



Century[®]

CENTURY LOGISTICS HOLDINGS BERHAD
(424341-A)

INTERIM FINANCIAL REPORT

31 MARCH 2017

18 MAY 2017



Century[®]

CENTURY LOGISTICS HOLDINGS BERHAD (424341-A)

Interim report on unaudited consolidated results for the financial period ended 31 March 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2017

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.03.2017 RM'000	Preceding year corresponding quarter 31.03.2016 RM'000	Current year to date 31.03.2017 RM'000	Preceding year corresponding period 31.03.2016 RM'000
Revenue	71,028	69,539	71,028	69,539
Direct operating expenses	<u>(52,088)</u>	<u>(49,888)</u>	<u>(52,088)</u>	<u>(49,888)</u>
Gross profit	18,940	19,651	18,940	19,651
Net other operating expenses	<u>(11,776)</u>	<u>(13,309)</u>	<u>(11,776)</u>	<u>(13,309)</u>
Results from operating activities	7,164	6,342	7,164	6,342
Net finance costs	<u>(343)</u>	<u>(665)</u>	<u>(343)</u>	<u>(665)</u>
Profit before taxation	6,821	5,677	6,821	5,677
Taxation	<u>(1,967)</u>	<u>(1,200)</u>	<u>(1,967)</u>	<u>(1,200)</u>
Profit for the period	<u>4,854</u>	<u>4,477</u>	<u>4,854</u>	<u>4,477</u>
Other comprehensive income				
Foreign currency translation differences for foreign operations	<u>(1)</u>	<u>27</u>	<u>(1)</u>	<u>27</u>
Other comprehensive income for the period	<u>(1)</u>	<u>27</u>	<u>(1)</u>	<u>27</u>
Total comprehensive income for the period	<u><u>4,853</u></u>	<u><u>4,504</u></u>	<u><u>4,853</u></u>	<u><u>4,504</u></u>
Profit attributable to:				
Equity holders of the Company	4,847	4,464	4,847	4,464
Non-controlling interests	<u>7</u>	<u>13</u>	<u>7</u>	<u>13</u>
Profit for the period	<u><u>4,854</u></u>	<u><u>4,477</u></u>	<u><u>4,854</u></u>	<u><u>4,477</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	4,846	4,491	4,846	4,491
Non-controlling interests	<u>7</u>	<u>13</u>	<u>7</u>	<u>13</u>
Total comprehensive income for the period	<u><u>4,853</u></u>	<u><u>4,504</u></u>	<u><u>4,853</u></u>	<u><u>4,504</u></u>
Earnings per share attributable to equity holders of the Company:				
Basic (sen)	<u><u>1.25</u></u>	<u><u>1.19</u></u>	<u><u>1.25</u></u>	<u><u>1.19</u></u>
Diluted (sen)	<u><u>1.25</u></u>	<u><u>1.18</u></u>	<u><u>1.25</u></u>	<u><u>1.18</u></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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	As at end of current quarter 31.03.2017 RM'000	As at preceding financial year end 31.12.2016 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	256,561	257,947
Goodwill on consolidation	1,443	1,443
	<u>258,004</u>	<u>259,390</u>
Current Assets		
Inventories	2,165	4,269
Receivables	66,098	79,524
Deposits, cash and bank balances	87,170	91,640
	<u>155,433</u>	<u>175,433</u>
TOTAL ASSETS	<u><u>413,437</u></u>	<u><u>434,823</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	198,167	192,367
Reserves	112,407	109,118
	<u>310,575</u>	<u>301,485</u>
Non-controlling Interests	<u>1,053</u>	<u>1,046</u>
Total Equity	<u>311,628</u>	<u>302,531</u>
Non-current Liabilities		
Borrowings	42,439	51,753
Deferred taxation	7,045	7,048
	<u>49,484</u>	<u>58,801</u>
Current Liabilities		
Borrowings	22,500	17,611
Payables	29,825	55,880
	<u>52,325</u>	<u>73,491</u>
Total Liabilities	<u>101,809</u>	<u>132,292</u>
TOTAL EQUITY AND LIABILITIES	<u><u>413,437</u></u>	<u><u>434,823</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.79	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 31 MARCH 2017

	Current year to date 31.03.2017 RM'000	Preceding year corresponding period 31.03.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	4,854	4,477
Adjustments:		
Non-Cash Items	4,960	4,696
Non-Operating Items	388	522
Operating profit before working capital changes	10,202	9,695
Movement in working capital:		
Net change in current assets	15,532	18,367
Net change in current liabilities	(26,555)	(30,158)
Cash generated from operations	(821)	(2,096)
Tax Paid	(1,490)	(1,065)
Net cash used in operating activities	(2,311)	(3,161)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	486	391
Increase in investment in money market funds	(147)	(9,835)
Purchase of property, plant and equipment	(844)	(151)
Net cash used in investing activities	(504)	(9,595)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares	3,852	1,143
Repayment of hire purchase payables	(717)	(725)
Repayment of borrowings	(4,109)	(3,530)
Interest paid	(829)	(1,056)
Net cash used in financing activities	(1,803)	(4,168)
Net decrease in cash and cash equivalents	(4,618)	(16,924)
Cash and cash equivalents at beginning of the period	27,120	41,170
Cash and cash equivalents at end of the period	22,502	24,246
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	15,449	10,894
Investment in money market funds	64,578	58,032
Deposits with licensed banks	7,143	13,435
	87,170	82,361
Less: Investment in money market funds	(64,578)	(58,032)
Deposits with maturities in excess of 3 months	(90)	(83)
	22,502	24,246

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 31 MARCH 2017

	Share 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	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")	3,852	-	-	-	3,852	-	3,852
Transfer arising from "no par value" regime of Companies Act 2016 *	1,948	(1,948)	-	-	-	-	-
Share-based payment under ESOS	-	-	392	-	392	-	392
Total comprehensive income for the period	-	-	(1)	4,847	4,846	7	4,853
As at 31 March 2017	198,167	-	1,110	111,298	310,575	1,053	311,628
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	967	190	(14)	-	1,143	-	1,143
Share-based payment under ESOS	-	-	500	-	500	-	500
Total comprehensive income for the period	-	-	27	4,464	4,491	13	4,504
As at 31 March 2016	187,785	938	1,879	104,300	294,902	977	295,879

*The new Companies Act 2016 ("New Act"), which came into operation 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 becomes 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 will cease to have par or nominal value; and
- (iii) the Company's share premium account will become 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 except that the credit balance of the Company's share premium account as at 31 January 2017 had become part of the Company's share capital pursuant to the New Act.

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 6,076,500 new ordinary shares at exercise price of RM0.60 per share and 240,000 new ordinary shares at exercise price of RM0.73 for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company.

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 3 months period ended 31 March 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	61,790	9,238	-	71,028
Inter-segment sales	<u>214</u>	<u>-</u>	<u>(214)</u>	<u>-</u>
Total revenue	<u><u>62,004</u></u>	<u><u>9,238</u></u>	<u><u>(214)</u></u>	<u><u>71,028</u></u>
Profit				
Segment results	6,450	714	-	7,164
Net finance costs				<u>(343)</u>
Profit from ordinary activities before taxation				6,821
Taxation				<u>(1,967)</u>
Profit from ordinary activities after taxation				4,854
Non-controlling interests				<u>(7)</u>
Net profit for the period				<u><u>4,847</u></u>

Analysis of the Group's revenue and results for the 3 months period ended 31 March 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	60,044	9,495	-	69,539
Inter-segment sales	<u>222</u>	<u>-</u>	<u>(222)</u>	<u>-</u>
Total revenue	<u><u>60,266</u></u>	<u><u>9,495</u></u>	<u><u>(222)</u></u>	<u><u>69,539</u></u>
Profit				
Segment results	5,012	1,330	-	6,342
Net finance costs				<u>(665)</u>
Profit from ordinary activities before taxation				5,677
Taxation				<u>(1,200)</u>
Profit from ordinary activities after taxation				4,477
Non-controlling interests				<u>(13)</u>
Net profit for the period				<u><u>4,464</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 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 RM13.344 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 31 March 2017, the Group's revenue and pre-tax profit were RM71.028 million and RM6.821 million respectively, compared to revenue and pre-tax profit of RM69.539 million and RM5.677 million respectively for the corresponding period in the previous financial year. Revenue for Q1'17 comprises RM61.790 million (Q1'16: 60.044 million) contributed by Total Logistics Services and RM9.238 million (Q1'16: RM9.495 million) by Procurement Logistics Services. Earnings before interest and tax ("EBIT") for Q1'17 was RM7.164 million (Q1'16: RM6.342 million), of which RM6.450 million (Q1'16: RM5.012 million) was from Total Logistics Services and RM0.714 million (Q1'16: RM1.330 million) from Procurement Logistics Services. EBIT for Total Logistics Services recorded an increase of 29% mainly due to the higher activities in the segment. The Procurement Logistics Services recorded a decrease of 46% due to the lower activities as there was no export sales in Q1'17.

16. Comparison with Immediate Preceding Quarter's Results

For the financial quarter ended 31 March 2017, the Group reported revenue and pre-tax profit of RM71.028 million and RM6.821 million respectively, compared to revenue and pre-tax profit of RM74.624 million and RM6.617 million respectively for the preceding quarter. Revenue for Q1'17 comprises RM61.790 million (Q4'16: 62.146 million) contributed by Total Logistics Services and RM9.238 million (Q4'16: RM12.478 million) by Procurement Logistics Services. EBIT for Q1'17 was RM7.164 million (Q4'16: RM6.839 million), of which RM6.450 million (Q4'16: RM5.541 million) was from Total Logistics Services and RM0.714 million (Q4'16: RM1.298 million) from Procurement Logistics Services. EBIT for Total Logistics Services recorded an increase of 16% mainly due to the final settlement of a claim of RM2.250 million in Q4'16. If the effect of the settlement was excluded, the EBIT for Total Logistics Services would have decreased by 17% in tandem with the decline in revenue. Procurement Logistics Services recorded a decrease of 45% mainly due to the lower activities in the quarter as mentioned above.

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 2017. 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 major shareholder, CJ Logistics Group.

18. Profit Forecast

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

19. Taxation

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.03.2017 RM'000	Preceding year corresponding quarter 31.03.2016 RM'000	Current year to date 31.03.2017 RM'000	Preceding year corresponding period 31.03.2016 RM'000
Provision for taxation	1,969	1,610	1,969	1,610
Deferred taxation	<u>(2)</u>	<u>(410)</u>	<u>(2)</u>	<u>(410)</u>
	<u>1,967</u>	<u>1,200</u>	<u>1,967</u>	<u>1,200</u>

20. Note to the Statement of Comprehensive Income

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.03.2017 RM'000	Preceding year corresponding quarter 31.03.2016 RM'000	Current year to date 31.03.2017 RM'000	Preceding year corresponding period 31.03.2016 RM'000
Interest income	486	391	486	391
Interest expenses	(829)	(1,056)	(829)	(1,056)
Depreciation and amortisation	(2,631)	(2,839)	(2,631)	(2,839)
Provision for and write off of receivables	(19)	8	(19)	8
Foreign exchange gain/(loss)	203	(507)	203	(507)
Share-based payment under ESOS	(392)	(500)	(392)	(500)
Other income including investment income (excluding items disclosed above)	66	74	66	74

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

21. Status of Corporate Proposal

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

22. Group's Borrowings and Debt Securities

	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
Short Term - Secured		
- Term Loans	19,576	14,802
- Hire Purchase	2,924	2,809
	<u>22,500</u>	<u>17,611</u>
Long Term - Secured		
- Term Loans	39,955	48,839
- Hire Purchase	2,484	2,914
	<u>42,439</u>	<u>51,753</u>
	<u>64,939</u>	<u>69,364</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

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 31.03.2017 RM'000	As at 31.12.2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	106,479	101,467
- Unrealised	8,220	8,378
Add: Consolidation adjustments	<u>(3,401)</u>	<u>(3,394)</u>
Total group retained earnings as per consolidated accounts	<u><u>111,298</u></u>	<u><u>106,451</u></u>

26. Dividend

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

27. Earnings Per Share

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.03.2017 RM'000	Preceding year corresponding quarter 31.03.2016 RM'000	Current year to date 31.03.2017 RM'000	Preceding year corresponding period 31.03.2016 RM'000
Net profit attributable to equity holders of the Company	<u>4,847</u>	<u>4,464</u>	<u>4,847</u>	<u>4,464</u>
Weighted average number of ordinary shares in issue	387,713	374,219	387,713	374,219
Effect on dilution of ESOS	<u>1,550</u>	<u>2,991</u>	<u>1,550</u>	<u>2,991</u>
Weighted average number of ordinary shares (diluted)	<u><u>389,263</u></u>	<u><u>377,210</u></u>	<u><u>389,263</u></u>	<u><u>377,210</u></u>
Basic earnings per share (sen)	1.25	1.19	1.25	1.19
Diluted earnings per share (sen)	1.25	1.18	1.25	1.18

By Order of the Board of Directors

Company Secretaries

Kuala Lumpur
18 May 2017