

CENTURY LOGISTICS HOLDINGS BERHAD (424341-A)

Interim report on unaudited consolidated results for the financial period ended 30 September 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2015

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.09.2015 RM'000	Preceding year corresponding quarter 30.09.2014 RM'000	Current year to date 30.09.2015 RM'000	Preceding year corresponding period 30.09.2014 RM'000
Revenue	76,324	69,433	224,528	209,545
Direct operating expenses	<u>(54,660)</u>	<u>(49,752)</u>	<u>(162,264)</u>	<u>(150,662)</u>
Gross profit	21,664	19,681	62,264	58,883
Net other operating expenses	<u>(12,295)</u>	<u>(11,876)</u>	<u>(26,622)</u>	<u>(32,697)</u>
Results from operating activities	9,369	7,805	35,642	26,186
Net finance costs	<u>(852)</u>	<u>(576)</u>	<u>(1,949)</u>	<u>(2,158)</u>
Profit before taxation	8,517	7,229	33,693	24,028
Taxation	<u>(2,231)</u>	<u>(2,088)</u>	<u>(7,941)</u>	<u>(7,703)</u>
Profit for the period	<u>6,286</u>	<u>5,141</u>	<u>25,752</u>	<u>16,325</u>
Other comprehensive income				
Foreign currency translation differences for foreign operations	<u>427</u>	<u>146</u>	<u>677</u>	<u>16</u>
Other comprehensive income for the period	<u>427</u>	<u>146</u>	<u>677</u>	<u>16</u>
Total comprehensive income for the period	<u>6,713</u>	<u>5,287</u>	<u>26,429</u>	<u>16,341</u>
Profit attributable to:				
Equity holders of the Company	6,275	5,128	25,736	16,249
Non-controlling interests	<u>11</u>	<u>13</u>	<u>16</u>	<u>76</u>
Profit for the period	<u>6,286</u>	<u>5,141</u>	<u>25,752</u>	<u>16,325</u>
Total comprehensive income attributable to:				
Equity holders of the Company	6,702	5,274	26,413	16,265
Non-controlling interests	<u>11</u>	<u>13</u>	<u>16</u>	<u>76</u>
Total comprehensive income for the period	<u>6,713</u>	<u>5,287</u>	<u>26,429</u>	<u>16,341</u>
Earnings per share attributable to equity holders of the Company:				
Basic (sen)	<u>1.69</u>	<u>1.40</u>	<u>6.98</u>	<u>4.46</u>
Diluted (sen)	<u>1.64</u>	<u>Not applicable</u>	<u>6.80</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 30 SEPTEMBER 2015

	As at end of current quarter 30.09.2015 RM'000	As at preceding financial year end 31.12.2014 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	270,118	158,665
Investment property	-	83,500
Other investments	57	352
Goodwill on consolidation	1,443	1,443
	<u>271,618</u>	<u>243,960</u>
Current Assets		
Inventories	4,476	913
Receivables	113,012	93,450
Cash and bank balances	59,910	71,044
	<u>177,398</u>	<u>165,407</u>
TOTAL ASSETS	<u><u>449,016</u></u>	<u><u>409,367</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	186,729	183,096
Reserves	101,225	87,418
	<u>287,954</u>	<u>270,514</u>
Non-controlling Interests	949	933
Total Equity	<u>288,903</u>	<u>271,447</u>
Non-current Liabilities		
Borrowings	69,868	49,771
Deferred taxation	8,602	9,299
	<u>78,470</u>	<u>59,070</u>
Current Liabilities		
Borrowings	20,062	20,901
Payables	61,581	57,949
	<u>81,643</u>	<u>78,850</u>
Total Liabilities	<u>160,113</u>	<u>137,920</u>
TOTAL EQUITY AND LIABILITIES	<u><u>449,016</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 30 SEPTEMBER 2015

	Current year to date 30.09.2015 RM'000	Preceding year corresponding period 30.09.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	25,752	16,325
Adjustments:		
Non-Cash Items	18,522	18,027
Non-Operating Items	<u>(8,857)</u>	<u>(3,744)</u>
Operating profit before working capital changes	35,417	30,608
Movement in working capital:		
Net change in current assets	(23,779)	27,857
Net change in current liabilities	<u>4,435</u>	<u>(28,879)</u>
Cash generated from operations	16,073	29,586
Tax Paid	<u>(9,486)</u>	<u>(6,183)</u>
Net cash generated from operating activities	<u>6,587</u>	<u>23,403</u>
CASH FLOWS (USED IN) / FROM INVESTING ACTIVITIES		
Interest received	1,343	907
Disposal of property, plant and equipment	21,606	31,139
Disposal of investment	230	2,092
Proceeds from disposal of treasury shares	-	2,522
Purchase of property, plant and equipment	<u>(41,586)</u>	<u>(7,059)</u>
Net cash (used in) / from investing activities	<u>(18,407)</u>	<u>29,601</u>
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Net proceeds from issuance of shares pursuant to Employees' Share Option Scheme	4,368	-
Subscription of shares in existing subsidiary company by non-controlling interests	-	30
Dividend paid to equity holders	(14,841)	(10,942)
Proceeds from borrowings	32,853	8,092
Repayment of borrowings	(18,402)	(22,370)
Interest paid	<u>(3,292)</u>	<u>(3,065)</u>
Net cash from / (used in) financing activities	<u>686</u>	<u>(28,255)</u>
Net (decrease) / increase in cash and cash equivalents	(11,134)	24,749
Cash and cash equivalents at beginning of the period	<u>71,044</u>	<u>38,086</u>
Cash and cash equivalents at end of the period	<u><u>59,910</u></u>	<u><u>62,835</u></u>
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	3,170	12,413
Deposits with financial institutions	<u>56,740</u>	<u>50,422</u>
	<u><u>59,910</u></u>	<u><u>62,835</u></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 30 SEPTEMBER 2015

	←	Attributable to Equity Holders of the Company			→	Non-controlling	Total
		Share Premium Reserve	Other Reserves	Distributable Retained Earnings			
	Issued Capital RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at end of current quarter							
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")	3,633	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
As at preceding year corresponding quarter							
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 company	-	-	-	-	-	(406)	(406)
Disposal of treasury shares	-	-	1,858	-	1,858	-	1,858
Gain on disposal of treasury shares	-	664	-	-	664	-	664
Total comprehensive income for the period	-	-	16	16,249	16,265	76	16,341
Dividends paid	-	-	-	(10,942)	(10,942)	-	(10,942)
As at 30 September 2014	122,064	664	65	137,630	260,423	890	261,313

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 4,026,500 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 17 September 2015, the Company paid a single tier interim cash dividend of 2.0 sen per share in respect of the financial year ending 31 December 2015, amounting to RM7.469 million.

9. Segmental Reporting

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>184,296</u>	<u>42,349</u>	<u>(2,117)</u>	<u>224,528</u>
Profit				
Segment results	29,022	6,620	-	35,642
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>25,736</u>

Analysis of the Group's revenue and results for the 9 months period ended 30 September 2014 is as follows:

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
Revenue				
External sales	188,737	20,808	-	209,545
Inter-segment sales	<u>1,471</u>	<u>-</u>	<u>(1,471)</u>	<u>-</u>
Total revenue	<u>190,208</u>	<u>20,808</u>	<u>(1,471)</u>	<u>209,545</u>
Profit				
Segment results	22,637	3,565	(16)	26,186
Net finance costs				<u>(2,158)</u>
Profit from ordinary activities before taxation				24,028
Taxation				<u>(7,703)</u>
Profit from ordinary activities after taxation				16,325
Non-controlling interests				<u>(76)</u>
Net profit for the period				<u>16,249</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 RM0.810 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 30 September 2015, the Group's revenue and pre-tax profit were RM76.324 million and RM8.517 million respectively, compared to revenue and pre-tax profit of RM69.433 million and RM7.229 million respectively for the corresponding period in the previous financial year. The increase in revenue and pre-tax profit by 9.9% and 17.8% respectively were mainly due to the higher activities of the total logistics services segment.

16. Comparison with Immediate Preceding Quarter's Results

For the financial quarter ended 30 September 2015, the Group reported revenue and pre-tax profit of RM76.324 million and RM8.517 million respectively, compared to revenue and pre-tax profit of RM76.287 million and RM15.504 million respectively for the preceding quarter. The decrease in pre-tax profit by 45.1% was mainly due to the gain on disposal of a commercial land recorded in the preceding quarter.

17. Prospects for the Current Financial Year

Despite the weaker global and uncertain economic climate, the Group remains confident of its performance in the current financial year. This confidence stems from the successful business model 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 30.09.2015 RM'000	Preceding year corresponding quarter 30.09.2014 RM'000	Current year to date 30.09.2015 RM'000	Preceding year corresponding period 30.09.2014 RM'000
Provision for taxation	2,393	709	8,639	6,324
Deferred taxation	<u>(162)</u>	<u>1,379</u>	<u>(698)</u>	<u>1,379</u>
	<u>2,231</u>	<u>2,088</u>	<u>7,941</u>	<u>7,703</u>

20. Note to the Statement of Comprehensive Income

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.09.2015 RM'000	Preceding year corresponding quarter 30.09.2014 RM'000	Current year to date 30.09.2015 RM'000	Preceding year corresponding period 30.09.2014 RM'000
Interest income	363	345	1,343	907
Interest expenses	(1,215)	(921)	(3,292)	(3,065)
Depreciation and amortisation	(2,986)	(2,710)	(7,938)	(8,310)
Provision for and write off of receivables	(154)	(103)	(694)	235
Foreign exchange gain	485	459	2,710	546
Gain on disposal of quoted or unquoted investments or properties	92	105	11,080	4,057
Reversal / (Impairment) of assets	(60)	25	(40)	(178)
Settlement of claim	-	-	(1,650)	-
Share-based payment under ESOS	(500)	-	(1,500)	-
Other income including investment income (excluding items disclosed above)	75	204	261	527

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 30.09.2015 RM'000	As at 31.12.2014 RM'000
Short Term - Secured		
- Term Loans	17,015	18,547
- Hire Purchase	3,047	2,354
	<u>20,062</u>	<u>20,901</u>
Long Term - Secured		
- Term Loans	63,474	44,655
- Hire Purchase	6,394	5,116
	<u>69,868</u>	<u>49,771</u>
	<u>89,930</u>	<u>70,672</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, has on 15 October 2015 been served with the Writ of Summons together with the Statement of Claim in relation to a claim filed by Nestlé Products Sdn Bhd ("NP" or "Plaintiff"), through a firm of lawyers acting on its behalf.

The Plaintiff 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.

The Plaintiff alleges that as a result of the alleged failure and/or breach, it had suffered losses totaling RM 21,649,381.64.

The Plaintiff 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 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.

During the case management in the Kuala Lumpur High Court ("KLHC") on 5 November 2015, the KLHC was informed as follows:

- a) NP has filed in an application to join 3 companies (NM, NA and CP) as plaintiffs to the KLHC Suit, and to consequently amend the Writ and Statement of Claim to reflect the additional 3 proposed plaintiffs ("Joinder and Amendment application"). The sealed Notice of Application was served on CTL's solicitors on 4 November 2015;

24. Material Litigation (continued)

- b) CTL is objecting to Nestlé's Joinder and Amendment application;
 c) The sealed Notice of Application for CTL's application to consolidate this suit with Suit No. 22NCVC-529-10/2015 in the High Court of Malaya at Shah Alam ("SAHC") and to transfer this suit to the SAHC ("Consolidation and Transfer application") was served on Nestlé's solicitors on 2 November 2015;
 d) The Court directed the respective parties to file and serve the affidavits in reply for both the Consolidation and Transfer and the Joinder and Amendment applications ("the Applications") by 19 November 2015. Any reply thereof should be filed and served by 26 November 2015;
 e) A next case management date has been fixed on 26 November 2015. Hearing dates for the Applications will be fixed during the next case management date; and
 f) Meanwhile, the filing of CTL's Defence has been deferred to after the disposal of the Joinder and Amendment application.

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

25. Realised and unrealised earnings or losses disclosure

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	91,200	85,059
- Unrealised	7,916	3,146
Add: Consolidation adjustments	<u>(1,245)</u>	<u>(1,229)</u>
Total group retained earnings as per consolidated accounts	<u><u>97,871</u></u>	<u><u>86,976</u></u>

26. Dividend

The Board of Directors declares a single tier third interim dividend of 1.5 sen per ordinary share in respect of the financial year ending 31 December 2015.

27. Earnings Per Share

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.09.2015 RM'000	Preceding year corresponding quarter 30.09.2014 RM'000	Current year to date 30.09.2015 RM'000	Preceding year corresponding period 30.09.2014 RM'000
Net profit attributable to equity holders of the Company	6,275	5,128	25,736	16,249
Add : After tax effect of interest on ESOS	<u>(23)</u>	<u>-</u>	<u>21</u>	<u>-</u>
	<u><u>6,252</u></u>	<u><u>5,128</u></u>	<u><u>25,757</u></u>	<u><u>16,249</u></u>
Weighted average number of ordinary shares in issue	372,132	365,832	368,907	364,627
Effect on dilution of ESOS	<u>9,942</u>	<u>-</u>	<u>9,942</u>	<u>-</u>
Weighted average number of ordinary shares (diluted)	<u><u>382,074</u></u>	<u><u>365,832</u></u>	<u><u>378,848</u></u>	<u><u>364,627</u></u>
Basic earnings per share (sen)	1.69	1.40	6.98	4.46
Diluted earnings per share (sen)	1.64	Not applicable	6.80	Not applicable

The weighted average number of ordinary shares in issue during the financial period ended 30 September 2014 has been adjusted as if the proportionate change in the number of ordinary shares arising from the bonus issue and share split exercises in October 2014 had taken place at the beginning of the earliest period for which the earnings per share is presented.

By Order of the Board of Directors

Company Secretary

Kuala Lumpur
23 November 2015