



CJ CENTURY LOGISTICS HOLDINGS BERHAD
(424341-A)

INTERIM FINANCIAL REPORT

31 DECEMBER 2018

27 FEBRUARY 2019



CJ CENTURY LOGISTICS HOLDINGS BERHAD (424341-A)

Interim report on unaudited consolidated results for the financial period ended 31 December 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2018

	-----Individual quarter-----				-----Cumulative quarter-----			
	Current year quarter 31.12.2018 RM'000	Preceding year corresponding quarter 31.12.2017 RM'000	-----Changes-----		Current year to date 31.12.2018 RM'000	Preceding year corresponding period 31.12.2017 RM'000	-----Changes-----	
			RM'000	%			RM'000	%
Revenue	87,929	79,100	8,829	11%	400,998	294,597	106,401	36%
Direct operating expenses	(76,587)	(63,193)	(13,394)	-21%	(341,165)	(224,319)	(116,846)	-52%
Gross profit	11,342	15,907	(4,565)	-29%	59,833	70,278	(10,445)	-15%
Net other operating expenses	(9,922)	(11,663)	1,741	15%	(44,589)	(48,925)	4,336	9%
Results from operating activities	1,420	4,244	(2,824)	-67%	15,244	21,353	(6,109)	-29%
Net finance costs	(535)	(125)	(410)	-328%	(1,622)	(240)	(1,382)	-576%
Profit before taxation	885	4,119	(3,234)	-79%	13,622	21,113	(7,491)	-35%
Taxation	(213)	(611)	398	65%	(3,740)	(5,855)	2,115	36%
Profit for the period	672	3,508	(2,836)	-81%	9,882	15,258	(5,376)	-35%
Other comprehensive income								
Foreign currency translation differences for foreign operations	(2)	13	(15)	-115%	18	21	(3)	-14%
Other comprehensive income for the period	(2)	13	(15)	-115%	18	21	(3)	-14%
Total comprehensive income for the period	670	3,521	(2,851)	-81%	9,900	15,279	(5,379)	-35%
Profit attributable to:								
Equity holders of the Company	648	3,504	(2,856)	-82%	9,784	15,222	(5,438)	-36%
Non-controlling interests	24	4	20	500%	98	36	62	172%
Profit for the period	672	3,508	(2,836)	-81%	9,882	15,258	(5,376)	-35%
Total comprehensive income attributable to:								
Equity holders of the Company	646	3,517	(2,871)	-82%	9,802	15,243	(5,441)	-36%
Non-controlling interests	24	4	20	500%	98	36	62	172%
Total comprehensive income for the period	670	3,521	(2,851)	-81%	9,900	15,279	(5,379)	-35%
Earnings per share attributable to equity holders of the Company:								
Basic (sen)	0.17	0.89	(0.73)	-81%	2.49	3.89	(1.40)	-36%
Diluted (sen)	0.17	0.88	(0.72)	-81%	2.48	3.82	(1.34)	-35%

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2017.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	As at end of current quarter 31.12.2018 RM'000	As at preceding financial year end 31.12.2017 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	335,035	260,042
Deferred tax asset	5	120
Goodwill on consolidation	1,443	1,443
	<u>336,483</u>	<u>261,605</u>
Current Assets		
Inventories	18,854	7,884
Receivables	110,581	88,607
Deposits, cash and bank balances	79,088	71,675
	<u>208,523</u>	<u>168,166</u>
TOTAL ASSETS	<u><u>545,006</u></u>	<u><u>429,771</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	200,043	199,184
Treasury shares	(2,506)	-
Reserves	125,416	120,045
	<u>322,953</u>	<u>319,229</u>
Non-controlling Interests	<u>955</u>	<u>1,082</u>
Total Equity	<u>323,908</u>	<u>320,311</u>
Non-current Liabilities		
Borrowings	110,496	33,883
Deferred taxation	8,967	7,398
	<u>119,463</u>	<u>41,281</u>
Current Liabilities		
Borrowings	21,469	13,981
Payables	80,166	54,198
	<u>101,635</u>	<u>68,179</u>
Total Liabilities	<u>221,098</u>	<u>109,460</u>
TOTAL EQUITY AND LIABILITIES	<u><u>545,006</u></u>	<u><u>429,771</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.83	0.81

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2018

	Current year to date 31.12.2018 RM'000	Preceding year corresponding period 31.12.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	9,882	15,258
Adjustments:		
Non-Cash Items	15,719	17,285
Non-Operating Items	<u>625</u>	<u>1,466</u>
Operating profit before working capital changes	26,226	34,009
Movement in working capital:		
Net change in current assets	(30,988)	(13,726)
Net change in current liabilities	<u>27,033</u>	<u>(1,461)</u>
Cash generated from operations	22,271	18,822
Tax Paid	<u>(5,053)</u>	<u>(5,821)</u>
Net cash from operating activities	<u>17,218</u>	<u>13,001</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,723	2,406
Disposal of property, plant and equipment	1,779	89
(Increase) / decrease in investment in money market funds	(12,703)	15,074
Increase in deposits with maturities exceeding 3 months	-	89
Purchase of property, plant and equipment	<u>(70,554)</u>	<u>(9,896)</u>
Net cash (used in) / from investing activities	<u>(78,755)</u>	<u>7,762</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares	841	4,887
Dividend paid to non-controlling interests	(225)	-
Dividend paid	(5,902)	(3,924)
Proceeds from borrowings	84,297	-
Repayment of hire purchase payables	(4,371)	(2,996)
Repayment of borrowings	(11,543)	(20,886)
Purchase of treasury shares	(2,506)	-
Interest paid	<u>(4,345)</u>	<u>(2,646)</u>
Net cash from / (used in) financing activities	<u>56,246</u>	<u>(25,565)</u>
Net decrease in cash and cash equivalents	(5,291)	(4,802)
Cash and cash equivalents at beginning of the period	<u>22,318</u>	<u>27,120</u>
Cash and cash equivalents at end of the period	<u><u>17,027</u></u>	<u><u>22,318</u></u>
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	15,723	19,466
Investment in money market funds	62,061	49,357
Deposits with licensed banks	<u>1,304</u>	<u>2,852</u>
	79,088	71,675
Less: Investment in money market funds	<u>(62,061)</u>	<u>(49,357)</u>
	<u><u>17,027</u></u>	<u><u>22,318</u></u>

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2018

	← 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 Share Premium Reserve RM'000	→ Other Reserves RM'000	Distributable Retained Earnings RM'000			
As at end of current 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 Employees' Share Option Scheme ("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 exercised 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	-	(338)	123,248	322,953	955	323,908
As at preceding year corresponding quarter							
As at 1 January 2017	192,367	1,948	719	106,451	301,485	1,046	302,531
Issue of shares pursuant to exercise of ESOS	4,869	-	18	-	4,887	-	4,887
Share-based payment under ESOS	-	-	1,538	-	1,538	-	1,538
Transfer arising from "no par value" regime of Companies Act 2016 *	1,948	(1,948)	-	-	-	-	-
Transfer to retained earnings upon exercised of ESOS	-	-	(1,469)	1,469	-	-	-
Total comprehensive income for the period	-	-	21	15,222	15,243	36	15,279
Dividends paid	-	-	-	(3,924)	(3,924)	-	(3,924)
As at 31 December 2017	199,184	-	827	119,218	319,229	1,082	320,311

*The Companies Act 2016 ("Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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

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 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 financial year ended 31 December 2017.

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 2018. As disclosed in the Group's annual financial statements for the financial year ended 31 December 2017, the following are new/revised accounting standards effective for annual periods beginning on or after 1 January 2018.

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers (and the related Clarifications)
Amendment to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendment to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendment to MFRS 140	Transfer of Investment Property
IC Int. 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments did not have any material impact on the financial statements of the Group other than as disclosed below:

Adoption of MFRS 15 Revenue from Contracts with Customers

In the current quarter, the Group has applied MFRS 15 (as amended in April 2016) beginning on its effective date of 1 January 2018. MFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the Group's condensed consolidated financial statements are described below.

The Group has applied MFRS 15 in accordance with the modified retrospective transitional approach with the cumulative effect of initially applying this Standard recognised at the date on initial application i.e. 1 January 2018. MFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in MFRS 15 to describe such balances.

Apart from providing more extensive disclosures on the Group's revenue transactions, the application of MFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group. The amount of adjustment for each financial statement line item affected by the application of MFRS 15 for the current year is illustrated below.

Impact on assets, liabilities and equity as at 1 January 2018

	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
Contract assets	-	67	67
Contract liabilities	-	(38)	(38)
Retained earnings	119,218	29	119,247

The ship-to-ship transfers and transportation services takes an average of one to six days to complete and the company is not entitled to bill the customer until the services are complete. Under MFRS 15, revenue recognised prior to the date on which it is invoiced to the customer is recognised as a contract asset. This balance was previously not recognised as the revenue was recognised only upon completion of the services rendered and so has been reclassified.

2. Significant Accounting Policies (cont'd)Adoption of MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities and on hedge accounting.

In order to measure the consequences of this new standard, the Group has engaged a review of the business model corresponding to the different portfolios of financial assets and of the characteristics of these financial assets. In respect of hedge accounting, the Group does not apply hedge accounting and as such the hedging requirements of MFRS 9 did not have an impact on the Group's consolidated financial statements.

In respect of impairment of financial assets, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt instruments measured at fair value through other comprehensive income, but not to investments in equity instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. For trade and other receivables, the Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Due to the strong creditworthiness of the Group's debtors, the adoption of the ECL requirements of MFRS 9 did not result in any increase in impairment allowance of the Group's financial assets.

	As restated after MFRS 15	MFRS 9 adjustments	As restated
	RM'000	RM'000	RM'000
Trade receivables	67,844	(142)	67,702
Retained earnings	119,247	(142)	119,105

For all trade receivables, the Group applies the MFRS 9 simplified approach which is to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life. Additional loss allowance of RM142,000 is recognised upon application of MFRS 9.

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 2017 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, except that the Company bought back 949,600 ordinary shares from the open market at an average price of RM0.61 per share. The shares purchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

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 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	258,417	131,065	11,516	-	400,998
Inter-segment sales	<u>2,892</u>	<u>-</u>	<u>-</u>	<u>(2,892)</u>	<u>-</u>
Total revenue	<u>261,309</u>	<u>131,065</u>	<u>11,516</u>	<u>(2,892)</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>

Analysis of the Group's revenue and results for the 12 months period ended 31 December 2017 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	246,315	48,282	-	-	294,597
Inter-segment sales	<u>1,694</u>	<u>-</u>	<u>-</u>	<u>(1,694)</u>	<u>-</u>
Total revenue	<u>248,009</u>	<u>48,282</u>	<u>-</u>	<u>(1,694)</u>	<u>294,597</u>
Profit					
Segment results	18,106	3,292	-	(45)	21,353
Net finance costs					<u>(240)</u>
Profit from ordinary activities before taxation					21,113
Taxation					<u>(5,855)</u>
Profit from ordinary activities after taxation					15,258
Non-controlling interests					<u>(36)</u>
Net profit for the period					<u>15,222</u>

Total revenue of the Group was RM400.998 million, representing an increase of 36% from RM294.597 million in the corresponding period ended 31 December 2017. The Group recorded an operating profit of RM15.244 million, a decrease of 29% compared to RM21.353 million in the twelve months ended 31 December 2017.

Total Logistics Services

Segment revenue generated from the Total Logistics Services operations for the period under review has increased by RM12.102 million to RM258.417 million as compared to RM246.315 million in the corresponding period ended 31 December 2017. The segment profit was lower by RM6.320 million despite the higher revenue mainly due to the lower margins from certain operations.

Procurement Logistics Services

The Procurement Logistics operations recorded a higher segment revenue of RM131.065 million in the twelve months ended 31 December 2018 compared to RM48.282 million in year 2017 due to higher activities and higher export sales in the segment. The segment profit for the period under review was RM9.435 million, an increase of 187% from RM3.292 million.

Courier Services

For the financial quarter ended 31 December 2018, the courier services' revenue and segment loss were RM11.516 million and RM6.743 million respectively. The loss was mainly due to the costs incurred as the Group continues to expand its operation.

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 2018					
Segment Assets	668,392	82,793	27,093	(233,272)	<u>545,007</u>
Segment Liabilities	369,515	52,661	19,306	(220,384)	<u>221,098</u>
As at 31 December 2017					
Segment Assets	598,346	74,704	-	(243,279)	<u>429,771</u>
Segment Liabilities	285,196	53,365	-	(229,101)	<u>109,460</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 31.12.2018 RM'000	As at 31.12.2017 RM'000
Financial assets		
Loan and receivables:		
Trade receivables	75,650	67,844
Other receivables and refundable deposits	22,282	15,345
Amount owing from affiliated companies	4,443	113
Deposits, cash and bank balances	<u>79,088</u>	<u>71,675</u>
	<u>181,463</u>	<u>154,977</u>
Financial liabilities at amortised costs		
Trade payables	35,987	20,833
Other payables and accrued expenses	39,182	32,093
Amount owing to affiliated company	2,862	1
Total borrowings	115,508	42,755
Hire-purchase payables	<u>16,456</u>	<u>5,109</u>
	<u>209,994</u>	<u>100,791</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.

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

There were no material events subsequent to the end of the interim period.

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 31.12.2018 RM'000	As at 31.12.2017 RM'000
Approved and contracted for	86,721	118,538
Approved but not contracted for	<u>705</u>	<u>804</u>

16. Lease commitments

Lease commitments for the rental of premises at the end of the reporting quarter are as follows:-

	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
Not later than 1 year	6,360	7,931
Later than 1 year and not later than 2 years	<u>1,552</u>	<u>2,415</u>
	<u><u>7,912</u></u>	<u><u>10,346</u></u>

17. Changes in Contingent Liabilities

There were no changes in contingent liabilities since the last annual balance sheet as at 31 December 2017.

18. Review of Performance

For the financial quarter ended 31 December 2018, the Group's revenue and pre-tax profit were RM87.929 million and RM0.885 million respectively, compared to revenue and pre-tax profit of RM79.100 million and RM4.119 million respectively for the corresponding period in the previous financial year. The increase in revenue by 11% was mainly attributable to the higher activities in the Procurement Logistics Services and Courier Services segment. Nevertheless, the pre-tax profit recorded a decrease of 79% mainly due to the ongoing costs as a result of the expansion of the courier operation during the financial quarter as well as lower margins from certain Total Logistics operations.

19. Comparison with Immediate Preceding Quarter's Results

	Current year quarter 31.12.2018 RM'000	Immediate preceding quarter 30.09.2018 RM'000	-----Changes-----	
			RM'000	%
Revenue	87,929	116,330	(28,401)	-24%
Direct operating expenses	<u>(76,587)</u>	<u>(99,260)</u>	<u>22,673</u>	<u>23%</u>
Gross profit	11,342	17,070	(5,728)	-34%
Net other operating expenses	<u>(9,922)</u>	<u>(11,426)</u>	<u>1,504</u>	<u>13%</u>
Results from operating activities	1,420	5,644	(4,224)	-75%
Net finance costs	<u>(535)</u>	<u>(435)</u>	<u>(100)</u>	<u>-23%</u>
Profit before taxation	885	5,209	(4,324)	-83%
Taxation	<u>(213)</u>	<u>(1,454)</u>	<u>1,241</u>	<u>85%</u>
Profit for the period	<u><u>672</u></u>	<u><u>3,755</u></u>	<u><u>(3,083)</u></u>	<u><u>-82%</u></u>

For the financial quarter ended 31 December 2018, the Group reported revenue and pre-tax profit of RM87.929 million and RM0.885 million respectively, compared to revenue and pre-tax profit of RM116.330 million and RM5.209 million respectively for the preceding quarter. The decrease in revenue and pre-tax profit were mainly due to the lower activities in both Total Logistics Services and Procurement Logistics Services segment.

20. Prospects for the Next Financial Year

The logistics sector is expected to remain challenging during the year 2019. In order to address this expectation, the Group will continue to leverage on its extensive customer base and internal strength which the Group has put in place that focuses on providing value added logistics solutions, while maintaining cost efficiencies. Following the ongoing synergy process, the Group continues to tap on the extensive network and infrastructure of its major shareholder, CJ Logistics Group. The Group is currently expanding its courier services which commenced operation during the beginning of year 2018.

21. Profit Forecast

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

22. Taxation

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.12.2018 RM'000	Preceding year corresponding quarter 31.12.2017 RM'000	Current year to date 31.12.2018 RM'000	Preceding year corresponding period 31.12.2017 RM'000
Provision for taxation	(936)	518	2,056	5,625
Deferred taxation	<u>1,149</u>	<u>93</u>	<u>1,684</u>	<u>230</u>
	<u>213</u>	<u>611</u>	<u>3,740</u>	<u>5,855</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.

23. Note to the Statement of Comprehensive Income

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.12.2018 RM'000	Preceding year corresponding quarter 31.12.2017 RM'000	Current year to date 31.12.2018 RM'000	Preceding year corresponding period 31.12.2017 RM'000
Interest income	1,005	334	2,723	2,406
Interest expenses	(1,540)	(459)	(4,345)	(2,646)
Depreciation and amortisation	(2,779)	(2,506)	(10,493)	(10,185)
Provision for and write off of receivables	820	39	136	(154)
Foreign exchange gain	712	408	2,604	731
Gain on disposal of quoted or unquoted investments or properties	877	88	992	89
Share-based payment under ESOS	(426)	(362)	(1,602)	(1,538)
Other income including investment income (excluding items disclosed above)	17	172	284	526

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

24. Status of Corporate Proposal

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

25. Trade Receivables

	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
Trade Receivables	76,461	68,979
Less: Allowance for impairment	<u>(811)</u>	<u>(1,135)</u>
	<u>75,650</u>	<u>67,844</u>

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

	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
1- 30 days	13,220	12,738
31 - 60 days	11,108	3,957
61 - 90 days	4,936	1,393
more than 90 days	<u>1,604</u>	<u>1,638</u>
	<u>30,868</u>	<u>19,726</u>

The credit terms of the Group range from 3 to 60 days. Included in the Group's trade receivables are debtors with a carrying amount of RM30.868 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.

26. Group's Borrowings and Debt Securities

	-----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
- Foreign Term Loan			-
- 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>
	-----As at 31 December 2017-----		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
- Term Loans	11,592	31,163	42,755
- Hire Purchase	<u>2,389</u>	<u>2,720</u>	<u>5,109</u>
	<u>13,981</u>	<u>33,883</u>	<u>47,864</u>

The weighted average effective interest rates of the term loans is 5.05% (2017 : 4.78%) 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 4.56% to 5.16% (2017 : 4.68% to 5.16%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangement.

27. 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.

28. 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.

29. Dividend

The Board of Directors declares a single tier final dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2018, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

30. Earnings Per Share

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.12.2018 RM'000	Preceding year corresponding quarter 31.12.2017 RM'000	Current year to date 31.12.2018 RM'000	Preceding year corresponding period 31.12.2017 RM'000
Net profit attributable to equity holders of the Company	<u>648</u>	<u>3,504</u>	<u>9,784</u>	<u>15,222</u>
Weighted average number of ordinary shares in issue	390,419	392,769	392,933	391,281
Effect on dilution of ESOS	<u>1,755</u>	<u>7,322</u>	<u>1,755</u>	<u>7,322</u>
Weighted average number of ordinary shares (diluted)	<u>392,174</u>	<u>400,091</u>	<u>394,688</u>	<u>398,603</u>
Basic earnings per share (sen)	0.17	0.89	2.49	3.89
Diluted earnings per share (sen)	0.17	0.88	2.48	3.82

By Order of the Board of Directors

Company Secretaries

Kuala Lumpur
27 February 2019