



CJ CENTURY LOGISTICS HOLDINGS BERHAD
199701008845 (424341-A)

INTERIM FINANCIAL REPORT

30 JUNE 2021

25 AUGUST 2021



CJ CENTURY LOGISTICS HOLDINGS BERHAD (Registration No. 199701008845 (424341-A))

Interim report on unaudited consolidated results for the financial period ended 30 June 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2021

	-----Individual quarter-----				-----Cumulative quarter-----			
	Current year quarter 30.06.2021 RM'000	Preceding year corresponding quarter 30.06.2020 RM'000	-----Changes-----		Current year to date 30.06.2021 RM'000	Preceding year corresponding period 30.06.2020 RM'000	-----Changes-----	
			RM'000	%			RM'000	%
Continuing Operations								
Revenue	231,130	119,541	111,589	93%	451,027	220,510	230,517	105%
Direct operating expenses	(200,832)	(97,302)	(103,530)	-106%	(388,537)	(177,744)	(210,793)	-119%
Gross profit	30,298	22,238	8,060	36%	62,490	42,766	19,724	46%
Net other operating expenses	(21,219)	(16,919)	(4,300)	-25%	(43,702)	(32,337)	(11,364)	-35%
Results from operating activities	9,079	5,319	3,760	71%	18,788	10,429	8,360	80%
Net finance costs	(2,412)	(961)	(1,452)	-151%	(4,852)	(2,681)	(2,172)	-81%
Profit before taxation from continuing operations	6,666	4,358	2,308	53%	13,936	7,748	6,188	80%
Taxation	(3,556)	1,747	(5,303)	-304%	(3,894)	1,686	(5,580)	-331%
Profit for the period from continuing operations	3,110	6,105	(2,995)	-49%	10,042	9,434	608	6%
Discontinued Operations								
Loss for the period from discontinued operations	(11,279)	(6,790)	(4,489)	-66%	(20,406)	(13,643)	(6,763)	-50%
Loss for the period	(8,169)	(685)	(7,484)	-1093%	(10,364)	(4,209)	(6,155)	-146%
Other comprehensive income								
Foreign currency translation differences for foreign operations	(7)	4	(11)	-275%	(21)	(12)	(9)	-75%
Other comprehensive income for the period from continuing operations	(7)	4	(11)	-275%	(21)	(12)	(9)	-75%
Total comprehensive loss for the period	(8,176)	(681)	(7,495)	-1101%	(10,385)	(4,221)	(6,164)	-146%
Profit / (loss) attributable to:								
Equity holders of the Company								
-Continuing operations	3,090	6,078	(2,988)	-49%	9,977	9,383	594	6%
-Discontinued operations	(11,279)	(6,790)	(4,489)	-66%	(20,406)	(13,643)	(6,763)	-50%
	(8,189)	(712)	(7,477)	-1050%	(10,429)	(4,260)	(6,169)	-145%
Non-controlling interests								
-Continuing operations	20	27	(7)	-26%	65	51	14	27%
-Discontinued operations	-	-	-	0%	-	-	-	0%
	20	27	(7)	-26%	65	51	14	27%
Loss for the period	(8,169)	(685)	(7,484)	-1093%	(10,364)	(4,209)	(6,155)	-146%
Total comprehensive income / (loss) attributable to:								
Equity holders of the Company								
-Continuing operations	3,083	6,082	(2,999)	-49%	9,956	9,371	585	6%
-Discontinued operations	(11,279)	(6,790)	(4,489)	-66%	(20,406)	(13,643)	(6,763)	-50%
	(8,196)	(708)	(7,488)	-1058%	(10,450)	(4,272)	(6,178)	-145%
Non-controlling interests								
-Continuing operations	20	27	(7)	-26%	65	51	14	27%
-Discontinued operations	-	-	-	0%	-	-	-	0%
	20	27	(7)	-26%	65	51	14	27%
Total comprehensive loss for the period	(8,176)	(681)	(7,495)	-1101%	(10,385)	(4,221)	(6,164)	-146%
Earnings / (loss) per share attributable to equity holders of the Company:								
Basic (sen)								
-Continuing operations	0.53	1.43	(0.91)	-63%	1.70	2.31	(0.61)	-26%
-Discontinued operations	(1.92)	(1.60)	(0.32)	-20%	(3.48)	(3.35)	(0.12)	-4%
	(1.40)	(0.17)	(1.23)	-732%	(1.78)	(1.05)	(0.73)	-70%
Diluted (sen)*								
-Continuing operations	0.53	1.43	(0.91)	-63%	1.70	2.31	(0.61)	-26%
-Discontinued operations	(1.92)	(1.60)	(0.32)	-20%	(3.48)	(3.35)	(0.12)	-4%
	(1.40)	(0.17)	(1.23)	-732%	(1.78)	(1.05)	(0.73)	-70%

* The Group's basic and diluted earnings per share are the same as the Group does not have any convertible options as at the end of the reporting period.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	As at end of current quarter 30.06.2021 RM'000	As at preceding financial year end 31.12.2020 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	431,140	462,018
Other investment	60	60
Right-of-use assets	23,040	22,011
Deferred tax asset	3	3
Intangible assets	<u>23,917</u>	<u>23,166</u>
	<u>478,159</u>	<u>507,258</u>
Current Assets		
Inventories	27,755	36,434
Receivables	223,079	220,118
Deposits, cash and bank balances	<u>43,704</u>	<u>60,205</u>
	294,538	316,757
Assets of disposal group classified as held for sale	<u>45,472</u>	<u>-</u>
Total Current Assets	<u>340,010</u>	<u>316,757</u>
TOTAL ASSETS	<u>818,169</u>	<u>824,015</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	300,043	300,043
Treasury shares	(3,844)	(3,368)
Reserves	<u>108,780</u>	<u>119,230</u>
	404,979	415,905
Non-controlling Interests	<u>1,118</u>	<u>1,053</u>
Total Equity	<u>406,097</u>	<u>416,958</u>
Non-current Liabilities		
Borrowings	135,740	148,703
Lease liabilities	9,953	10,287
Deferred taxation	<u>5,863</u>	<u>5,903</u>
	<u>151,555</u>	<u>164,893</u>
Current Liabilities		
Borrowings	54,426	62,132
Payables	146,293	167,820
Lease liabilities	<u>13,620</u>	<u>12,212</u>
	214,338	242,164
Liabilities directly associated with the disposal group classified as held for sale	<u>46,178</u>	<u>-</u>
Total Current Liabilities	<u>260,517</u>	<u>242,164</u>
Total Liabilities	<u>412,072</u>	<u>407,057</u>
TOTAL EQUITY AND LIABILITIES	<u>818,169</u>	<u>824,015</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.69	0.71

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2021

	Current year to date 30.06.2021 RM'000	Preceding year corresponding period 30.06.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) for the year		
Continuing Operations	10,042	9,434
Discontinued Operations	<u>(20,406)</u>	<u>(13,643)</u>
	(10,364)	(4,209)
Adjustments:		
Non-Cash Items		
-Continuing Operations	26,209	13,740
-Discontinued Operations	3,778	3,781
Non-Operating Items		
-Continuing Operations	(238)	(183)
-Discontinued Operations	<u>-</u>	<u>31</u>
Operating profit before working capital changes	19,385	13,160
Movement in working capital:		
Net change in current assets	(5,320)	3,366
Net change in current liabilities	<u>(12,179)</u>	<u>(20,814)</u>
Cash generated from / (used in) operations	1,886	(4,288)
Tax (paid) / refunded	<u>(2,442)</u>	<u>1,196</u>
Net cash used in operating activities	<u>(556)</u>	<u>(3,093)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	33,304
Interest received	354	821
Disposal of property, plant and equipment	461	681
Decrease in investment in money market funds	5,513	29,713
Purchase of property, plant and equipment	<u>(5,760)</u>	<u>(7,342)</u>
Net cash from investing activities	<u>568</u>	<u>57,176</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	29,000	9,000
Repayment of lease liabilities	(10,196)	(4,620)
Repayment of hire purchase payables	(4,882)	(2,998)
Repayment of borrowings	(19,536)	(7,201)
Purchase of treasury shares	(476)	-
Interest paid	<u>(4,910)</u>	<u>(3,864)</u>
Net cash used in financing activities	<u>(11,000)</u>	<u>(9,682)</u>
Net (decrease) / increase in cash and cash equivalents	(10,988)	44,401
Cash and cash equivalents at beginning of the period	<u>43,716</u>	<u>23,046</u>
Cash and cash equivalents at end of the period	<u>32,728</u>	<u>67,447</u>
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	28,551	47,698
Investment in money market funds	10,976	12,240
Deposits with licensed banks	<u>4,177</u>	<u>19,749</u>
	43,704	79,687
Less: Investment in money market funds	<u>(10,976)</u>	<u>(12,240)</u>
	<u>32,728</u>	<u>67,447</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2021

	← 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 Treasury Shares RM'000	→ Other Reserves RM'000	Distributable Retained Earnings RM'000			
As at 1 January 2021	300,043	(3,368)	736	118,494	415,905	1,053	416,958
Purchase of treasury shares	-	(476)	-	-	(476)	-	(476)
Total comprehensive loss for the period	-	-	(21)	(10,429)	(10,450)	65	(10,385)
As at 30 June 2021	300,043	(3,844)	715	108,065	404,979	1,118	406,097
As at preceding year corresponding quarter							
As at 1 January 2020	200,043	(2,506)	3,586	114,741	315,864	929	316,793
Issue of shares	100,000	-	-	-	100,000	-	100,000
Transfer to retained earnings upon lapse of Employees' Share Option Scheme ("ESOS")	-	-	(2,831)	2,831	-	-	-
Total comprehensive loss for the period	-	-	(12)	(4,260)	(4,272)	51	(4,221)
As at 30 June 2020	300,043	(2,506)	743	113,312	411,592	980	412,572

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2020.

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 2020.

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 2020.

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 2021. As disclosed in the Group's annual financial statements for the financial year ended 31 December 2020, the following are new/revised accounting standards effective for annual periods beginning on or after 1 January 2021.

Amendments to MFRS 9, MFRS 139 MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform-Phase 2
Amendment to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

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

The Group has not applied the following MFRSs which have been issued as at the end of reporting period but are not yet effective :-

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts—Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018–2020	
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture

The above pronouncements do not have any material impact on the financial statements of the Group.

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 2020 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.

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 6 months period ended 30 June 2021 is as follows:

	Total Logistics Services	Procurement Logistics Services	Total from Continuing Operations	Total from Discontinued Operations- Courier Services	Consolidation Adjustment	Group Results
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	331,861	119,166	451,027	26,502	-	477,529
Inter-segment sales	<u>8,538</u>	<u>-</u>	<u>8,538</u>	<u>52</u>	<u>(8,590)</u>	<u>-</u>
Total revenue	<u><u>340,400</u></u>	<u><u>119,166</u></u>	<u><u>459,566</u></u>	<u><u>26,553</u></u>	<u><u>(8,590)</u></u>	<u><u>477,529</u></u>
Profit						
Segment results	13,089	5,910	18,999	(19,943)	(211)	(1,155)
Net finance costs						<u>(5,315)</u>
Loss from ordinary activities before taxation						(6,470)
Taxation						<u>(3,894)</u>
Loss from ordinary activities after taxation						(10,364)
Non-controlling interests						<u>(65)</u>
Net loss for the period						<u><u>(10,429)</u></u>

Analysis of the Group's revenue and results for the 6 months period ended 30 June 2020 is as follows:

	Total Logistics Services	Procurement Logistics Services	Total from Continuing Operations	Total from Discontinued Operations- Courier Services	Consolidation Adjustment	Group Results
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	137,340	83,170	220,510	19,880	-	240,390
Inter-segment sales	<u>2,414</u>	<u>-</u>	<u>2,414</u>	<u>-</u>	<u>(2,414)</u>	<u>-</u>
Total revenue	<u><u>139,754</u></u>	<u><u>83,170</u></u>	<u><u>222,924</u></u>	<u><u>19,880</u></u>	<u><u>(2,414)</u></u>	<u><u>240,390</u></u>
Profit						
Segment results	8,692	1,740	10,432	(13,028)	(3)	(2,599)
Net finance costs						<u>(3,296)</u>
Loss from ordinary activities before taxation						(5,895)
Taxation						<u>1,686</u>
Loss from ordinary activities after taxation						(4,209)
Non-controlling interests						<u>(51)</u>
Net loss for the period						<u><u>(4,260)</u></u>

Total revenue of the Group was RM477.529 million, representing an increase of 99% from RM240.390 million in the corresponding period ended 30 June 2020. The Group recorded an operating profit of RM18.999 million from RM10.432 million for the six months ended 30 June 2021 for Continuing Operations. The Group recorded an operating loss of RM19.943 million from RM13.028 million in the six months ended 30 June 2021 for Discontinued Operations.

Total Logistics Services

Segment revenue and profit from the Total Logistics Services operations for the period under review increased by RM194.521 million and RM4.397 million respectively as compared to the corresponding period ended 30 June 2020 mainly due to the contributions from CJ Korea Express Malaysia Sdn. Bhd. as well as overall higher total logistics activities.

Procurement Logistics Services

The Procurement Logistics segment recorded a higher segment revenue and profit of RM119.166 million and RM5.910 million for the six months ended 30 June 2021 compared to RM83.170 million and RM1.740 million respectively in the corresponding period ended 30 June 2020. The increase in revenue and profit were mainly attributable to the stronger recovery in economic activities and higher export during the financial period.

Courier Services

For the financial period ended 30 June 2021, the courier services revenue and segment loss were RM26.502 million and RM19.943 million as compared to RM19.880 million and RM13.028 million respectively in the corresponding period ended 30 June 2020. The loss was mainly attributable to the poor margins due to competitive pressures.

9. Segmental Reporting (cont'd)

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Total from Continuing Operations RM'000	Total from Discontinued Operations- Courier Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
As at 30 June 2021						
Segment Assets	997,263	115,033	1,112,296	45,472	(339,599)	<u>818,169</u>
Segment Liabilities	544,514	68,781	613,296	46,178	(247,402)	<u>412,072</u>
As at 30 June 2020						
Segment Assets	917,378	103,236	1,020,614	43,163	(301,382)	<u>762,395</u>
Segment Liabilities	496,631	63,700	560,331	19,179	(229,687)	<u>349,823</u>

As at 30 June 2021, the Courier Services segment had been classified as a disposal group held for sale and as a discontinued operation following the Group's strategic decision to exit from the courier services business. The assets of the disposal group had been presented as "Assets held for sale" and the liabilities of the disposal group had been presented as "Liabilities associated with assets held for sale". The results have been classified as "Discontinued Operations" since the disposal group represents a separate business of the Group.

The comparative condensed consolidated statement of comprehensive income for Courier Services segment had been re-presented to show the Discontinued Operations separately from the Continuing Operations.

The results of the Discontinued Operations are as follows:

	6 Months period ended 30.06.2021 RM'000	6 Months period ended 30.06.2020 RM'000
Revenue	26,553	19,880
Direct operating expenses	<u>(41,101)</u>	<u>(26,660)</u>
Gross loss	(14,547)	(6,780)
Net other operating expenses	<u>(5,396)</u>	<u>(6,248)</u>
Results from operating activities	(19,943)	(13,028)
Net finance costs	<u>(463)</u>	<u>(615)</u>
Loss before taxation from discontinued operations	(20,406)	(13,643)
Taxation	<u>-</u>	<u>-</u>
Loss for the period from discontinued operations	<u>(20,406)</u>	<u>(13,643)</u>
Net Cash Flows:		
Operating activities	(10,844)	(9,862)
Investing activities	(31,716)	-
Financing activities	<u>48,791</u>	<u>(615)</u>
	<u>6,232</u>	<u>(10,477)</u>

The major classes of assets and liabilities of Courier Services segment classified as held for sale as at 30 June 2021 are, as follows:

	As at end of current quarter 30.06.2021 RM'000
ASSETS	
Property, plant and equipment	29,764
Right-of-use assets	2,262
Receivables	7,213
Deposits, cash and bank balances	<u>6,232</u>
	<u>45,472</u>
LIABILITIES	
Borrowings	30,033
Payables	13,812
Lease liabilities	<u>2,334</u>
	<u>46,178</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 30.06.2021 RM'000	As at 31.12.2020 RM'000
Financial assets		
Fair value through profit or loss		
Other investment	60	60
Investment in money market funds	<u>10,976</u>	<u>16,489</u>
Amortised costs		
Trade receivables	149,662	138,680
Other receivables and refundable deposits	29,271	35,556
Amount owing from immediate holding company	896	745
Amount owing from intermediate holding company	1,190	560
Amount owing from related parties	16,266	12,089
Deposits, cash and bank balances	<u>32,728</u>	<u>43,716</u>
Financial liabilities at amortised costs		
Trade payables	40,675	52,880
Other payables and accrued expenses	46,611	74,721
Amount owing to immediate holding company	39,322	25,181
Amount owing to intermediate holding company	6,993	7,094
Amount owing to related parties	299	279
Total borrowings	180,357	190,893
Hire-purchase payables	9,808	19,942
Lease liabilities	<u>23,572</u>	<u>22,499</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.

Fair value of the Group's investment in money market funds, which is measured based on quoted net asset value of the underlying funds, is categorised under Level 1 fair value hierarchy.

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

On 4 June 2021, the Company has entered into a sale and purchase agreement with CJ Logistics Asia Pte. Ltd. ("CJ Logistics Asia") for the disposal of its courier services business through the divestment of its 100% equity interest in CJ Logistics Express Malaysia Sdn. Bhd. ("CJLEM") for a total cash consideration of RM7,471,505.91 ("Disposal"). The Disposal was completed on 1 July 2021. Nevertheless, the Company and CJ Logistics Asia had on 5 July 2021, further agreed that the Disposal will be subjected to a post-closing price adjustment in the event the net asset value of CJLEM resulting from Messrs. Ernst & Young PLT's (or an independent auditor approved by the Board) review of the management accounts of CJLEM as of 30 April 2021 differs by more than 10%.

14. Changes in Composition of the Group

There were no changes in the composition of the Group during the financial period under review, except for the following:

During the financial period under review, the Company completed the purchase price allocation exercise with the assistance of an external professional advisor to determine the fair value assigned to the subsidiary's identifiable assets and liabilities acquired in the previous financial year pursuant to the requirement of MFRS 3 Business Combination. Upon finalisation of this exercise, the resulting goodwill on consolidation was adjusted accordingly as follows:

	Fair value recognised on acquisition RM'000	Provisional fair value recognised on acquisition RM'000	Fair value adjustment RM'000
Assets			
Property, plant and equipment	56,871	57,764	(893)
Other investment	60	60	-
Right-of-use assets	7,934	7,934	-
Inventories	5,697	5,697	-
Receivables	45,314	45,314	-
Tax recoverable	1,151	1,151	-
Deposits, cash and bank balances	33,304	33,304	-
Intangible asset	619	-	619
	<u>150,950</u>	<u>151,224</u>	<u>(274)</u>
Liabilities			
Borrowings	(4,715)	(4,715)	-
Payables	(54,872)	(54,872)	-
Lease Liabilities	(8,136)	(8,136)	-
Deferred taxation	(4,788)	(4,852)	64
Tax payable	(372)	(372)	-
	<u>(72,883)</u>	<u>(72,947)</u>	<u>64</u>
Net identifiable assets	<u>78,067</u>	<u>78,277</u>	<u>(210)</u>
Fair value of net identifiable assets	78,067	78,277	(210)
Goodwill on consolidation	21,933	21,723	210
Cost of business combination	<u>100,000</u>	<u>100,000</u>	<u>-</u>

Cash inflow on acquisition was as follows:

Total purchase consideration	100,000	100,000	-
Purchase consideration satisfied by issuance of new CJ Century shares	(100,000)	(100,000)	-
Purchase consideration settled in cash and cash equivalents, including the acquisition-related cost	(1,006)	(1,006)	-
Cash and cash equivalents of subsidiary acquired	33,304	33,304	-
Net cash inflow of the Group	<u>32,298</u>	<u>32,298</u>	<u>-</u>

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 30.06.2021 RM'000	As at 31.12.2020 RM'000
Approved and contracted for	3,821	6,492
Approved but not contracted for	<u>2,349</u>	<u>2,997</u>

16. Changes in Contingent Liabilities

There were no changes in contingent liabilities since the last annual balance sheet as at 31 December 2020.

17. Review of Performance

For the financial quarter ended 30 June 2021, the Group's revenue and pre-tax loss were RM243.177 million and RM4.613 million respectively, compared to revenue and pre-tax loss of RM130.966 million and RM2.432 million respectively for the corresponding period in the previous financial year.

The Group recorded a higher revenue and pre-tax profit from Continuing Operations of RM231.130 million and RM6.666 million respectively for the current quarter compared to RM119.541 million and RM4.358 million respectively for the corresponding period in the previous financial year mainly attributable to the contributions from CJ Korea Express Malaysia Sdn. Bhd. as well as higher activities in the Procurement Logistics Services.

Discontinued Operations recorded a pre-tax loss of RM11.279 million for the current quarter compared to RM6.790 million for the corresponding period in the previous financial year. The loss was mainly attributable to the poor margins due to competitive pressures.

18. Comparison with Immediate Preceding Quarter's Results

	Current year quarter 30.06.2021 RM'000	Immediate preceding quarter 31.03.2021 RM'000	-----Changes-----	
			RM'000	%
Continuing Operations				
Revenue	231,130	219,898	11,232	5%
Direct operating expenses	<u>(200,832)</u>	<u>(187,705)</u>	<u>(13,127)</u>	<u>-7%</u>
Gross profit	30,298	32,193	(1,895)	-6%
Net other operating expenses	<u>(21,219)</u>	<u>(22,483)</u>	<u>1,264</u>	<u>6%</u>
Results from operating activities	9,079	9,710	(631)	-7%
Net finance costs	<u>(2,412)</u>	<u>(2,440)</u>	<u>28</u>	<u>1%</u>
Profit before taxation	6,666	7,270	(604)	-8%
Taxation	<u>(3,556)</u>	<u>(338)</u>	<u>(3,218)</u>	<u>-952%</u>
Profit for the period from continuing operations	<u>3,110</u>	<u>6,932</u>	<u>(3,822)</u>	<u>-55%</u>
Discontinued Operations				
Loss for the period from discontinued operations	<u>(11,279)</u>	<u>(9,127)</u>	<u>(2,152)</u>	<u>-24%</u>
Loss for the period	<u>(8,169)</u>	<u>(2,195)</u>	<u>(5,974)</u>	<u>-272%</u>

For the financial quarter ended 30 June 2021, the Group reported revenue and pre-tax loss of RM243.177 million and RM4.613 million respectively, compared to revenue and pre-tax loss of RM234.352 million and RM1.857 million respectively for the preceding quarter.

The increase in revenue for Continuing Operation was mainly due to higher activities in Total Logistics Services operation and Procurement Logistics Services operation. The lower pre-tax profit was mainly due to lower margins from certain Total Logistics operations particularly the oil logistics operation.

Discontinued Operations recorded a higher pre-tax loss of RM11.279 million for the current quarter compared to RM9.127 million for the previous quarter. The loss was mainly attributable to the poor margins due to competitive pressures.

19. Prospects for the Current Financial Year

Given the extent of the COVID-19 outbreak as well as domestic and global uncertainties, the outlook is very much driven by the hope that the vaccine will eventually lead us into a new normal once herd immunity has been achieved.

At the current juncture, the prospects for the current year is still very uncertain, with the continued Movement Control Order being imposed nationwide.

Nevertheless, the pandemic has brought about positive opportunities to us as it has provided us a chance to relook at ourselves and reset our business strategies towards targeting new areas for growth, while the loss making segment has been disposed of.

20. Profit Forecast

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

21. Taxation

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2021 RM'000	Preceding year corresponding quarter 30.06.2020 RM'000	Current year to date 30.06.2021 RM'000	Preceding year corresponding period 30.06.2020 RM'000
Provision for taxation	2,614	185	3,870	690
Deferred taxation	<u>942</u>	<u>(1,932)</u>	<u>24</u>	<u>(2,376)</u>
	<u><u>3,556</u></u>	<u><u>(1,747)</u></u>	<u><u>3,894</u></u>	<u><u>(1,686)</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 quarter was higher than the statutory tax rate principally due to certain expenses not deductible for tax purposes. Taxation for the previous corresponding period was computed after taking into consideration the available capital allowance and the adjusted business losses to set off against taxable profit.

22. Note to the Statement of Comprehensive Income

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2021 RM'000	Preceding year corresponding quarter 30.06.2020 RM'000	Current year to date 30.06.2021 RM'000	Preceding year corresponding period 30.06.2020 RM'000
Interest income	197	448	354	821
Interest expenses - borrowings				
-Continuing Operations	(2,246)	(1,321)	(4,504)	(3,315)
-Discontinued Operations	(296)	(279)	(406)	(549)
Interest expenses - right-of-use assets				
-Continuing Operations	(362)	(86)	(701)	(187)
-Discontinued Operations	(33)	(34)	(57)	(66)
Depreciation and amortisation				
-Continuing Operations	(8,740)	(5,102)	(17,423)	(10,240)
-Discontinued Operations	(1,632)	(1,637)	(2,730)	(3,166)
Provision for and write off of receivables	(494)	(2,331)	(617)	(2,465)
Foreign exchange gain				
-Continuing Operations	402	363	37	774
-Discontinued Operations	(95)	50	(96)	(198)
Gain on disposal of quoted or unquoted investments or properties				
-Continuing Operations	178	(28)	189	175
-Discontinued Operations	-	(31)	-	(31)
Other income including investment income (excluding items disclosed above)	18	442	106	452

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

23. Status of Corporate Proposal

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

24. Trade Receivables

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
Trade Receivables	153,265	142,415
Less: Allowance for impairment	<u>(3,603)</u>	<u>(3,735)</u>
	<u>149,662</u>	<u>138,680</u>

The ageing of past due but not impaired analysis of the Group's trade receivables is as follows:-

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
1- 30 days	23,833	27,122
31 - 60 days	9,391	11,918
61 - 90 days	5,788	3,226
more than 90 days	<u>4,949</u>	<u>4,512</u>
	<u>43,961</u>	<u>46,778</u>

The credit terms of the Group range from 3 to 120 days. Included in the Group's trade receivables are debtors with a carrying amount of RM43.961 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.

25. Group's Borrowings and Debt Securities

	-----As at 30 June 2021-----		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
- Revolving credit	31,000	-	31,000
- Term Loans	19,451	129,907	149,357
- Hire Purchase	<u>3,976</u>	<u>5,833</u>	<u>9,808</u>
	<u>54,426</u>	<u>135,740</u>	<u>190,165</u>
	-----As at 31 December 2020-----		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
- Revolving credit	31,000	-	31,000
- Term Loans	21,673	138,220	159,893
- Hire Purchase	<u>9,459</u>	<u>10,483</u>	<u>19,942</u>
	<u>62,132</u>	<u>148,703</u>	<u>210,835</u>

The weighted average effective interest rates of the term loans is 3.77% (2020 : 4.12%) 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 is 5.03% (2020 : 5.10%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangement.

26. 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.

27. 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:

CJ Century Technology Sdn. Bhd. ("CJCT"), a wholly-owned subsidiary of the Company had filed a Writ & Statement of Claim against Axisjaya Sdn. Bhd. ("AJSB") and Seri Mutiara Development Sdn. Bhd. ("SMDSB") for the outstanding sum of RM2,621,823.91 and interest of RM62,043.28 for the supply and delivery of Air Conditioning units. On 19 November 2020, the High Court allowed CJCT's summary judgment application against AJSB and SMDSB where AJSB/SMDSB were jointly and/or severally ordered to pay CJCT, amongst others, the sum of RM2,621,823.91 and interest amounting to RM62,043.28.

Dissatisfied with the High Court's decision, AJSB and SMDSB had filed a Notice of Appeal to the Court of Appeal, appealing against the High Court's Order.

However, CJCT and AJSB/SMDSB have subsequently reached a full settlement, whereby a Consent Judgment was recorded before the Court of Appeal on 19 August 2021. Pursuant to the Consent Judgment, SMDSB is ordered to pay CJCT the sum of RM100,000.00 on or before 19 August 2021 being the initial payment of the entire judgment sum ("Initial Payment"). The Initial Payment has been paid by SMDSB. The remaining judgment sum amounting to RM2,521,823.91 is to be paid by SMDSB to CJCT in five (5) equal instalments through five (5) post-dated cheques ("Post-dated Cheques").

A Director of SMDSB, Hoe Tze Fook ("Datuk Benny Hoe"), has executed a personal guarantee, guaranteeing the due performance and obligations of SMDSB under the Consent Judgment.

In view that parties have reached into a settlement and Consent Judgment has been recorded before the Court of Appeal, AJSB and SMDSB have withdrawn their appeal with no order as to costs.

In the event that any of the Post-Dated Cheques are dishonoured, CJCT is wholly entitled to proceed with all execution proceedings as CJCT deems fit to enforce the High Court's order. In addition, CJCT is entitled to enforce the personal guarantee against Datuk Benny Hoe.

The Company will make the necessary announcement in the event of any material development.

28. Dividend

The Board of Directors does not recommend any dividend in respect of the reporting quarter and financial year-to-date.

29. Earnings Per Share

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2021 RM'000	Preceding year corresponding quarter 30.06.2020 RM'000	Current year to date 30.06.2021 RM'000	Preceding year corresponding period 30.06.2020 RM'000
Net profit / (loss) attributable to equity holders of the Company				
-Continuing Operations	3,090	6,078	9,977	9,383
-Discontinued Operations	<u>(11,279)</u>	<u>(6,790)</u>	<u>(20,406)</u>	<u>(13,643)</u>
	<u>(8,189)</u>	<u>(712)</u>	<u>(10,429)</u>	<u>(4,260)</u>
Weighted average number of ordinary shares in issue	<u>586,904</u>	<u>423,594</u>	<u>586,998</u>	<u>406,928</u>
Basic earnings / (loss) per share (sen)				
-Continuing Operations	0.53	1.43	1.70	2.31
-Discontinued Operations	<u>(1.92)</u>	<u>(1.60)</u>	<u>(3.48)</u>	<u>(3.35)</u>
	<u>(1.40)</u>	<u>(0.17)</u>	<u>(1.78)</u>	<u>(1.05)</u>
Diluted earnings / (loss) per share (sen)*				
-Continuing Operations	0.53	1.43	1.70	2.31
-Discontinued Operations	<u>(1.92)</u>	<u>(1.60)</u>	<u>(3.48)</u>	<u>(3.35)</u>
	<u>(1.40)</u>	<u>(0.17)</u>	<u>(1.78)</u>	<u>(1.05)</u>

* The Group's basic and diluted earnings per share are the same as the Group does not have any convertible options as at the end of the reporting period.

By Order of the Board of Directors

Company Secretaries