322)	-177%
Non-controlling interests	33	24	9	38%	121	98	23	23%
Total comprehensive (loss) / profit for the period	(1,391)	670	(2,061)	-308%	(7,399)	9,900	(17,299)	-175%
(Loss) / earnings per share attributable to equity holders of the Company:								
Basic (sen)	(0.36)	0.17	(0.53)	-315%	(1.93)	2.49	(4.42)	-177%
Diluted (sen)	(0.36)	0.17	(0.54)	-316%	(1.93)	2.48	(4.41)	-178%

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2018.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	As at end of current quarter 31.12.2019 RM'000	As at preceding financial year end 31.12.2018 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	385,451	335,035
Right-of-use assets	9,926	-
Deferred tax asset	5	5
Goodwill on consolidation	1,443	1,443
	<u>396,825</u>	<u>336,483</u>
Current Assets		
Inventories	9,539	18,854
Receivables	141,559	110,581
Deposits, cash and bank balances	63,526	79,088
	<u>214,624</u>	<u>208,523</u>
TOTAL ASSETS	<u><u>611,449</u></u>	<u><u>545,006</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	200,043	200,043
Treasury shares	(2,506)	(2,506)
Reserves	118,327	125,416
	<u>315,864</u>	<u>322,953</u>
Non-controlling Interests	929	955
Total Equity	<u>316,793</u>	<u>323,908</u>
Non-current Liabilities		
Borrowings	162,151	110,496
Lease liabilities	2,855	-
Deferred taxation	8,560	8,967
	<u>173,566</u>	<u>119,463</u>
Current Liabilities		
Borrowings	29,435	21,469
Payables	84,426	80,166
Lease liabilities	7,229	-
	<u>121,090</u>	<u>101,635</u>
Total Liabilities	<u>294,656</u>	<u>221,098</u>
TOTAL EQUITY AND LIABILITIES	<u><u>611,449</u></u>	<u><u>545,006</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.81	0.83

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2018.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2019

	Current year to date 31.12.2019 RM'000	Preceding year corresponding period 31.12.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit for the year	(7,410)	9,882
Adjustments:		
Non-Cash Items	28,316	15,699
Non-Operating Items	872	252
Operating profit before working capital changes	21,778	25,833
Movement in working capital:		
Net change in current assets	(21,606)	(30,631)
Net change in current liabilities	1,998	27,071
Cash from operations	2,170	22,273
Tax Paid	(1,541)	(5,053)
Net cash from operating activities	629	17,220
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,685	2,723
Disposal of property, plant and equipment	1,895	1,778
Decrease in investment in money market funds	20,108	(12,703)
Purchase of property, plant and equipment	(53,697)	(70,555)
Net cash used in investing activities	(30,010)	(78,757)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares	-	841
Dividend paid to non-controlling interests	(147)	(225)
Dividend paid	(976)	(5,902)
Proceeds from borrowings	71,696	84,297
Repayment of lease liabilities	(7,071)	-
Repayment of hire purchase payables	(7,633)	(4,370)
Repayment of borrowings	(15,891)	(11,543)
Purchase of treasury shares	-	(2,506)
Interest paid	(6,051)	(4,345)
Net cash from financing activities	33,926	56,247
Net increase / (decrease) in cash and cash equivalents	4,545	(5,290)
Cash and cash equivalents at beginning of the period	17,028	22,318
Cash and cash equivalents at end of the period	21,573	17,028
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	14,303	15,723
Investment in money market funds	41,953	62,061
Deposits with licensed banks	7,270	1,305
	63,526	79,088
Less: Investment in money market funds	(41,953)	(62,061)
	21,573	17,028

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2018.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019

	Attributable to Equity Holders of the Company				Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non-distributable Treasury Shares RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000			
As at 1 January 2019	200,043	(2,506)	2,168	123,248	322,953	955	323,908
Share-based payment under Employees' Share Option Scheme ("ESOS")	-	-	1,407	-	1,407	-	1,407
Total comprehensive income for the period	-	-	11	(7,531)	(7,520)	121	(7,399)
Dividends paid	-	-	-	(976)	(976)	(147)	(1,123)
As at 31 December 2019	200,043	(2,506)	3,586	114,741	315,864	929	316,793
As at preceding year corresponding quarter							
As at 1 January 2018	199,184	-	827	119,218	319,229	1,082	320,311
Impact arising from adoption of MFRS 9 & MFRS 15	-	-	-	(113)	(113)	-	(113)
Restated balance as at 1 January 2018	199,184	-	827	119,105	319,116	1,082	320,198
Issue of shares pursuant to exercise of ESOS	859	-	(18)	-	841	-	841
Purchase of treasury shares	-	(2,506)	-	-	(2,506)	-	(2,506)
Share-based payment under ESOS	-	-	1,602	-	1,602	-	1,602
Transfer to retained earnings upon exercise of ESOS	-	-	(261)	261	-	-	-
Total comprehensive income for the period	-	-	18	9,784	9,802	98	9,900
Dividends paid	-	-	-	(5,902)	(5,902)	(225)	(6,127)
As at 31 December 2018	200,043	(2,506)	2,168	123,248	322,953	955	323,908

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2018.

Notes To The Financial Statements

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018.

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 financial year ended 31 December 2018.

2. Significant Accounting Policies

The Group has adopted the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia for accounting period beginning on 1 January 2019. As disclosed in the Group's annual financial statements for the financial year ended 31 December 2018, the following are new/revised accounting standards effective for annual periods beginning on or after 1 January 2019.

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
IC Interpretation 23	Uncertainty over Income Tax Payments
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2015 - 2017 Cycle	

The adoption of the above amendments did not have any material impact on the financial statements of the Group.

The Group has not applied the following MFRSs which have been issued as at the end of reporting period but are not yet effective :-

MFRS 17	Insurance Contracts
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures

The above pronouncements do not have any material impact on the financial statements of the Group.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2018 was not qualified.

4. Seasonal or Cyclical Factors

The business operations of the Group are not significantly affected by any seasonal or cyclical factors.

5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows in the financial quarter under review.

6. Changes in Estimates

There was no change in estimates of amounts reported in prior interim periods that had a material effect in the current reporting quarter.

7. Changes in Debt and Equity Securities

There was no issuance or repayment of debt or equity securities, share cancellations and resale of treasury shares during the financial quarter under review.

8. Dividend Paid

No dividend was paid in the financial quarter under review.

9. Segmental Reporting

Analysis of the Group's revenue and results for the 12 months period ended 31 December 2019 is as follows:

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Courier Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
Revenue					
External sales	251,930	210,011	30,044	-	491,985
Inter-segment sales	<u>4,532</u>	<u>-</u>	<u>-</u>	<u>(4,532)</u>	<u>-</u>
Total revenue	<u>256,462</u>	<u>210,011</u>	<u>30,044</u>	<u>(4,532)</u>	<u>491,985</u>
Profit					
Segment results	5,721	11,546	(16,875)	(97)	296
Net finance costs					<u>(4,849)</u>
Loss from ordinary activities before taxation					(4,553)
Taxation					<u>(2,857)</u>
Loss from ordinary activities after taxation					(7,410)
Non-controlling interests					<u>(121)</u>
Net loss for the period					<u>(7,531)</u>

Analysis of the Group's revenue and results for the 12 months period ended 31 December 2018 is as follows:

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Courier Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
Revenue					
External sales	258,526	130,956	11,516	-	400,998
Inter-segment sales	<u>2,892</u>	<u>109</u>	<u>-</u>	<u>(3,001)</u>	<u>-</u>
Total revenue	<u>261,418</u>	<u>131,065</u>	<u>11,516</u>	<u>(3,001)</u>	<u>400,998</u>
Profit					
Segment results	11,786	9,435	(6,743)	766	15,244
Net finance costs					<u>(1,622)</u>
Profit from ordinary activities before taxation					13,622
Taxation					<u>(3,740)</u>
Profit from ordinary activities after taxation					9,882
Non-controlling interests					<u>(98)</u>
Net profit for the period					<u>9,784</u>

Total revenue of the Group was RM491.985 million, representing an increase of 23% from RM400.998 million in the corresponding period ended 31 December 2018. The Group recorded an operating profit of RM0.296 million from an operating profit of RM15.244 million in the twelve months ended 31 December 2018.

Total Logistics Services

Segment revenue and profit generated from the Total Logistics Services operations for the period under review have decreased by RM6.596 million and RM6.065 million respectively as compared to the corresponding period ended 31 December 2018 mainly due to the lower volumes from certain operations particularly the oil logistics segment.

Procurement Logistics Services

The Procurement Logistics Services operations recorded a higher segment revenue of RM210.011 million in the twelve months ended 31 December 2019 compared to RM130.956 million in year 2018 due to higher activities and higher export sales. The segment profit for the period under review was RM11.546 million, an increase of 22.4% from RM9.435 million.

Courier Services

For the financial quarter ended 31 December 2019, the courier services revenue and segment loss were RM30.044 million and RM16.875 million as compared to RM11.516 million and RM6.743 million respectively in the corresponding period ended 31 December 2018. The loss was mainly due to the costs incurred as the Group continues to expand its operations nationwide.

9. Segmental Reporting (cont'd)

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Courier Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
As at 31 December 2019					
Segment Assets	705,727	105,702	31,053	(231,033)	<u>611,449</u>
Segment Liabilities	419,113	67,484	26,450	(218,391)	<u>294,656</u>
As at 31 December 2018					
Segment Assets	668,389	82,796	27,093	(233,272)	<u>545,006</u>
Segment Liabilities	369,515	52,661	19,306	(220,384)	<u>221,098</u>

10. Related Party Disclosures

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

11. Financial Instruments

Categories of financial instruments

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Financial assets		
Fair value through profit or loss		
Investment in money market funds	41,953	62,060
Amortised costs		
Trade receivables	91,673	75,650
Other receivables and refundable deposits	34,265	22,282
Amount owing from affiliated companies	7,455	4,443
Deposits, cash and bank balances	<u>21,573</u>	<u>17,028</u>
	<u>196,919</u>	<u>181,463</u>
Financial liabilities at amortised costs		
Trade payables	29,332	35,987
Other payables and accrued expenses	47,909	39,182
Amount owing to affiliated company	704	2,862
Total borrowings	171,313	115,509
Hire-purchase payables	20,272	16,456
Lease liabilities	<u>10,084</u>	<u>-</u>
	<u>279,614</u>	<u>209,996</u>

The Group uses the following hierarchy in determining the fair value of the financial instruments carried at fair value:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3 inputs are unobservable inputs for the asset or liability.

Fair value of the Group's investment in money market funds, which is measured based on quoted net asset value of the underlying funds, is categorised under Level 1 fair value hierarchy.

The carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values, including long-term borrowings which are subjected to floating interest rates.

12. Valuation of Property, Plant and Equipment

The Group's property, plant and equipment are stated at cost. There is no policy of regular revaluation of its property, plant and equipment as at the end of the financial period under review.

13. Material Events Subsequent to the End of the Interim Period

On 12 February 2020, the Company has entered into a conditional share sale and purchase agreement with CJ Logistics Asia Pte Ltd to acquire 62,356,191 ordinary shares in CJ Korea Express Malaysia Sdn Bhd ("CJKX"), representing the entire issued share capital of CJKX for a total purchase consideration of RM100.000 million. The purchase consideration shall be satisfied via the issuance of 200,000,000 new ordinary shares in the Company at an issue price of RM0.50 per share.

14. Changes in Composition of the Group

There were no changes in the composition of the Group during the financial period under review.

15. Capital Commitments

Capital commitments for the purchase of property, plant and equipment not provided for at the end of the reporting quarter are as follows:-

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Approved and contracted for	26,960	71,483
Approved but not contracted for	<u>6,131</u>	<u>15,812</u>

16. Changes in Contingent Liabilities

There were no changes in contingent liabilities since the last annual balance sheet as at 31 December 2018.

17. Review of Performance

For the financial quarter ended 31 December 2019, the Group's revenue and pre-tax profit were RM111.920 million and RM0.276 million respectively, compared to revenue and pre-tax profit of RM87.929 million and RM0.885 million respectively for the corresponding period in the previous financial year. The increase in revenue by 27% was mainly attributable to the higher activities in both Procurement Logistics Services segment and Courier Services segment. The decrease in pre-tax profit was mainly due to the ongoing costs as a result of the expansion of the courier operation during the financial quarter.

18. Comparison with Immediate Preceding Quarter's Results

	Current year quarter 31.12.2019 RM'000	Immediate preceding quarter 30.09.2019 RM'000	-----Changes-----	
			RM'000	%
Revenue	111,920	116,229	(4,309)	-4%
Direct operating expenses	<u>(95,569)</u>	<u>(100,882)</u>	<u>5,313</u>	<u>5%</u>
Gross profit	16,351	15,347	1,004	7%
Net other operating expenses	<u>(16,727)</u>	<u>(14,616)</u>	<u>(2,111)</u>	<u>-14%</u>
Results from operating activities	(376)	731	(1,107)	-151%
Net finance costs	<u>652</u>	<u>(2,262)</u>	<u>2,914</u>	<u>129%</u>
Profit / (Loss) before taxation	276	(1,531)	1,807	118%
Taxation	<u>(1,667)</u>	<u>300</u>	<u>(1,967)</u>	<u>-656%</u>
Loss for the period	<u>(1,391)</u>	<u>(1,231)</u>	<u>(160)</u>	<u>-13%</u>

For the financial quarter ended 31 December 2019, the Group reported revenue and pre-tax profit of RM111.920 million and RM0.276 million respectively, compared to revenue and pre-tax loss of RM116.229 million and RM1.531 million respectively for the preceding quarter. The decrease in revenue was mainly due to the lower activities in Procurement Logistics Services segment. Nevertheless, the increase in pre-tax profit was mainly due to the capitalisation of interest expense in accordance to MFRS 123 borrowing costs during the financial quarter.

19. Prospects for the Next Financial Year

The Group expects the operating environment to remain challenging going forward. Although revenue has been growing, the Group is pressured by cost challenges, resulting in a net loss position for the financial year.

In particular, the Group continues to expand its last mile solutions where it is investing heavily to improve delivery capacity. In the meantime, the Courier Services segment is expected to continue recording losses until the operation is stabilized and volumes handled improves further. As such, the Group expects its financial performance to remain under pressure and this is expected to persist until the operation of the Courier Services segment stabilizes.

Further, the current outbreak of Coronavirus has affected global trade and confidence. The Group expects that the volumes it handles in Total Logistics segment to be similarly affected until the situation returns to normal. Likewise, the Procurement Logistics segment will also see a decline due to the shortage of electrical and electronic components coming out of China.

20. Profit Forecast

There was no profit forecast announced in relation to the financial quarter under review.

21. Taxation

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.12.2019 RM'000	Preceding year corresponding quarter 31.12.2018 RM'000	Current year to date 31.12.2019 RM'000	Preceding year corresponding period 31.12.2018 RM'000
Provision for taxation	1,911	(936)	3,265	2,056
Deferred taxation	<u>(244)</u>	<u>1,149</u>	<u>(408)</u>	<u>1,684</u>
	<u>1,667</u>	<u>213</u>	<u>2,857</u>	<u>3,740</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period.

The effective tax rate of the Group for the current and previous corresponding periods were higher than the statutory tax rate of the respective periods principally due to certain expenses being not deductible for tax purposes.

22. Note to the Statement of Comprehensive Income

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.12.2019 RM'000	Preceding year corresponding quarter 31.12.2018 RM'000	Current year to date 31.12.2019 RM'000	Preceding year corresponding period 31.12.2018 RM'000
Interest income	633	1,005	1,685	2,723
Interest expenses - borrowings	152	(1,540)	(6,051)	(4,345)
Interest expenses - right-of-use assets	(133)	-	(483)	-
Depreciation and amortisation	(5,753)	(2,779)	(20,157)	(10,493)
Provision for and write off of receivables	(286)	536	(486)	(148)
Foreign exchange gain	621	712	2,082	2,604
Gain on disposal of quoted or unquoted investments or properties	601	877	668	992
Share-based payment under ESOS	(230)	(426)	(1,407)	(1,602)
Other income including investment income (excluding items disclosed above)	4	8	33	284

There were no other exceptional items or derivatives during the period under review.

23. Status of Corporate Proposal

There was no corporate proposal announced but not completed as at the date of this report.

24. Trade Receivables

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Trade Receivables	92,862	76,461
Less: Allowance for impairment	<u>(1,189)</u>	<u>(811)</u>
	<u>91,673</u>	<u>75,650</u>

The ageing of past due but not impaired analysis of the Group's trade receivables is as follows:-

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
1- 30 days	16,986	13,220
31 - 60 days	7,919	11,108
61 - 90 days	3,171	4,936
more than 90 days	<u>1,665</u>	<u>1,604</u>
	<u>29,741</u>	<u>30,868</u>

The credit terms of the Group range from 3 to 120 days. Included in the Group's trade receivables are debtors with a carrying amount of RM29.741 million which are past due for which no impairment had been provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered fully recoverable.

The Group does not have any significant credit risk exposure to any single counterparty.

25. Group's Borrowings and Debt Securities

	-----As at 31 December 2019-----		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
- Term Loans	23,767	147,546	171,313
- Hire Purchase	<u>5,668</u>	<u>14,605</u>	<u>20,273</u>
	<u>29,435</u>	<u>162,151</u>	<u>191,586</u>
	-----As at 31 December 2018-----		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
- Term Loans	16,318	99,191	115,509
- Hire Purchase	<u>5,151</u>	<u>11,305</u>	<u>16,456</u>
	<u>21,469</u>	<u>110,496</u>	<u>131,965</u>

The weighted average effective interest rates of the term loans is 4.85% (2018 : 5.05%) per annum which are subjected to floating interest rates. The term of the hire-purchase ranges from one to five years and the weighted average effective interest rates implicit in the hire-purchase arrangements range from 5.16% to 5.64% (2018 : 4.56% to 5.16%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangement.

26. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

27. Material Litigation

The Group is not presently engaged in any material litigation, claim or arbitration, either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group or any fact likely to give rise to any proceedings which may materially affect the financial position or business of the Group.

28. Dividend

The Board of Directors does not recommend any dividend in respect of the reporting quarter and financial year-to-date.

29. Earnings Per Share

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.12.2019 RM'000	Preceding year corresponding quarter 31.12.2018 RM'000	Current year to date 31.12.2019 RM'000	Preceding year corresponding period 31.12.2018 RM'000
Net (loss) / profit attributable to equity holders of the Company	<u>(1,424)</u>	<u>648</u>	<u>(7,531)</u>	<u>9,784</u>
Weighted average number of ordinary shares in issue	390,261	390,419	390,261	392,933
Effect on dilution of ESOS	<u>-</u>	<u>1,755</u>	<u>-</u>	<u>1,755</u>
Weighted average number of ordinary shares (diluted)	<u>390,261</u>	<u>392,174</u>	<u>390,261</u>	<u>394,688</u>
Basic (loss) / earnings per share (sen)	(0.36)	0.17	(1.93)	2.49
Diluted (loss) / earnings per share (sen)	(0.36)	0.17	(1.93)	2.48

By Order of the Board of Directors

Company Secretaries

Kuala Lumpur
26 February 2020