



CENTURY LOGISTICS HOLDINGS BERHAD (424341-A)

Interim report on unaudited consolidated results for the financial period ended 30 September 2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.09.2016 RM'000	Preceding year corresponding quarter 30.09.2015 RM'000	Current year to date 30.09.2016 RM'000	Preceding year corresponding period 30.09.2015 RM'000
Revenue	73,548	76,324	225,665	224,528
Direct operating expenses	<u>(54,847)</u>	<u>(54,660)</u>	<u>(164,715)</u>	<u>(162,264)</u>
Gross profit	18,701	21,664	60,950	62,264
Gain on disposal of property	-	-	-	10,785
Net other operating expenses	<u>(12,806)</u>	<u>(12,295)</u>	<u>(40,775)</u>	<u>(37,407)</u>
Results from operating activities	5,895	9,369	20,175	35,642
Net finance costs	<u>(632)</u>	<u>(852)</u>	<u>(1,198)</u>	<u>(1,949)</u>
Profit before taxation	5,263	8,517	18,977	33,693
Taxation	<u>(1,225)</u>	<u>(2,231)</u>	<u>(5,027)</u>	<u>(7,941)</u>
Profit for the period	<u>4,038</u>	<u>6,286</u>	<u>13,950</u>	<u>25,752</u>
Other comprehensive income				
Foreign currency translation differences for foreign operations	<u>1</u>	<u>427</u>	<u>31</u>	<u>677</u>
Other comprehensive income for the period	<u>1</u>	<u>427</u>	<u>31</u>	<u>677</u>
Total comprehensive income for the period	<u><u>4,039</u></u>	<u><u>6,713</u></u>	<u><u>13,981</u></u>	<u><u>26,429</u></u>
Profit attributable to:				
Equity holders of the Company	4,007	6,275	13,890	25,736
Non-controlling interests	<u>31</u>	<u>11</u>	<u>60</u>	<u>16</u>
Profit for the period	<u><u>4,038</u></u>	<u><u>6,286</u></u>	<u><u>13,950</u></u>	<u><u>25,752</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	4,008	6,702	13,921	26,413
Non-controlling interests	<u>31</u>	<u>11</u>	<u>60</u>	<u>16</u>
Total comprehensive income for the period	<u><u>4,039</u></u>	<u><u>6,713</u></u>	<u><u>13,981</u></u>	<u><u>26,429</u></u>
Earnings per share attributable to equity holders of the Company:				
Basic (sen)	<u>1.05</u>	<u>1.69</u>	<u>3.66</u>	<u>6.98</u>
Diluted (sen)	<u>1.03</u>	<u>1.64</u>	<u>3.59</u>	<u>6.80</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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	As at end of current quarter 30.09.2016 RM'000	As at preceding financial year end 31.12.2015 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	260,365	267,211
Goodwill on consolidation	1,443	1,443
	<u>261,808</u>	<u>268,654</u>
Current Assets		
Inventories	4,648	3,552
Receivables	76,844	76,955
Deposits, cash and bank balances	80,257	89,453
	<u>161,749</u>	<u>169,960</u>
TOTAL ASSETS	<u><u>423,557</u></u>	<u><u>438,614</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	192,214	186,818
Reserves	105,126	101,950
	<u>297,340</u>	<u>288,768</u>
Non-controlling Interests	<u>1,023</u>	<u>964</u>
Total Equity	<u>298,363</u>	<u>289,732</u>
Non-current Liabilities		
Borrowings	56,246	69,433
Deferred taxation	6,899	7,179
	<u>63,145</u>	<u>76,612</u>
Current Liabilities		
Borrowings	18,031	18,755
Payables	44,018	53,515
	<u>62,049</u>	<u>72,270</u>
Total Liabilities	<u>125,194</u>	<u>148,882</u>
TOTAL EQUITY AND LIABILITIES	<u><u>423,557</u></u>	<u><u>438,614</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.77	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 30 SEPTEMBER 2016

	Current year to date 30.09.2016 RM'000	Preceding year corresponding period 30.09.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	13,950	25,752
Adjustments:		
Non-Cash Items	14,396	18,522
Non-Operating Items	1,507	(8,857)
Operating profit before working capital changes	29,853	35,417
Movement in working capital:		
Net change in current assets	(1,266)	(23,779)
Net change in current liabilities	(9,051)	4,435
Cash generated from operations	19,537	16,073
Tax Paid	(5,403)	(9,486)
Net cash from operating activities	14,133	6,587
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	1,826	1,343
Disposal of property, plant and equipment	152	21,606
Disposal of investment	-	230
Increase in investment in money market funds	(8,574)	(18,609)
Purchase of property, plant and equipment	(1,523)	(41,586)
Net cash used in investing activities	(8,119)	(37,016)
CASH FLOWS (USED IN) / FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares	6,549	4,368
Dividend paid	(13,398)	(14,841)
Proceeds from borrowings	-	32,853
Repayment of hire purchase payables	(2,320)	(2,835)
Repayment of borrowings	(11,591)	(15,567)
Interest paid	(3,024)	(3,292)
Net cash (used in) / from financing activities	(23,784)	686
Net decrease in cash and cash equivalents	(17,770)	(29,743)
Cash and cash equivalents at beginning of the period	41,170	44,925
Cash and cash equivalents at end of the period	23,400	15,182
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	19,998	3,170
Investment in money market funds	56,771	44,639
Deposits with licensed banks	3,488	12,101
Less: Investment in money market funds	(56,771)	(44,639)
Deposits with maturities in excess of 3 months	(86)	(89)
	23,400	15,182

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 30 SEPTEMBER 2016

	← Issued Capital RM'000	← Attributable to Equity Holders of the Company →			→ Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000	
		Share Premium Reserve RM'000	Non-distributable	Other Reserves RM'000				Distributable Retained Earnings RM'000
As at end of current 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 Employees' Share Option Scheme ("ESOS")	5,396	1,170		(17)	-	6,549	-	6,549
Share-based payment under ESOS	-	-		1,500	-	1,500	-	1,500
Total comprehensive income for the period	-	-		31	13,890	13,921	60	13,980
Dividends paid	-	-		-	(13,398)	(13,398)	-	(13,398)
As at 30 September 2016	192,214	1,918		2,880	100,328	297,340	1,024	298,363
As at preceding year corresponding quarter								
As at 1 January 2015	183,096	-		442	86,976	270,514	933	271,447
Issue of shares pursuant to exercise of ESOS	3,633	728		7	-	4,368	-	4,368
Share-based payment under ESOS	-	-		1,500	-	1,500	-	1,500
Total comprehensive income for the period	-	-		677	25,736	26,413	16	26,429
Dividends paid	-	-		-	(14,841)	(14,841)	-	(14,841)
As at 30 September 2015	186,729	728		2,626	97,871	287,954	949	288,903

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 2,052,500 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 22 September 2016, the Company paid a single tier interim dividend of 1.5 sen per share in respect of the financial year ending 31 December 2016, amounting to RM5.752 million.

9. Segmental Reporting

Analysis of the Group's revenue and results for the 9 months period ended 30 September 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	188,270	37,395	-	225,665
Inter-segment sales	<u>1,015</u>	<u>-</u>	<u>(1,015)</u>	<u>-</u>
Total revenue	<u><u>189,285</u></u>	<u><u>37,395</u></u>	<u><u>(1,015)</u></u>	<u><u>225,665</u></u>
Profit				
Segment results	15,775	4,400	-	20,175
Net finance costs				<u>(1,198)</u>
Profit from ordinary activities before taxation				18,977
Taxation				<u>(5,027)</u>
Profit from ordinary activities after taxation				13,950
Non-controlling interests				<u>(60)</u>
Net profit for the period				<u><u>13,890</u></u>

Analysis of the Group's revenue and results for the 9 months period ended 30 September 2015 is as follows:

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
Revenue				
External sales	182,179	42,349	-	224,528
Inter-segment sales	<u>2,117</u>	<u>-</u>	<u>(2,117)</u>	<u>-</u>
Total revenue	<u><u>184,296</u></u>	<u><u>42,349</u></u>	<u><u>(2,117)</u></u>	<u><u>224,528</u></u>
Profit				
Segment results	18,237	6,620	-	24,857
Gain on disposal of property				10,785
Net finance costs				<u>(1,949)</u>
Profit from ordinary activities before taxation				33,693
Taxation				<u>(7,941)</u>
Profit from ordinary activities after taxation				25,752
Non-controlling interests				<u>(16)</u>
Net profit for the period				<u><u>25,736</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 RM2.774 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 30 September 2016, the Group's revenue and pre-tax profit were RM73.548 million and RM5.263 million respectively, compared to revenue and pre-tax profit of RM76.324 million and RM8.517 million respectively for the corresponding period in the previous financial year. The decrease in revenue by 3.6% and pre-tax profit by 38% were mainly due to the lower activities of both the Total Logistics Services and Procurement Logistics Services segments.

16. Comparison with Immediate Preceding Quarter's Results

For the financial quarter ended 30 September 2016, the Group reported revenue and pre-tax profit of RM73.548 million and RM5.263 million respectively, compared to revenue and pre-tax profit of RM82.578 million and RM8.037 million respectively for the preceding quarter. The decrease in revenue and pre-tax profit were due to the generally lower activities of both the Total Logistics Services and Procurement Logistics Services segments.

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 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 new major shareholder, CJ Korea Express Corporation.

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 30.09.2016 RM'000	Preceding year corresponding quarter 30.09.2015 RM'000	Current year to date 30.09.2016 RM'000	Preceding year corresponding period 30.09.2015 RM'000
Provision for taxation	1,243	2,393	5,307	8,639
Deferred taxation	<u>(18)</u>	<u>(162)</u>	<u>(280)</u>	<u>(698)</u>
	<u>1,225</u>	<u>2,231</u>	<u>5,027</u>	<u>7,941</u>

20. Note to the Statement of Comprehensive Income

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.09.2016 RM'000	Preceding year corresponding quarter 30.09.2015 RM'000	Current year to date 30.09.2016 RM'000	Preceding year corresponding period 30.09.2015 RM'000
Interest income	324	363	1,826	1,343
Interest expenses	(956)	(1,215)	(3,024)	(3,292)
Depreciation and amortisation	(2,655)	(2,986)	(8,234)	(7,938)
Provision for and write off of receivables	135	(154)	62	(694)
Foreign exchange (loss)/gain	489	485	(342)	2,710
Gain on disposal of quoted or unquoted investments or properties	(25)	92	17	11,080
Reversal of unquoted investment	-	(60)	-	(40)
Settlement of claim	-	-	-	(1,650)
Share-based payment under ESOS	(500)	(500)	(1,500)	(1,500)
Other income including investment income (excluding items disclosed above)	52	75	193	261

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 30.09.2016 RM'000	As at 31.12.2015 RM'000
Short Term - Secured		
- Term Loans	15,164	15,808
- Hire Purchase	2,867	2,947
	<u>18,031</u>	<u>18,755</u>
Long Term - Secured		
- Term Loans	52,498	63,445
- Hire Purchase	3,748	5,988
	<u>56,246</u>	<u>69,433</u>
	<u><u>74,277</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.

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.

On 11 November 2016, CTL has reached an amicable settlement with NP, Nestle Manufacturing (Malaysia) Sdn Bhd, Nestle Asean (Malaysia) Sdn Bhd and Cereal Partners (Malaysia) Sdn Bhd in respect of the on-going court proceedings on the following terms :

1. The parties have withdrawn their respective claims filed in the courts against each other with no order as to cost and without liberty to file afresh; and
2. Without admission to any liability by either parties, CTL has paid NP the sum of RM2,250,000.00 as full and final settlement of all claims.

25. Realised and unrealised earnings or losses disclosure

	As at 30.09.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	93,354	92,088
- Unrealised	8,168	9,013
Add: Consolidation adjustments	<u>(1,194)</u>	<u>(1,265)</u>
Total group retained earnings as per consolidated accounts	<u>100,328</u>	<u>99,836</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 2016.

27. Earnings Per Share

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.09.2016 RM'000	Preceding year corresponding quarter 30.09.2015 RM'000	Current year to date 30.09.2016 RM'000	Preceding year corresponding period 30.09.2015 RM'000
Net profit attributable to equity holders of the Company	<u>4,007</u>	<u>6,275</u>	<u>13,890</u>	<u>25,736</u>
Weighted average number of ordinary shares in issue	382,856	372,132	379,404	368,907
Effect on dilution of ESOS	<u>7,645</u>	<u>9,942</u>	<u>7,645</u>	<u>9,942</u>
Weighted average number of ordinary shares (diluted)	<u>390,502</u>	<u>382,074</u>	<u>387,049</u>	<u>378,849</u>
Basic earnings per share (sen)	1.05	1.69	3.66	6.98
Diluted earnings per share (sen)	1.03	1.64	3.59	6.80

By Order of the Board of Directors

Company Secretaries

Kuala Lumpur
22 November 2016