



**CJ CENTURY LOGISTICS HOLDINGS BERHAD
(424341-A)**

INTERIM FINANCIAL REPORT

30 SEPTEMBER 2018

15 NOV 2018



CJ CENTURY LOGISTICS HOLDINGS BERHAD (424341-A)

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

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

	-----Individual quarter-----				-----Cumulative quarter-----			
	Current year quarter 30.09.2018 RM'000	Preceding year corresponding quarter 30.09.2017 RM'000	-----Changes-----		Current year to date 30.09.2018 RM'000	Preceding year corresponding period 30.09.2017 RM'000	-----Changes-----	
			RM'000	%			RM'000	%
Revenue	116,330	72,522	43,808	60%	313,069	215,497	97,572	45%
Direct operating expenses	(99,260)	(54,975)	(44,285)	-81%	(264,578)	(161,126)	(103,452)	-64%
Gross profit	17,070	17,547	(477)	-3%	48,491	54,371	(5,880)	-11%
Net other operating expenses	(11,426)	(12,491)	1,065	9%	(34,667)	(37,262)	2,595	7%
Results from operating activities	5,644	5,056	588	12%	13,824	17,109	(3,285)	-19%
Net finance costs	(435)	410	(845)	-206%	(1,087)	(115)	(972)	-845%
Profit before taxation	5,209	5,466	(257)	-5%	12,737	16,994	(4,257)	-25%
Taxation	(1,454)	(1,599)	145	9%	(3,527)	(5,244)	1,717	33%
Profit for the period	3,755	3,867	(112)	-3%	9,210	11,750	(2,540)	-22%
Other comprehensive income								
Foreign currency translation differences for foreign operations	4	(1)	5	500%	20	8	12	150%
Other comprehensive income for the period	4	(1)	5	500%	20	8	12	150%
Total comprehensive income for the period	3,759	3,866	(107)	-3%	9,230	11,758	(2,528)	-22%
Profit attributable to:								
Equity holders of the Company	3,721	3,858	(137)	-4%	9,136	11,718	(2,582)	-22%
Non-controlling interests	34	9	25	278%	74	32	42	131%
Profit for the period	3,755	3,867	(112)	-3%	9,210	11,750	(2,540)	-22%
Total comprehensive income attributable to:								
Equity holders of the Company	3,725	3,857	(132)	-3%	9,156	11,726	(2,570)	-22%
Non-controlling interests	34	9	25	278%	74	32	42	131%
Total comprehensive income for the period	3,759	3,866	(107)	-3%	9,230	11,758	(2,528)	-22%
Earnings per share attributable to equity holders of the Company:								
Basic (sen)	0.95	0.98	(0.03)	-3%	2.32	3.00	(0.68)	-23%
Diluted (sen)	0.94	0.97	(0.03)	-3%	2.31	2.96	(0.65)	-22%

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 SEPTEMBER 2018

	As at end of current quarter 30.09.2018 RM'000	As at preceding financial year end 31.12.2017 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	300,317	260,042
Deferred tax asset	120	120
Goodwill on consolidation	1,443	1,443
	<u>301,880</u>	<u>261,605</u>
Current Assets		
Inventories	5,826	7,884
Receivables	134,825	88,607
Deposits, cash and bank balances	56,378	71,675
	<u>197,029</u>	<u>168,166</u>
TOTAL ASSETS	<u><u>498,909</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	(1,924)	-
Reserves	124,486	120,045
	<u>322,605</u>	<u>319,229</u>
Non-controlling Interests	<u>931</u>	<u>1,082</u>
Total Equity	<u><u>323,536</u></u>	<u><u>320,311</u></u>
Non-current Liabilities		
Borrowings	73,078	33,883
Deferred taxation	7,933	7,398
	<u>81,011</u>	<u>41,281</u>
Current Liabilities		
Borrowings	18,124	13,981
Payables	76,238	54,198
	<u>94,362</u>	<u>68,179</u>
Total Liabilities	<u><u>175,373</u></u>	<u><u>109,460</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>498,909</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 SEPTEMBER 2018

	Current year to date 30.09.2018 RM'000	Preceding year corresponding period 30.09.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	9,210	11,750
Adjustments:		
Non-Cash Items	12,969	13,237
Non-Operating Items	<u>1,077</u>	<u>1,181</u>
Operating profit before working capital changes	23,256	26,168
Movement in working capital:		
Net change in current assets	(44,973)	(8,494)
Net change in current liabilities	<u>23,644</u>	<u>(6,870)</u>
Cash generated from operations	1,927	10,804
Tax Paid	<u>(4,392)</u>	<u>(4,790)</u>
Net cash (used in) / from operating activities	<u>(2,465)</u>	<u>6,013</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,718	2,072
Disposal of property, plant and equipment	821	1
Decrease in investment in money market funds	3,916	4,683
Purchase of property, plant and equipment	<u>(37,630)</u>	<u>(6,764)</u>
Net cash used in investing activities	<u>(31,175)</u>	<u>(7)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares	841	4,834
Dividend paid to non-controlling interests	(225)	-
Dividend paid	(5,902)	(3,924)
Proceeds from borrowings	43,979	-
Repayment of hire purchase payables	(3,086)	(2,166)
Repayment of borrowings	(8,618)	(17,980)
Purchase of treasury shares	(1,924)	-
Interest paid	<u>(2,805)</u>	<u>(2,187)</u>
Net cash from / (used in) financing activities	<u>22,259</u>	<u>(21,423)</u>
Net decrease in cash and cash equivalents	(11,381)	(15,417)
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>10,937</u></u>	<u><u>11,703</u></u>
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	9,937	10,501
Investment in money market funds	45,441	59,748
Deposits with licensed banks	<u>1,000</u>	<u>1,291</u>
	56,378	71,540
Less: Investment in money market funds	(45,441)	(59,748)
Deposits with maturities in excess of 3 months	<u>-</u>	<u>(89)</u>
	<u><u>10,937</u></u>	<u><u>11,703</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 SEPTEMBER 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
Purchase of treasury shares	-	-	(1,924)	-	(1,924)	-	(1,924)
Share-based payment under ESOS	-	-	1,176	-	1,176	-	1,176
Total comprehensive income for the period	-	-	20	9,136	9,156	74	9,230
Dividends paid	-	-	-	(5,902)	(5,902)	(225)	(6,127)
As at 30 September 2018	200,043	-	81	122,481	322,605	931	323,536
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	4,834	-	-	-	4,834	-	4,834
Share-based payment under ESOS	-	-	1,176	-	1,176	-	1,176
Transfer arising from "no par value" regime of Companies Act 2016 *	1,948	(1,948)	-	-	-	-	-
Total comprehensive income for the period	-	-	8	11,718	11,726	32	11,758
Dividends paid	-	-	-	(3,924)	(3,924)	-	(3,924)
As at 30 September 2017	199,149	-	1,903	114,245	315,297	1,079	316,376

*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, except that the Company bought back 3,019,300 ordinary shares from the open market at an average price of RM0.64 per share. The shares purchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

8. Dividend Paid

On 28 September 2018, the Company paid a single tier interim dividend of 0.5 sen per share in respect of the financial year ended 31 December 2018, amounting to RM1.960 million.

9. Segmental Reporting

Analysis of the Group's revenue and results for the 9 months period ended 30 September 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	194,190	113,048	5,831	-	313,069
Inter-segment sales	<u>2,294</u>	<u>-</u>	<u>-</u>	<u>(2,294)</u>	<u>-</u>
Total revenue	<u><u>196,484</u></u>	<u><u>113,048</u></u>	<u><u>5,831</u></u>	<u><u>(2,294)</u></u>	<u><u>313,069</u></u>
Profit					
Segment results	9,789	8,940	(4,905)	-	13,824
Net finance costs					<u>(1,087)</u>
Profit from ordinary activities before taxation					12,737
Taxation					<u>(3,527)</u>
Profit from ordinary activities after taxation					9,210
Non-controlling interests					<u>(74)</u>
Net profit for the period					<u><u>9,136</u></u>

Analysis of the Group's revenue and results for the 9 months period ended 30 September 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	183,124	32,373	-	-	215,497
Inter-segment sales	<u>1,113</u>	<u>-</u>	<u>-</u>	<u>(1,113)</u>	<u>-</u>
Total revenue	<u><u>184,237</u></u>	<u><u>32,373</u></u>	<u><u>-</u></u>	<u><u>(1,113)</u></u>	<u><u>215,497</u></u>
Profit					
Segment results	14,534	2,575	-	-	17,109
Net finance costs					<u>(115)</u>
Profit from ordinary activities before taxation					16,994
Taxation					<u>(5,244)</u>
Profit from ordinary activities after taxation					11,750
Non-controlling interests					<u>(32)</u>
Net profit for the period					<u><u>11,718</u></u>

Total revenue from the Group was RM313.069 million, representing an increase of 45% from RM215.497 million in the corresponding period ended 30 September 2017. The Group recorded an operating profit of RM13.824 million, a decrease of 19% compared to RM17.109 million in the nine months ended 30 September 2017.

Total Logistics Services

Segment revenue generated from the Total Logistics Services operations for the period under review has increased by RM11.066 million to RM194.190 million as compared to RM183.124 million in the corresponding period ended 30 September 2017. The segment profit was lower by RM4.745 million despite the 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 RM113.048 million in the nine months ended 30 September 2018 compared to RM32.373 million in year 2017 due to higher activity and higher export sales in the segment. The segment profit for the period under review was RM8.940 million, an increase of 247% from RM2.575 million.

Courier Services

For the financial quarter ended 30 September 2018, the courier services' revenue and segment loss were RM5.831 million and RM4.905 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 30 September 2018					
Segment Assets	753,338	97,892	18,476	(370,797)	<u>498,909</u>
Segment Liabilities	451,328	69,522	11,141	(356,618)	<u>175,373</u>
As at 30 September 2017					
Segment Assets	711,209	73,490	-	(362,091)	<u>422,608</u>
Segment Liabilities	401,342	52,850	-	(347,959)	<u>106,232</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 30.09.2018 RM'000	As at 31.12.2017 RM'000
Financial assets		
Loan and receivables:		
Trade receivables	85,080	67,844
Other receivables and refundable deposits	45,227	15,345
Amount owing from affiliated companies	1,184	113
Deposits, cash and bank balances	<u>56,378</u>	<u>71,675</u>
	<u>187,869</u>	<u>154,977</u>
Financial liabilities at amortised costs		
Trade payables	28,781	20,833
Other payables and accrued expenses	47,831	32,093
Amount owing to affiliated company	-	1
Total borrowings	78,115	42,755
Hire-purchase payables	<u>13,087</u>	<u>5,109</u>
	<u>167,813</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 30.09.2018 RM'000	As at 31.12.2017 RM'000
Approved and contracted for	107,562	118,538
Approved but not contracted for	<u>747</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 30.09.2018 RM'000	As at 31.12.2017 RM'000
Not later than 1 year	8,749	7,931
Later than 1 year and not later than 2 years	<u>3,680</u>	<u>2,415</u>
	<u>12,429</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 September 2018, the Group's revenue and pre-tax profit were RM116.330 million and RM5.209 million respectively, compared to revenue and pre-tax profit of RM72.522 million and RM5.466 million respectively for the corresponding period in the previous financial year. The increase in revenue by 60% was mainly attributable to the higher activities in the Procurement Logistics Services segment. Nevertheless, the pre-tax profit recorded a decrease of 5% mainly due to the ongoing 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 30.09.2018 RM'000	Immediate preceding quarter 30.06.2018 RM'000	-----Changes-----	
			RM'000	%
Revenue	116,330	104,006	12,324	12%
Direct operating expenses	<u>(99,260)</u>	<u>(88,301)</u>	<u>(10,959)</u>	<u>-12%</u>
Gross profit	17,070	15,705	1,365	9%
Net other operating expenses	<u>(11,426)</u>	<u>(11,338)</u>	<u>(88)</u>	<u>-1%</u>
Results from operating activities	5,644	4,367	1,277	29%
Net finance costs	<u>(435)</u>	<u>(487)</u>	<u>52</u>	<u>11%</u>
Profit before taxation	5,209	3,880	1,329	34%
Taxation	<u>(1,454)</u>	<u>(1,084)</u>	<u>(370)</u>	<u>-34%</u>
Profit for the period	<u>3,755</u>	<u>2,796</u>	<u>959</u>	<u>34%</u>

For the financial quarter ended 30 September 2018, the Group reported revenue and pre-tax profit of RM116.330 million and RM5.209 million respectively, compared to revenue and pre-tax profit of RM104.006 million and RM3.880 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 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 30.09.2018 RM'000	Preceding year corresponding quarter 30.09.2017 RM'000	Current year to date 30.09.2018 RM'000	Preceding year corresponding period 30.09.2017 RM'000
Provision for taxation	1,025	1,507	2,992	5,107
Deferred taxation	<u>429</u>	<u>92</u>	<u>535</u>	<u>137</u>
	<u><u>1,454</u></u>	<u><u>1,599</u></u>	<u><u>3,527</u></u>	<u><u>5,244</u></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 30.09.2018 RM'000	Preceding year corresponding quarter 30.09.2017 RM'000	Current year to date 30.09.2018 RM'000	Preceding year corresponding period 30.09.2017 RM'000
Interest income	738	1,036	1,718	2,072
Interest expenses	(1,173)	(626)	(2,805)	(2,187)
Depreciation and amortisation	(2,496)	(2,485)	(7,714)	(7,679)
Provision for and write off of receivables	(493)	(99)	(684)	(193)
Foreign exchange gain/(loss)	852	141	1,892	323
Gain on disposal of quoted or unquoted investments or properties	153	-	116	1
Share-based payment under ESOS	(392)	(392)	(1,176)	(1,176)
Other income including investment income (excluding items disclosed above)	49	158	276	354

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 30.09.2018 RM'000	As at 31.12.2017 RM'000
Trade Receivables	86,301	68,979
Less: Allowance for impairment	<u>(1,221)</u>	<u>(1,135)</u>
	<u>85,080</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 30.09.2018 RM'000	As at 31.12.2017 RM'000
1- 30 days	14,006	12,738
31 - 60 days	5,517	3,957
61 - 90 days	1,226	1,393
more than 90 days	<u>418</u>	<u>1,638</u>
	<u>21,167</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 RM21.167 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 September 2018-----		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
- Term Loans	13,464	64,651	78,115
- Hire Purchase	<u>4,660</u>	<u>8,427</u>	<u>13,087</u>
	<u>18,124</u>	<u>73,078</u>	<u>91,202</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 5.04% (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 does not recommend any dividend in respect of the reporting quarter.

30. Earnings Per Share

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.09.2018 RM'000	Preceding year corresponding quarter 30.09.2017 RM'000	Current year to date 30.09.2018 RM'000	Preceding year corresponding period 30.09.2017 RM'000
Net profit attributable to equity holders of the Company	<u>3,721</u>	<u>3,858</u>	<u>9,136</u>	<u>11,718</u>
Weighted average number of ordinary shares in issue	393,259	392,663	393,771	390,785
Effect on dilution of ESOS	<u>2,140</u>	<u>5,729</u>	<u>2,140</u>	<u>5,729</u>
Weighted average number of ordinary shares (diluted)	<u>395,399</u>	<u>398,393</u>	<u>395,911</u>	<u>396,514</u>
Basic earnings per share (sen)	0.95	0.98	2.32	3.00
Diluted earnings per share (sen)	0.94	0.97	2.31	2.96

By Order of the Board of Directors

Company Secretaries

Kuala Lumpur
15 November 2018