



CENTURY LOGISTICS HOLDINGS BERHAD
(424341-A)

INTERIM FINANCIAL REPORT

30 JUNE 2017

17 AUGUST 2017



Century[®]

CENTURY LOGISTICS HOLDINGS BERHAD (424341-A)

Interim report on unaudited consolidated results for the financial period ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2017

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2017 RM'000	Preceding year corresponding quarter 30.06.2016 RM'000	Current year to date 30.06.2017 RM'000	Preceding year corresponding period 30.06.2016 RM'000
Revenue	71,947	82,578	142,975	152,117
Direct operating expenses	<u>(54,063)</u>	<u>(59,980)</u>	<u>(106,151)</u>	<u>(109,868)</u>
Gross profit	17,884	22,598	36,824	42,249
Net other operating expenses	<u>(12,995)</u>	<u>(14,660)</u>	<u>(24,771)</u>	<u>(27,969)</u>
Results from operating activities	4,889	7,938	12,053	14,280
Net finance costs	<u>(182)</u>	<u>99</u>	<u>(525)</u>	<u>(566)</u>
Profit before taxation	4,707	8,037	11,528	13,714
Taxation	<u>(1,678)</u>	<u>(2,602)</u>	<u>(3,645)</u>	<u>(3,802)</u>
Profit for the period	<u>3,029</u>	<u>5,435</u>	<u>7,883</u>	<u>9,912</u>
Other comprehensive income				
Foreign currency translation differences for foreign operations	<u>10</u>	<u>3</u>	<u>9</u>	<u>30</u>
Other comprehensive income for the period	<u>10</u>	<u>3</u>	<u>9</u>	<u>30</u>
Total comprehensive income for the period	<u>3,039</u>	<u>5,438</u>	<u>7,892</u>	<u>9,942</u>
Profit attributable to:				
Equity holders of the Company	3,013	5,419	7,860	9,883
Non-controlling interests	<u>16</u>	<u>16</u>	<u>23</u>	<u>29</u>
Profit for the period	<u>3,029</u>	<u>5,435</u>	<u>7,883</u>	<u>9,912</u>
Total comprehensive income attributable to:				
Equity holders of the Company	3,023	5,422	7,869	9,913
Non-controlling interests	<u>16</u>	<u>16</u>	<u>23</u>	<u>29</u>
Total comprehensive income for the period	<u>3,039</u>	<u>5,438</u>	<u>7,892</u>	<u>9,942</u>
Earnings per share attributable to equity holders of the Company:				
Basic (sen)	<u>0.77</u>	<u>1.42</u>	<u>2.02</u>	<u>2.62</u>
Diluted (sen)	<u>0.76</u>	<u>1.40</u>	<u>2.00</u>	<u>2.58</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2016.

CENTURY LOGISTICS HOLDINGS BERHAD (424341-A)

Interim report on unaudited consolidated results for the financial period ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	As at end of current quarter 30.06.2017 RM'000	As at preceding financial year end 31.12.2016 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	254,208	257,947
Goodwill on consolidation	1,443	1,443
	<u>255,651</u>	<u>259,390</u>
Current Assets		
Inventories	2,653	4,269
Receivables	77,195	79,524
Deposits, cash and bank balances	76,348	91,640
	<u>156,196</u>	<u>175,433</u>
TOTAL ASSETS	<u><u>411,847</u></u>	<u><u>434,823</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	199,013	192,367
Reserves	113,880	109,118
	<u>312,894</u>	<u>301,485</u>
Non-controlling Interests	<u>1,069</u>	<u>1,046</u>
Total Equity	<u>313,963</u>	<u>302,531</u>
Non-current Liabilities		
Borrowings	38,987	51,753
Deferred taxation	7,093	7,048
	<u>46,080</u>	<u>58,801</u>
Current Liabilities		
Borrowings	14,167	17,611
Payables	37,637	55,880
	<u>51,804</u>	<u>73,491</u>
Total Liabilities	<u>97,884</u>	<u>132,292</u>
TOTAL EQUITY AND LIABILITIES	<u><u>411,847</u></u>	<u><u>434,823</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.80	0.78

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2016.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2017

	Current year to date 30.06.2017 RM'000	Preceding year corresponding period 30.06.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	7,883	9,912
Adjustments:		
Non-Cash Items	9,458	10,020
Non-Operating Items	789	979
	<u>18,130</u>	<u>20,911</u>
Operating profit before working capital changes		
Movement in working capital:		
Net change in current assets	3,903	(4,634)
Net change in current liabilities	(18,978)	(13,691)
	<u>3,055</u>	<u>2,586</u>
Cash generated from operations		
Tax Paid	(2,917)	(2,746)
	<u>138</u>	<u>(160)</u>
Net cash from / (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,036	1,502
Disposal of property, plant and equipment	1	42
Decrease / (Increase) in investment in money market funds	6,209	(5,024)
Purchase of property, plant and equipment	(1,053)	(635)
	<u>6,194</u>	<u>(4,115)</u>
Net cash from / (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares	4,716	5,353
Dividend paid	(1,960)	(7,646)
Repayment of hire purchase payables	(1,438)	(1,678)
Repayment of borrowings	(15,173)	(7,534)
Interest paid	(1,561)	(2,068)
	<u>(15,416)</u>	<u>(13,573)</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(9,084)	(17,848)
Cash and cash equivalents at beginning of the period	27,120	41,170
Cash and cash equivalents at end of the period	<u>18,036</u>	<u>23,322</u>
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	15,654	14,720
Investment in money market funds	58,223	53,221
Deposits with licensed banks	2,471	8,687
	<u>76,348</u>	<u>76,628</u>
Less: Investment in money market funds	(58,223)	(53,221)
Deposits with maturities in excess of 3 months	(89)	(85)
	<u>18,036</u>	<u>23,322</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2016.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

	Attributable to Equity Holders of the Company				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 2017	192,367	1,948	719	106,451	301,485	1,046	302,531
Issue of shares pursuant to exercise of Employees' Share Option Scheme ("ESOS")	4,698	-	18	-	4,716	-	4,716
Transfer arising from "no par value" regime of Companies Act 2016 *	1,948	(1,948)	-	-	-	-	-
Share-based payment under ESOS	-	-	784	-	784	-	784
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
As at preceding year corresponding quarter							
As at 1 January 2016	186,818	748	1,366	99,836	288,768	964	289,732
Issue of shares pursuant to exercise of ESOS	4,370	964	19	-	5,353	-	5,353
Share-based payment under ESOS	-	-	1,000	-	1,000	-	1,000
Total comprehensive income for the period	-	-	30	9,883	9,913	29	9,942
Dividends paid	-	-	-	(7,646)	(7,646)	-	(7,646)
As at 30 June 2016	191,188	1,712	2,415	102,073	297,388	993	298,381

*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 2016.

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 2016.

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 2016.

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 2017. As disclosed in the Group's annual financial statements for the financial year ended 31 December 2016, the following are new/revised accounting standards effective for annual periods beginning on or after 1 January 2017.

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above amendments did not have any material impact on the financial statements of the Group.

Companies Act 2016

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act 1965 and became effective on 31 January 2017.

Amongst the key changes introduced in the New Act which affect the financial statements of the Group and of the Company upon the commencement of the New Act on 31 January 2017 are:

- (i) removal of the authorised share capital;
- (ii) shares of the Company ceased to have par or nominal value; and
- (iii) the Company's share premium account became part of the Company's share capital.

The adoption of the above did not have any significant effects on interim financial report upon their initial application.

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 2016 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 1,461,500 new ordinary shares 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 25 May 2017, the Company paid a single tier final dividend of 0.5 sen per share in respect of the financial year ended 31 December 2016, amounting to RM1.960 million.

9. Segmental Reporting

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	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>(643)</u>	<u>-</u>
Total revenue	<u>121,746</u>	<u>21,872</u>	<u>(643)</u>	<u>142,975</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>7,860</u>

Analysis of the Group's revenue and results for the 6 months period ended 30 June 2016 is as follows:

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
Revenue				
External sales	126,910	25,207	-	152,117
Inter-segment sales	<u>754</u>	<u>-</u>	<u>(754)</u>	<u>-</u>
Total revenue	<u>127,664</u>	<u>25,207</u>	<u>(754)</u>	<u>152,117</u>
Profit				
Segment results	11,192	3,088	-	14,280
Net finance costs				<u>(566)</u>
Profit from ordinary activities before taxation				13,714
Taxation				<u>(3,802)</u>
Profit from ordinary activities after taxation				9,912
Non-controlling interests				<u>(29)</u>
Net profit for the period				<u>9,883</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 changes in the composition of the Group during the 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 RM12.899 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 2016.

15. Review of Performance

For the financial quarter ended 30 June 2017, the Group's revenue and pre-tax profit were RM71.947 million and RM4.707 million respectively, compared to revenue and pre-tax profit of RM82.578 million and RM8.037 million respectively for the corresponding period in the previous financial year. Revenue for Q2'17 comprises RM59.313 million (Q2'16: 66.866 million) contributed by Total Logistics Services and RM12.634 million (Q2'16: RM15.712 million) by Procurement Logistics Services. Earnings before interest and tax ("EBIT") for Q2'17 was RM4.889 million (Q2'16: RM7.938 million), of which RM3.892 million (Q2'16: RM6.180 million) was from Total Logistics Services and RM997 million (Q2'16: RM1.758 million) from Procurement Logistics Services. EBIT for Total Logistics Services and Procurement Logistics Services recorded a decrease of 37% and 43% respectively due to the lower activity in both segments resulting primarily from the Hari Raya festival during Q2'17.

16. Comparison with Immediate Preceding Quarter's Results

For the financial quarter ended 30 June 2017, the Group reported revenue and pre-tax profit of RM71.947 million and RM4.707 million respectively, compared to revenue and pre-tax profit of RM71.028 million and RM6.821 million respectively for the preceding quarter. Revenue for Q2'17 comprises RM59.313 million (Q1'17: 61.790 million) contributed by Total Logistics Services and RM12.634 million (Q1'17: RM9.238 million) by Procurement Logistics Services. EBIT for Q2'17 was RM4.889 million (Q1'17: RM7.164 million), of which RM3.892 million (Q1'17: RM6.450 million) was from Total Logistics Services and RM997 million (Q1'17: RM0.714 million) from Procurement Logistics Services. EBIT for Total Logistics Services recorded a decrease of 40% due to lower activities. Procurement Logistics Services recorded an increase of 40% due to the higher activities in Q2'17.

17. Prospects for the Current Financial Year

The logistics sector is expected to remain challenging in 2017. In order to address this expectation, the Group will 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 also intends to tap on the extensive network and infrastructure of its major shareholder, CJ Logistics Group. The Group is currently setting up the necessary infrastructure to roll-out its parcel delivery operation and expects to commence the operation soon.

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 30.06.2017 RM'000	Preceding year corresponding quarter 30.06.2016 RM'000	Current year to date 30.06.2017 RM'000	Preceding year corresponding period 30.06.2016 RM'000
Provision for taxation	1,631	2,454	3,600	4,064
Deferred taxation	47	148	45	(262)
	<u>1,678</u>	<u>2,602</u>	<u>3,645</u>	<u>3,802</u>

20. Note to the Statement of Comprehensive Income

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2017 RM'000	Preceding year corresponding quarter 30.06.2016 RM'000	Current year to date 30.06.2017 RM'000	Preceding year corresponding period 30.06.2016 RM'000
Interest income	550	1,111	1,036	1,502
Interest expenses	(732)	(1,012)	(1,561)	(2,068)
Depreciation and amortisation	(2,563)	(2,740)	(5,194)	(5,579)
Provision for and write off of receivables	(75)	(81)	(94)	(73)
Foreign exchange gain/(loss)	(21)	(324)	182	(831)
Gain on disposal of quoted or unquoted investments or properties	1	42	1	42
Share-based payment under ESOS	(392)	(500)	(784)	(1,000)
Other income including investment income (excluding items disclosed above)	130	67	196	141

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 30.06.2017 RM'000	As at 31.12.2016 RM'000
Short Term - Secured		
- Term Loans	11,398	14,802
- Hire Purchase	2,769	2,809
	<u>14,167</u>	<u>17,611</u>
Long Term - Secured		
- Term Loans	37,069	48,839
- Hire Purchase	1,918	2,914
	<u>38,987</u>	<u>51,753</u>
	<u><u>53,154</u></u>	<u><u>69,364</u></u>

During the financial period, the Group has fully redeemed a term loan facility totalling RM8.967 million.

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

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.

25. Realised and unrealised earnings or losses disclosure

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	107,491	101,467
- Unrealised	8,277	8,378
Add: Consolidation adjustments	<u>(3,417)</u>	<u>(3,394)</u>
Total group retained earnings as per consolidated accounts	<u><u>112,351</u></u>	<u><u>106,451</u></u>

26. 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 2017.

27. Earnings Per Share

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2017 RM'000	Preceding year corresponding quarter 30.06.2016 RM'000	Current year to date 30.06.2017 RM'000	Preceding year corresponding period 30.06.2016 RM'000
Net profit attributable to equity holders of the Company	<u>3,013</u>	<u>5,419</u>	<u>7,860</u>	<u>9,883</u>
Weighted average number of ordinary shares in issue	391,980	381,136	389,846	377,678
Effect on dilution of ESOS	<u>3,690</u>	<u>5,171</u>	<u>3,690</u>	<u>5,171</u>
Weighted average number of ordinary shares (diluted)	<u><u>395,670</u></u>	<u><u>386,307</u></u>	<u><u>393,536</u></u>	<u><u>382,849</u></u>
Basic earnings per share (sen)	0.77	1.42	2.02	2.62
Diluted earnings per share (sen)	0.76	1.40	2.00	2.58

By Order of the Board of Directors

Company Secretaries

Kuala Lumpur
17 August 2017