



**Century®**

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

Interim report on unaudited consolidated results for the financial period ended 31 March 2016

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2016**

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.03.2016 RM'000	Preceding year corresponding quarter 31.03.2015 RM'000	Current year to date 31.03.2016 RM'000	Preceding year corresponding period 31.03.2015 RM'000
Revenue	69,539	71,917	69,539	71,917
Direct operating expenses	<u>(49,888)</u>	<u>(50,878)</u>	<u>(49,888)</u>	<u>(50,878)</u>
Gross profit	19,651	21,039	19,651	21,039
Net other operating expenses	<u>(13,309)</u>	<u>(10,564)</u>	<u>(13,309)</u>	<u>(10,564)</u>
Results from operating activities	6,342	10,475	6,342	10,475
Net finance costs	<u>(665)</u>	<u>(803)</u>	<u>(665)</u>	<u>(803)</u>
Profit before taxation	5,677	9,672	5,677	9,672
Taxation	<u>(1,200)</u>	<u>(2,163)</u>	<u>(1,200)</u>	<u>(2,163)</u>
Profit for the period	<u>4,477</u>	<u>7,509</u>	<u>4,477</u>	<u>7,509</u>
Other comprehensive income				
Foreign currency translation differences for foreign operations	<u>27</u>	<u>347</u>	<u>27</u>	<u>347</u>
Other comprehensive income for the period	<u>27</u>	<u>347</u>	<u>27</u>	<u>347</u>
Total comprehensive income for the period	<u>4,504</u>	<u>7,856</u>	<u>4,504</u>	<u>7,856</u>
Profit attributable to:				
Equity holders of the Company	4,464	7,473	4,464	7,473
Non-controlling interests	<u>13</u>	<u>36</u>	<u>13</u>	<u>36</u>
Profit for the period	<u>4,477</u>	<u>7,509</u>	<u>4,477</u>	<u>7,509</u>
Total comprehensive income attributable to:				
Equity holders of the Company	4,491	7,820	4,491	7,820
Non-controlling interests	<u>13</u>	<u>36</u>	<u>13</u>	<u>36</u>
Total comprehensive income for the period	<u>4,504</u>	<u>7,856</u>	<u>4,504</u>	<u>7,856</u>
Earnings per share attributable to equity holders of the Company:				
Basic (sen)	<u>1.19</u>	<u>2.04</u>	<u>1.19</u>	<u>2.04</u>
Diluted (sen)	<u>1.18</u>	<u>2.03</u>	<u>1.18</u>	<u>2.03</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015.

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

Interim report on unaudited consolidated results for the financial period ended 31 March 2016

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016**

	As at end of current quarter 31.03.2016 RM'000	As at preceding financial year end 31.12.2015 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	264,523	267,211
Goodwill on consolidation	1,443	1,443
	<u>265,966</u>	<u>268,654</u>
<b>Current Assets</b>		
Inventories	1,906	3,552
Receivables	59,756	76,955
Deposits, cash and bank balances	82,361	89,453
	<u>144,023</u>	<u>169,960</u>
<b>TOTAL ASSETS</b>	<u><u>409,989</u></u>	<u><u>438,614</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	187,785	186,818
Reserves	107,117	101,950
	<u>294,902</u>	<u>288,768</u>
<b>Non-controlling Interests</b>	<u>977</u>	<u>964</u>
<b>Total Equity</b>	<u>295,879</u>	<u>289,732</u>
<b>Non-current Liabilities</b>		
Borrowings	64,857	69,433
Deferred taxation	6,769	7,179
	<u>71,626</u>	<u>76,612</u>
<b>Current Liabilities</b>		
Borrowings	19,076	18,755
Payables	23,408	53,515
	<u>42,484</u>	<u>72,270</u>
<b>Total Liabilities</b>	<u>114,110</u>	<u>148,882</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>409,989</u></u>	<u><u>438,614</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.79	0.77

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2016

	Current year to date 31.03.2016 RM'000	Preceding year corresponding period 31.03.2015 RM'000
<b>CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES</b>		
Profit for the year	4,477	7,509
Adjustments:		
Non-Cash Items	4,696	5,534
Non-Operating Items	522	174
Operating profit before working capital changes	9,695	13,217
Movement in working capital:		
Net change in current assets	18,367	22,875
Net change in current liabilities	(30,158)	(25,418)
Cash generated from operations	(2,096)	10,674
Tax Paid	(1,065)	(2,879)
Net cash (used in) / from operating activities	(3,161)	7,795
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Interest received	391	282
Disposal of property, plant and equipment	-	175
(Increase)/decrease in investment in money market funds	(9,835)	744
Purchase of property, plant and equipment	(151)	(42,242)
Net cash used in investing activities	(9,595)	(41,041)
<b>CASH FLOWS (USED IN) / FROM FINANCING ACTIVITIES</b>		
Net proceeds from issuance of shares	1,143	113
Proceeds from borrowings	-	34,589
Repayment of hire purchase payables	(725)	(654)
Repayment of borrowings	(3,530)	(11,526)
Interest paid	(1,056)	(1,085)
Net cash (used in) / from financing activities	(4,168)	21,437
Net decrease in cash and cash equivalents	(16,924)	(11,809)
Cash and cash equivalents at beginning of the period	41,170	44,925
Cash and cash equivalents at end of the period	24,246	33,116
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	10,894	3,245
Investment in money market funds	58,032	25,299
Deposits with licensed bank	13,435	29,948
	82,361	58,492
Less: Investment in money market funds	(58,032)	(25,299)
Deposits with maturities in excess of 3 months	(83)	(77)
	24,246	33,116

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2016

	← Issued Capital RM'000	Attributable to Equity Holders of the Company			→ Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		← Non-distributable Share Premium Reserve RM'000	→ Other Reserves RM'000	Distributable Retained Earnings RM'000			
<b>As at end of current quarter</b>							
As at 1 January 2016	186,818	748	1,366	99,836	288,768	964	289,732
Issue of shares pursuant to exercise of Employees' Share Option Scheme ("ESOS")	967	190	(14)	-	1,143	-	1,143
Share-based payment under ESOS	-	-	500	-	500	-	500
Total comprehensive income for the period	-	-	27	4,464	4,491	13	4,504
As at 31 March 2016	187,785	938	1,879	104,300	294,902	977	295,879
<b>As at preceding year corresponding quarter</b>							
As at 1 January 2015	183,096	-	442	86,976	270,514	933	271,447
Issue of shares pursuant to exercise of ESOS	94	19	-	-	113	-	113
Total comprehensive income for the period	-	-	347	7,473	7,820	36	7,856
As at 31 March 2015	183,190	19	789	94,449	278,447	969	279,416

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015.

## **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 2015.

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 2015.

### **2. Significant Accounting Policies**

The Group has adopted the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia for accounting period beginning on 1 January 2016. As disclosed in the Group's annual financial statements for the financial year ended 31 December 2015, the following are new/revised accounting standards effective for annual periods beginning on or after 1 January 2016.

MFRS 9	Financial Instruments
MFRS 14	Regulatory Deferral Account
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 11	Accounting for Acquisition of Interests in Joint Ventures
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exemption
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2012 - 2014 Cycle	

### **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 2015 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 issued 1,935,000 new ordinary shares of RM0.50 each at exercise price of RM0.60 per share for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company.

### **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 3 months period ended 31 March 2016 is as follows:

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
<b>Revenue</b>				
External sales	60,044	9,495	-	69,539
Inter-segment sales	<u>222</u>	<u>-</u>	<u>(222)</u>	<u>-</u>
Total revenue	<u><u>60,266</u></u>	<u><u>9,495</u></u>	<u><u>(222)</u></u>	<u><u>69,539</u></u>
<b>Profit</b>				
Segment results	5,012	1,330	-	6,342
Net finance costs				<u>(665)</u>
Profit from ordinary activities before taxation				5,677
Taxation				<u>(1,200)</u>
Profit from ordinary activities after taxation				4,477
Non-controlling interests				<u>(13)</u>
Net profit for the period				<u><u>4,464</u></u>

Analysis of the Group's revenue and results for the 3 months period ended 31 March 2015 is as follows:

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
<b>Revenue</b>				
External sales	60,793	11,124	-	71,917
Inter-segment sales	<u>508</u>	<u>-</u>	<u>(508)</u>	<u>-</u>
Total revenue	<u><u>61,301</u></u>	<u><u>11,124</u></u>	<u><u>(508)</u></u>	<u><u>71,917</u></u>
<b>Profit</b>				
Segment results	8,064	2,411	-	10,475
Net finance costs				<u>(803)</u>
Profit from ordinary activities before taxation				9,672
Taxation				<u>(2,163)</u>
Profit from ordinary activities after taxation				7,509
Non-controlling interests				<u>(36)</u>
Net profit for the period				<u><u>7,473</u></u>

## 10. 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.

## 11. Material Events Subsequent to the End of the Interim Period

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

**12. Changes in Composition of the Group**

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

**13. Capital Commitments**

As at the end of the reporting quarter, the Group has approved and contracted for capital commitments of RM1.475 million in respect of property, plant and equipment.

**14. Changes in Contingent Liabilities**

There were no changes in contingent liabilities since the last annual balance sheet as at 31 December 2015.

**15. Review of Performance**

For the financial quarter ended 31 March 2016, the Group's revenue and pre-tax profit were RM69.539 million and RM5.677 million respectively, compared to revenue and pre-tax profit of RM71.917 million and RM9.672 million respectively for the corresponding period in the previous financial year. The decrease in revenue and pre-tax profit were mainly due to the overall lower activities of the Group, as a result of the overall weakness in consumer sentiments.

**16. Comparison with Immediate Preceding Quarter's Results**

For the financial quarter ended 31 March 2016, the Group reported revenue and pre-tax profit of RM69.539 million and RM5.677 million respectively, compared to revenue and pre-tax profit of RM73.348 million and RM7.310 million respectively for the preceding quarter. The decrease in revenue and pre-tax profit were mainly due to the lower activities of the Total Logistics Services segment. Nevertheless, the performance of the Procurement Logistics Services segment improved from the preceding quarter.

**17. Prospects for the Current Financial Year**

In the face of uncertain global economic climate, the logistics sector is similarly expected to remain challenging in 2016. In view of the increasingly competitive landscape, the Group will leverage on its extensive customer network and internal strength which the Group has put in place that focuses on providing value added logistics solutions, while maintaining cost efficiencies.

**18. Profit Forecast**

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

**19. Taxation**

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.03.2016 RM'000	Preceding year corresponding quarter 31.03.2015 RM'000	Current year to date 31.03.2016 RM'000	Preceding year corresponding period 31.03.2015 RM'000
Provision for taxation	1,610	2,617	1,610	2,617
Deferred taxation	<u>(410)</u>	<u>(454)</u>	<u>(410)</u>	<u>(454)</u>
	<u>1,200</u>	<u>2,163</u>	<u>1,200</u>	<u>2,163</u>

**20. Note to the Statement of Comprehensive Income**

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.03.2016 RM'000	Preceding year corresponding quarter 31.03.2015 RM'000	Current year to date 31.03.2016 RM'000	Preceding year corresponding period 31.03.2015 RM'000
Interest income	391	282	391	282
Interest expenses	(1,056)	(1,085)	(1,056)	(1,085)
Depreciation and amortisation	(2,839)	(2,508)	(2,839)	(2,508)
Provision for and write off of receivables	8	(60)	8	(60)
Foreign exchange (loss)/gain	(507)	1,325	(507)	1,325
Gain on disposal of quoted or unquoted investments or properties	-	173	-	173
Reversal of assets	-	3	-	3
Share-based payment under ESOS	(500)	-	(500)	-
Other income including investment income (excluding items disclosed above)	74	73	74	73

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

**21. Status of Corporate Proposal**

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

**22. Group's Borrowings and Debt Securities**

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
Short Term - Secured		
- Term Loans	16,136	15,808
- Hire Purchase	2,940	2,947
	<u>19,076</u>	<u>18,755</u>
Long Term - Secured		
- Term Loans	59,586	63,445
- Hire Purchase	5,271	5,988
	<u>64,857</u>	<u>69,433</u>
	<u><u>83,933</u></u>	<u><u>88,188</u></u>

**23. 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.



**24. Material Litigation**

Save as disclosed below, 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.

Century Total Logistics Sdn Bhd ("CTL" or "Defendant"), a wholly owned subsidiary of Century, was served with a Writ of Summons together with the Statement of Claim on 15 October 2015 in relation to a claim filed by Nestlé Products Sdn Bhd ("NP" or "Plaintiff") through a firm of lawyers acting on its behalf. CTL's claim was filed at the Kuala Lumpur High Court ("KLHC").

NP alleges that it had engaged CTL as its logistics and supply chain service provider and that CTL had failed and/or neglected to exercise due care, diligence and skill in undertaking the scope of work for outbound logistics services as set out in NP's request for quotation.

NP alleges that as a result of the alleged failure and/or breach, it had suffered losses totaling RM21,649,381.64.

NP seeks against CTL the following:

- a) The sum of RM21,649,381.64;
- b) In addition to and/or in the alternative to (a) above, CTL do pay the Plaintiff general damages to be assessed by the Court;
- c) Interest on the sums adjudged to be payable by the Defendant to the Plaintiff at the rate of 5% per annum from the date of the filing of the Writ to the date of full payment;
- d) Costs; and
- e) Such further or other relief as the Court may deem fit and proper to grant.

Meanwhile, CTL has filed 4 claims in Shah Alam Magistrates Court, Shah Alam Sessions Court and Shah Alam High Court ("SAHC") respectively against NP, Nestlé Manufacturing (Malaysia) Sdn Bhd ("NM"), Nestlé Asean (Malaysia) Sdn Bhd ("NA") and Cereal Partners (Malaysia) Sdn Bhd ("CP") for outstanding sums totaling RM853,997.95 payable for services rendered for interim assignments that had been undertaken by CTL. CTL has also claimed against NP for the sum of RM8,443,384.75 being damages and loss of profit resulting from misrepresentation by NP.

Pursuant to an order of the KLHC dated 2 December 2015, NP's KLHC claim was transferred to the SAHC and consolidated with CTL's claim against NP at the SAHC.

NP has filed an application to transfer and consolidate the CTL's claims against NP at the SAHC with CTL's claims against NM, NA and CP ("consolidation application"). At the case management on 11 May 2016, the Court fixed 6 June 2016 as either a next case management date or decision date.

CTL's position is that the Plaintiff's case is baseless and unsubstantiated.

**25. Realised and unrealised earnings or losses disclosure**

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	97,115	92,088
- Unrealised	8,332	9,013
Add: Consolidation adjustments	<u>(1,147)</u>	<u>(1,265)</u>
Total group retained earnings as per consolidated accounts	<u>104,300</u>	<u>99,836</u>

**26. Dividend**

The Board of Directors declares a single tier interim dividend of 1.0 sen per ordinary share in respect of the financial year ending 31 December 2016.

**27. Earnings Per Share**

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.03.2016 RM'000	Preceding year corresponding quarter 31.03.2015 RM'000	Current year to date 31.03.2016 RM'000	Preceding year corresponding period 31.03.2015 RM'000
Net profit attributable to equity holders of the Company	<u>4,464</u>	<u>7,473</u>	<u>4,464</u>	<u>7,473</u>
Weighted average number of ordinary shares in issue	374,219	366,224	374,219	366,224
Effect on dilution of ESOS	<u>2,991</u>	<u>2,312</u>	<u>2,991</u>	<u>2,312</u>
Weighted average number of ordinary shares (diluted)	<u>377,210</u>	<u>368,536</u>	<u>377,210</u>	<u>368,536</u>
Basic earnings per share (sen)	1.19	2.04	1.19	2.04
Diluted earnings per share (sen)	1.18	2.03	1.18	2.03

By Order of the Board of Directors

Company Secretaries

Kuala Lumpur  
16 May 2016