



**Century**<sup>®</sup>

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

Interim report on unaudited consolidated results for the financial period ended 31 December 2015

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2015**

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.12.2015 RM'000	Preceding year corresponding quarter 31.12.2014 RM'000	Current year to date 31.12.2015 RM'000	Preceding year corresponding period 31.12.2014 RM'000
Revenue	73,348	65,687	297,876	275,232
Direct operating expenses	<u>(51,600)</u>	<u>(46,304)</u>	<u>(213,864)</u>	<u>(196,966)</u>
Gross profit	21,748	19,383	84,012	78,266
Net other operating expenses	<u>(13,616)</u>	<u>(418)</u>	<u>(40,238)</u>	<u>(33,115)</u>
Results from operating activities	8,132	18,965	43,774	45,151
Net finance costs	<u>(822)</u>	<u>(554)</u>	<u>(2,771)</u>	<u>(2,712)</u>
Profit before taxation	7,310	18,411	41,003	42,439
Taxation	<u>(1,083)</u>	<u>(1,331)</u>	<u>(9,024)</u>	<u>(9,034)</u>
Profit for the period	<u>6,227</u>	<u>17,080</u>	<u>31,979</u>	<u>33,405</u>
Other comprehensive income				
Foreign currency translation differences for foreign operations	<u>(415)</u>	<u>377</u>	<u>262</u>	<u>393</u>
Other comprehensive income for the period	<u>(415)</u>	<u>377</u>	<u>262</u>	<u>393</u>
Total comprehensive income for the period	<u>5,812</u>	<u>17,457</u>	<u>32,241</u>	<u>33,798</u>
Profit attributable to:				
Equity holders of the Company	6,206	17,038	31,942	33,287
Non-controlling interests	<u>21</u>	<u>42</u>	<u>37</u>	<u>118</u>
Profit for the period	<u>6,227</u>	<u>17,080</u>	<u>31,979</u>	<u>33,405</u>
Total comprehensive income attributable to:				
Equity holders of the Company	5,791	17,415	32,204	33,680
Non-controlling interests	<u>21</u>	<u>42</u>	<u>37</u>	<u>118</u>
Total comprehensive income for the period	<u>5,812</u>	<u>17,457</u>	<u>32,241</u>	<u>33,798</u>
Earnings per share attributable to equity holders of the Company:				
Basic (sen)	<u>1.66</u>	<u>4.65</u>	<u>8.63</u>	<u>9.12</u>
Diluted (sen)	<u>1.61</u>	<u>Not applicable</u>	<u>8.34</u>	<u>Not applicable</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2014.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	As at end of current quarter 31.12.2015 RM'000	As at preceding financial year end 31.12.2014 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	267,211	158,665
Investment property	-	83,500
Other investments	-	352
Goodwill on consolidation	1,443	1,443
	<u>268,654</u>	<u>243,960</u>
<b>Current Assets</b>		
Inventories	3,577	913
Receivables	77,266	93,450
Deposits, cash and bank balances	89,453	71,044
	<u>170,296</u>	<u>165,407</u>
<b>TOTAL ASSETS</b>	<u><u>438,950</u></u>	<u><u>409,367</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	186,818	183,096
Reserves	101,944	87,418
	<u>288,762</u>	<u>270,514</u>
<b>Non-controlling Interests</b>	<u>970</u>	<u>933</u>
<b>Total Equity</b>	<u>289,732</u>	<u>271,447</u>
<b>Non-current Liabilities</b>		
Borrowings	67,547	49,771
Deferred taxation	7,179	9,299
	<u>74,726</u>	<u>59,070</u>
<b>Current Liabilities</b>		
Borrowings	20,641	20,901
Payables	53,851	57,949
	<u>74,492</u>	<u>78,850</u>
<b>Total Liabilities</b>	<u>149,218</u>	<u>137,920</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>438,950</u></u>	<u><u>409,367</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.77	0.74

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2014.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2015**

	Current year to date 31.12.2015 RM'000	Preceding year corresponding period 31.12.2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	31,979	33,405
Adjustments:		
Non-Cash Items	23,680	22,399
Non-Operating Items	<u>(8,524)</u>	<u>(16,731)</u>
Operating profit before working capital changes	47,135	39,073
Movement in working capital:		
Net change in current assets	12,958	9,151
Net change in current liabilities	<u>(4,381)</u>	<u>(6,690)</u>
Cash generated from operations	55,712	41,534
Tax Paid	<u>(11,353)</u>	<u>(8,639)</u>
Net cash generated from operating activities	<u>44,359</u>	<u>32,895</u>
<b>CASH FLOWS (USED IN) / FROM INVESTING ACTIVITIES</b>		
Dividend received	-	12
Interest received	1,823	1,270
Disposal of property, plant and equipment	21,862	46,395
Disposal of investment	299	231
Increase in investment in fixed income funds	(22,152)	(8,065)
Increase in deposits with maturities exceeding 3 months	(12)	(1)
Proceeds from disposal of subsidiary companies	(14)	1,627
Purchase of property, plant and equipment	<u>(41,779)</u>	<u>(8,519)</u>
Net cash (used in) / from investing activities	<u>(39,973)</u>	<u>32,950</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Net proceeds from issuance of shares pursuant to Employees' Share Option Scheme	4,488	-
Subscription of shares in existing subsidiary company by non-controlling interests	-	30
Dividend paid	(20,444)	(18,266)
Proceeds from disposal of treasury shares	-	2,522
Proceeds from borrowings	34,668	6,015
Repayment of hire purchase payables	(3,641)	(3,407)
Repayment of borrowings	(18,618)	(23,865)
Interest paid	<u>(4,594)</u>	<u>(3,982)</u>
Net cash used in financing activities	<u>(8,141)</u>	<u>(40,953)</u>
Net (decrease)/increase in cash and cash equivalents	(3,755)	24,892
Cash and cash equivalents at beginning of the period	<u>44,925</u>	<u>20,033</u>
Cash and cash equivalents at end of the period	<u>41,170</u>	<u>44,925</u>
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	19,449	22,019
Investment in fixed income funds	48,196	26,044
Deposits with financial institutions	<u>21,808</u>	<u>22,981</u>
	89,453	71,044
Less: Investment in fixed income funds	(48,196)	(26,044)
Deposits with maturities in excess of 3 months	<u>(87)</u>	<u>(75)</u>
	<u>41,170</u>	<u>44,925</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2014.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2015**

	← 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 2015	183,096	-	442	86,976	270,514	933	271,447
Issue of shares pursuant to Employees' Share Option Scheme ("ESOS")	3,722	748	18	-	4,488	-	4,488
Share-based payment under ESOS	-	-	2,000	-	2,000	-	2,000
Total comprehensive income for the period	-	-	262	31,942	32,204	37	32,241
Dividends paid	-	-	-	(20,444)	(20,444)	-	(20,444)
As at 31 December 2015	186,818	748	2,722	98,474	288,762	970	289,732
<b>As at preceding year corresponding quarter</b>							
As at 1 January 2014	122,064	-	(1,809)	132,323	252,578	1,190	253,768
Subscription of shares in existing subsidiary company by non-controlling interests	-	-	-	-	-	30	30
Disposal of subsidiary companies	-	-	-	-	-	(405)	(405)
Disposal of treasury shares	-	664	1,858	-	2,522	-	2,522
Bonus issue	61,032	(664)	-	(60,368)	-	-	-
Total comprehensive income for the period	-	-	393	33,287	33,680	118	33,798
Dividends paid	-	-	-	(18,266)	(18,266)	-	(18,266)
As at 31 December 2014	183,096	-	442	86,976	270,514	933	271,447

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2014.

## **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 2014.

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 2014.

### **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 2015. As disclosed in the Group's annual financial statements for the financial year ended 31 December 2014, the following are new/revised accounting standards effective for annual periods beginning on or after 1 January 2015.

Amendments to MFRS 119	Defined Benefit Plan: Employee Contribution
Amendments to MFRSs	Annual Improvements to MFRSs 2010 - 2012 Cycle
Amendments to MFRSs	Annual Improvements to MFRSs 2011 - 2013 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 2014 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 178,000 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**

On 23 December 2015, the Company paid a single tier interim cash dividend of 1.5 sen per share in respect of the financial year ended 31 December 2015, amounting to RM5.604 million.

## 9. Segmental Reporting

Analysis of the Group's revenue and results for the 12 months period ended 31 December 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	245,107	52,769	-	297,876
Inter-segment sales	<u>2,405</u>	<u>-</u>	<u>(2,405)</u>	<u>-</u>
Total revenue	<u>247,512</u>	<u>52,769</u>	<u>(2,405)</u>	<u>297,876</u>
<b>Profit</b>				
Segment results	37,029	6,583	162	43,774
Net finance costs				<u>(2,771)</u>
Profit from ordinary activities before taxation				41,003
Taxation				<u>(9,024)</u>
Profit from ordinary activities after taxation				31,979
Non-controlling interests				<u>(37)</u>
Net profit for the period				<u>31,942</u>

Analysis of the Group's revenue and results for the 12 months period ended 31 December 2014 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	247,236	27,996	-	275,232
Inter-segment sales	<u>2,360</u>	<u>-</u>	<u>(2,360)</u>	<u>-</u>
Total revenue	<u>249,596</u>	<u>27,996</u>	<u>(2,360)</u>	<u>275,232</u>
<b>Profit</b>				
Segment results	42,307	5,184	(2,340)	45,151
Net finance costs				<u>(2,712)</u>
Profit from ordinary activities before taxation				42,439
Taxation				<u>(9,034)</u>
Profit from ordinary activities after taxation				33,405
Non-controlling interests				<u>(118)</u>
Net profit for the period				<u>33,287</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 RM1.648 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 2014.

**15. Review of Performance**

For the financial quarter ended 31 December 2015, the Group's revenue and pre-tax profit were RM73.348 million and RM7.310 million respectively, compared to revenue and pre-tax profit of RM65.687 million and RM18.411 million respectively for the corresponding period in the previous financial year. The increase in revenue was mainly due to higher activities of the Group. However, the decrease in pre-tax profit was mainly due to gain on disposal of property, plant and equipment and gain on revaluation of investment property in the corresponding period in the previous financial year.

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

For the financial quarter ended 31 December 2015, the Group reported revenue and pre-tax profit of RM73.348 million and RM7.310 million respectively, compared to revenue and pre-tax profit of RM76.324 million and RM8.517 million respectively for the preceding quarter. The decrease in revenue and pre-tax profit were mainly due to the lower activities of the procurement logistics services segment.

**17. Prospects for the Next 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 31.12.2015 RM'000	Preceding year corresponding quarter 31.12.2014 RM'000	Current year to date 31.12.2015 RM'000	Preceding year corresponding period 31.12.2014 RM'000
Provision for taxation	2,506	3,029	11,145	9,353
Deferred taxation	<u>(1,423)</u>	<u>(1,698)</u>	<u>(2,121)</u>	<u>(319)</u>
	<u>1,083</u>	<u>1,331</u>	<u>9,024</u>	<u>9,034</u>

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

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.12.2015 RM'000	Preceding year corresponding quarter 31.12.2014 RM'000	Current year to date 31.12.2015 RM'000	Preceding year corresponding period 31.12.2014 RM'000
Interest income	480	363	1,823	1,270
Interest expenses	(1,302)	(917)	(4,594)	(3,982)
Depreciation and amortisation	(2,907)	(1,726)	(10,845)	(10,036)
Provision for and write off of receivables	(346)	710	(1,040)	945
Foreign exchange gain	559	908	3,269	1,454
(Loss)/Gain on disposal of quoted or unquoted investments or properties	(2)	10,648	11,078	14,705
Impairment of goodwill	-	(1,562)	-	(1,562)
Impairment of assets	(27)	(1,860)	(67)	(2,038)
Revaluation gain on investment property	-	2,500	-	2,500
Settlement of claim	-	-	(1,650)	-
Share-based payment under ESOS	(500)	-	(2,000)	-
Other income including investment income (excluding items disclosed above)	100	14	361	541

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 31.12.2015 RM'000	As at 31.12.2014 RM'000
Short Term - Secured		
- Term Loans	17,694	18,547
- Hire Purchase	<u>2,947</u>	<u>2,354</u>
	<u>20,641</u>	<u>20,901</u>
Long Term - Secured		
- Term Loans	61,559	44,655
- Hire Purchase	<u>5,988</u>	<u>5,116</u>
	<u>67,547</u>	<u>49,771</u>
	<u><u>88,188</u></u>	<u><u>70,672</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 RM 21,649,381.64.

NP seeks against CTL the following:

- a) The sum of RM 21,649,381.64;
- 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 RM 853,997.95 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 consolidate the CTL's claim against NP at the SAHC with CTL's claims against NM, NA and CP ("consolidation application"). The hearing date of the consolidation application has yet to be fixed.

The next case management for the SAHC is on 10 March 2016.

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



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

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	90,601	85,059
- Unrealised	9,013	3,146
Add: Consolidation adjustments	<u>(1,140)</u>	<u>(1,229)</u>
Total group retained earnings as per consolidated accounts	<u><u>98,474</u></u>	<u><u>86,976</u></u>

**26. Dividend**

The Board of Directors declares a single tier final dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2015, subject to the approval of the shareholders at the forthcoming Annual General Meeting. The dividends for the financial year ended 31 December 2015 totals 5.5 sen per share.

**27. Earnings Per Share**

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.12.2015 RM'000	Preceding year corresponding quarter 31.12.2014 RM'000	Current year to date 31.12.2015 RM'000	Preceding year corresponding period 31.12.2014 RM'000
Net profit attributable to equity holders of the Company	6,206	17,038	31,942	33,287
Add : After tax effect of interest on ESOS	<u>5</u>	<u>-</u>	<u>26</u>	<u>-</u>
	<u><u>6,211</u></u>	<u><u>17,038</u></u>	<u><u>31,968</u></u>	<u><u>33,287</u></u>
Weighted average number of ordinary shares in issue	373,546	366,193	370,067	365,019
Effect on dilution of ESOS	<u>13,223</u>	<u>-</u>	<u>13,223</u>	<u>-</u>
Weighted average number of ordinary shares (diluted)	<u><u>386,769</u></u>	<u><u>366,193</u></u>	<u><u>383,290</u></u>	<u><u>365,019</u></u>
Basic earnings per share (sen)	1.66	4.65	8.63	9.12
Diluted earnings per share (sen)	1.61	Not applicable	8.34	Not applicable

By Order of the Board of Directors

Company Secretaries

Kuala Lumpur  
25 February 2016