



CJ CENTURY LOGISTICS HOLDINGS BERHAD
(424341-A)

INTERIM FINANCIAL REPORT

30 JUNE 2018

24 AUG 2018



CJ CENTURY LOGISTICS HOLDINGS BERHAD (424341-A)

Interim report on unaudited consolidated results for the financial period ended 30 June 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2018

	-----Individual quarter-----				-----Cumulative quarter-----			
	Current year quarter 30.06.2018 RM'000	Preceding year corresponding quarter 30.06.2017 RM'000	-----Changes-----		Current year to date 30.06.2018 RM'000	Preceding year corresponding period 30.06.2017 RM'000	-----Changes-----	
			RM'000	%			RM'000	%
Revenue	104,006	71,947	32,059	45%	196,739	142,975	53,764	38%
Direct operating expenses	(88,301)	(54,063)	(34,238)	-63%	(165,318)	(106,151)	(59,167)	-56%
Gross profit	15,705	17,884	(2,179)	-12%	31,421	36,824	(5,403)	-15%
Net other operating expenses	(11,338)	(12,995)	1,657	13%	(23,241)	(24,771)	1,530	6%
Results from operating activities	4,367	4,889	(522)	-11%	8,180	12,053	(3,873)	-32%
Net finance costs	(487)	(182)	(305)	-168%	(652)	(525)	(127)	-24%
Profit before taxation	3,880	4,707	(827)	-18%	7,528	11,528	(4,000)	-35%
Taxation	(1,084)	(1,678)	594	35%	(2,073)	(3,645)	1,572	43%
Profit for the period	2,796	3,029	(233)	-8%	5,455	7,883	(2,428)	-31%
Other comprehensive income								
Foreign currency translation differences for foreign operations	2	10	(8)	-80%	16	9	7	78%
Other comprehensive income for the period	2	10	(8)	-80%	16	9	7	78%
Total comprehensive income for the period	2,798	3,039	(241)	-8%	5,471	7,892	(2,421)	-31%
Profit attributable to:								
Equity holders of the Company	2,774	3,013	(239)	-8%	5,415	7,860	(2,445)	-31%
Non-controlling interests	22	16	6	38%	40	23	17	74%
Profit for the period	2,796	3,029	(233)	-8%	5,455	7,883	(2,428)	-31%
Total comprehensive income attributable to:								
Equity holders of the Company	2,776	3,023	(247)	-8%	5,431	7,869	(2,438)	-31%
Non-controlling interests	22	16	6	38%	40	23	17	74%
Total comprehensive income for the period	2,798	3,039	(241)	-8%	5,471	7,892	(2,421)	-31%
Earnings per share attributable to equity holders of the Company:								
Basic (sen)	0.70	0.77	(0.07)	-9%	1.37	2.02	(0.65)	-32%
Diluted (sen)	0.70	0.76	(0.06)	-8%	1.37	2.00	(0.63)	-32%

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 30 JUNE 2018

	As at end of current quarter 30.06.2018 RM'000	As at preceding financial year end 31.12.2017 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	280,603	260,042
Deferred tax asset	120	120
Goodwill on consolidation	1,443	1,443
	<u>282,166</u>	<u>261,605</u>
Current Assets		
Inventories	7,755	7,884
Receivables	99,002	88,607
Deposits, cash and bank balances	81,345	71,675
	<u>188,102</u>	<u>168,166</u>
TOTAL ASSETS	<u><u>470,268</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
Reserves	122,329	120,045
	<u>322,372</u>	<u>319,229</u>
Non-controlling Interests	<u>897</u>	<u>1,082</u>
Total Equity	<u><u>323,269</u></u>	<u><u>320,311</u></u>
Non-current Liabilities		
Borrowings	73,918	33,883
Deferred taxation	7,504	7,398
	<u>81,422</u>	<u>41,281</u>
Current Liabilities		
Borrowings	16,465	13,981
Payables	49,112	54,198
	<u>65,577</u>	<u>68,179</u>
Total Liabilities	<u><u>146,999</u></u>	<u><u>109,460</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>470,268</u></u>	<u><u>429,771</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.82	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 30 JUNE 2018

	Current year to date 30.06.2018 RM'000	Preceding year corresponding period 30.06.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	5,455	7,883
Adjustments:		
Non-Cash Items	8,385	9,458
Non-Operating Items	<u>836</u>	<u>789</u>
Operating profit before working capital changes	14,676	18,130
Movement in working capital:		
Net change in current assets	(10,887)	3,903
Net change in current liabilities	<u>(4,250)</u>	<u>(18,978)</u>
Cash generated from operations	(462)	3,055
Tax Paid	<u>(2,593)</u>	<u>(2,917)</u>
Net cash (used in) / from operating activities	<u>(3,055)</u>	<u>138</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	980	1,036
Disposal of property, plant and equipment	175	1
Decrease / (Increase) in investment in money market funds	(6,235)	6,209
Purchase of property, plant and equipment	<u>(19,807)</u>	<u>(1,053)</u>
Net cash (used in) / from investing activities	<u>(24,887)</u>	<u>6,194</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares	841	4,716
Dividend paid to non-controlling interests	(225)	-
Dividend paid	(3,942)	(1,960)
Proceeds from borrowings	43,979	-
Repayment of hire purchase payables	(1,919)	(1,438)
Repayment of borrowings	(5,724)	(15,173)
Interest paid	<u>(1,632)</u>	<u>(1,561)</u>
Net cash from / (used in) financing activities	<u>31,377</u>	<u>(15,416)</u>
Net increase / (decrease) in cash and cash equivalents	3,435	(9,084)
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>25,753</u></u>	<u><u>18,036</u></u>
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	12,273	15,654
Investment in money market funds	55,592	58,223
Deposits with licensed banks	<u>13,480</u>	<u>2,471</u>
	81,345	76,348
Less: Investment in money market funds	(55,592)	(58,223)
Deposits with maturities in excess of 3 months	<u>-</u>	<u>(89)</u>
	<u><u>25,753</u></u>	<u><u>18,036</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 30 JUNE 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 15	-	-	-	29	29	-	29
Restated balance as at 1 January 2018	199,184	-	827	119,247	319,258	1,082	320,340
Issue of shares pursuant to exercise of Employees' Share Option Scheme ("ESOS")	859	-	(18)	-	841	-	841
Share-based payment under ESOS	-	-	784	-	784	-	784
Total comprehensive income for the period	-	-	16	5,415	5,431	40	5,471
Dividends paid	-	-	-	(3,942)	(3,942)	(225)	(4,167)
As at 30 June 2018	200,043	-	1,609	120,720	322,372	897	323,269
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	4,698	-	18	-	4,716	-	4,716
Share-based payment under ESOS	-	-	784	-	784	-	784
Transfer arising from "no par value" regime of Companies Act 2016 *	1,948	(1,948)	-	-	-	-	-
Total comprehensive income for the period	-	-	9	7,860	7,869	23	7,892
Dividends paid	-	-	-	(1,960)	(1,960)	-	(1,960)
As at 30 June 2017	199,013	-	1,530	112,351	312,894	1,069	313,963

*The new Companies Act 2016 ("New 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 New 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.

On the date of initial application, MFRS 9 did not affect the classification and measurement assets and financial liabilities.

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.

8. Dividend Paid

On 31 May 2018, the Company paid a single tier final dividend of 1.0 sen per share in respect of the financial year ended 31 December 2017, amounting to RM3.942 million.

9. Segmental Reporting

Analysis of the Group's revenue and results for the 6 months period ended 30 June 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	123,698	70,216	2,825	-	196,739
Inter-segment sales	<u>1,510</u>	<u>-</u>	<u>-</u>	<u>(1,510)</u>	<u>-</u>
Total revenue	<u><u>125,208</u></u>	<u><u>70,216</u></u>	<u><u>2,825</u></u>	<u><u>(1,510)</u></u>	<u><u>196,739</u></u>
Profit					
Segment results	6,150	5,122	(3,092)	-	8,180
Net finance costs					<u>(652)</u>
Profit from ordinary activities before taxation					7,528
Taxation					<u>(2,073)</u>
Profit from ordinary activities after taxation					5,455
Non-controlling interests					<u>(40)</u>
Net profit for the period					<u><u>5,415</u></u>

Analysis of the Group's revenue and results for the 6 months period ended 30 June 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	121,103	21,872	-	-	142,975
Inter-segment sales	<u>643</u>	<u>-</u>	<u>-</u>	<u>(643)</u>	<u>-</u>
Total revenue	<u><u>121,746</u></u>	<u><u>21,872</u></u>	<u><u>-</u></u>	<u><u>(643)</u></u>	<u><u>142,975</u></u>
Profit					
Segment results	10,342	1,711	-	-	12,053
Net finance costs					<u>(525)</u>
Profit from ordinary activities before taxation					11,528
Taxation					<u>(3,645)</u>
Profit from ordinary activities after taxation					7,883
Non-controlling interests					<u>(23)</u>
Net profit for the period					<u><u>7,860</u></u>

Total revenue from the Group was RM196.739 million, representing an increase of 38% from RM142.975 million in the corresponding period ended 30 June 2017. The Group recorded an operating profit of RM8.180 million, a decrease of 32% compared to RM12.053 million in the six months ended 30 June 2017.

Total Logistics Services

Segment revenue generated from the Total Logistics Services operations for the period under review has increased by RM2.595 million to RM123.698 million as compared to RM121.103 million in the corresponding period ended 30 June 2017. The segment profit was lower by RM4.192 million despite of higher revenue mainly due to the higher operation costs from certain contracts.

Procurement Logistics Services

The Procurement Logistics operations recorded a higher segment revenue of RM70.216 million in the six months ended 30 June 2018 compared to RM21.872 million in year 2017 due to higher activity and higher export sales in the segment. The segment profit for the period under review was RM5.122 million, an increase of 199% from RM1.711 million.

Courier Services

For the financial quarter ended 30 June 2018, the courier services' revenue and segment loss were RM2.825 million and RM3.092 million respectively. The loss was mainly due to the set-up 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 30 June 2018					
Segment Assets	743,326	78,527	9,521	(361,106)	<u>470,268</u>
Segment Liabilities	433,592	53,170	7,163	(346,926)	<u>146,999</u>
As at 30 June 2017					
Segment Assets	669,282	76,024	-	(333,459)	<u>411,847</u>
Segment Liabilities	375,906	41,305	-	(319,327)	<u>97,884</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 30.06.2018 RM'000	As at 31.12.2017 RM'000
Financial assets		
Loan and receivables:		
Trade receivables	68,818	67,844
Other receivables and refundable deposits	24,935	15,345
Amount owing from affiliated companies	2,155	113
Deposits, cash and bank balances	<u>81,345</u>	<u>71,675</u>
	<u>177,253</u>	<u>154,977</u>
Financial liabilities at amortised costs		
Trade payables	15,228	20,833
Other payables and accrued expenses	33,436	32,093
Amount owing to affiliated company	-	1
Total borrowings	81,009	42,755
Hire-purchase payables	<u>9,374</u>	<u>5,109</u>
	<u>139,047</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 30.06.2018 RM'000	As at 31.12.2017 RM'000
Approved and contracted for	102,229	118,538
Approved but not contracted for	<u>749</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 30.06.2018 RM'000	As at 31.12.2017 RM'000
Not later than 1 year	9,938	7,931
Later than 1 year and not later than 2 years	<u>4,317</u>	<u>2,415</u>
	<u>14,255</u>	<u>10,346</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 30 June 2018, the Group's revenue and pre-tax profit were RM104.006 million and RM3.880 million respectively, compared to revenue and pre-tax profit of RM71.947 million and RM4.707 million respectively for the corresponding period in the previous financial year. The increase in revenue by 45% was mainly attributable to the higher activities in Procurement Logistics Services segment. Nevertheless, the pre-tax profit recorded a decrease of 18% mainly due to the ongoing set-up costs as a result of the expansion of the courier operation during the financial quarter.

19. Comparison with Immediate Preceding Quarter's Results

	Current year quarter 30.06.2018 RM'000	Immediate preceding quarter 31.03.2018 RM'000	-----Changes-----	
			RM'000	%
Revenue	104,006	92,733	11,273	12%
Direct operating expenses	<u>(88,301)</u>	<u>(77,017)</u>	<u>(11,284)</u>	<u>-15%</u>
Gross profit	15,705	15,716	(11)	0%
Net other operating expenses	<u>(11,338)</u>	<u>(11,903)</u>	<u>565</u>	<u>5%</u>
Results from operating activities	4,367	3,813	554	15%
Net finance costs	<u>(487)</u>	<u>(165)</u>	<u>(322)</u>	<u>-195%</u>
Profit before taxation	3,880	3,648	232	6%
Taxation	<u>(1,084)</u>	<u>(989)</u>	<u>(95)</u>	<u>-10%</u>
Profit for the period	<u>2,796</u>	<u>2,659</u>	<u>137</u>	<u>5%</u>

For the financial quarter ended 30 June 2018, the Group reported revenue and pre-tax profit of RM104.006 million and RM3.880 million respectively, compared to revenue and pre-tax profit of RM92.733 million and RM3.648 million respectively for the preceding quarter. The increase in revenue and pre-tax profit were mainly due to the higher activities in the Procurement Logistics Services segment.

20. Prospects for the Current Financial Year

The logistics sector is expected to remain challenging during the balance of 2018. 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 first quarter 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 30.06.2018 RM'000	Preceding year corresponding quarter 30.06.2017 RM'000	Current year to date 30.06.2018 RM'000	Preceding year corresponding period 30.06.2017 RM'000
Provision for taxation	991	1,631	1,967	3,600
Deferred taxation	<u>93</u>	<u>47</u>	<u>106</u>	<u>45</u>
	<u>1,084</u>	<u>1,678</u>	<u>2,073</u>	<u>3,645</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 30.06.2018 RM'000	Preceding year corresponding quarter 30.06.2017 RM'000	Current year to date 30.06.2018 RM'000	Preceding year corresponding period 30.06.2017 RM'000
Interest income	453	550	980	1,036
Interest expenses	(940)	(732)	(1,632)	(1,561)
Depreciation and amortisation	(2,644)	(2,563)	(5,218)	(5,194)
Provision for and write off of receivables	(94)	(75)	(192)	(94)
Foreign exchange gain/(loss)	880	(21)	1,040	182
Gain on disposal of quoted or unquoted investments or properties	(9)	1	(38)	1
Share-based payment under ESOS	(392)	(392)	(784)	(784)
Other income including investment income (excluding items disclosed above)	158	130	227	196

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 30.06.2018 RM'000	As at 31.12.2017 RM'000
Trade Receivables	70,114	68,979
Less: Allowance for impairment	<u>(1,296)</u>	<u>(1,135)</u>
	<u>68,818</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 30.06.2018 RM'000	As at 31.12.2017 RM'000
1- 30 days	13,229	12,738
31 - 60 days	4,268	3,957
61 - 90 days	1,840	1,393
more than 90 days	<u>2,363</u>	<u>1,638</u>
	<u>21,700</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 RM21.700 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 30 June 2018-----		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
- Term Loans	13,351	67,658	81,009
- Hire Purchase	<u>3,114</u>	<u>6,260</u>	<u>9,374</u>
	<u>16,465</u>	<u>73,918</u>	<u>90,383</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 5.04% (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 4.68% 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 interim dividend of 0.5 sen per ordinary share in respect of the financial year ending 31 December 2018.

30. Earnings Per Share

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2018 RM'000	Preceding year corresponding quarter 30.06.2017 RM'000	Current year to date 30.06.2018 RM'000	Preceding year corresponding period 30.06.2017 RM'000
Net profit attributable to equity holders of the Company	<u>2,774</u>	<u>3,013</u>	<u>5,415</u>	<u>7,860</u>
Weighted average number of ordinary shares in issue	394,230	391,980	394,027	389,846
Effect on dilution of ESOS	<u>1,778</u>	<u>3,690</u>	<u>1,778</u>	<u>3,690</u>
Weighted average number of ordinary shares (diluted)	<u>396,008</u>	<u>395,670</u>	<u>395,805</u>	<u>393,536</u>
Basic earnings per share (sen)	0.70	0.77	1.37	2.02
Diluted earnings per share (sen)	0.70	0.76	1.37	2.00

By Order of the Board of Directors

Company Secretaries

Kuala Lumpur
24 August 2018