



CJ CENTURY LOGISTICS HOLDINGS BERHAD
199701008845 (424341-A)

INTERIM FINANCIAL REPORT

30 JUNE 2022

25 AUGUST 2022



CJ CENTURY LOGISTICS HOLDINGS BERHAD (Registration No. 199701008845 (424341-A))
Interim report on unaudited consolidated results for the financial period ended 30 June 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2022

	-----Individual quarter-----				-----Cumulative quarter-----			
	Current year quarter 30.06.2022 RM'000	Preceding year corresponding quarter 30.06.2021 RM'000	-----Changes-----		Current year to date 30.06.2022 RM'000	Preceding year corresponding period 30.06.2021 RM'000	-----Changes-----	
			RM'000	%			RM'000	%
Continuing Operations								
Revenue	252,939	231,130	21,809	9%	495,728	451,027	44,701	10%
Direct operating expenses	(217,733)	(200,832)	(16,901)	-8%	(423,175)	(388,537)	(34,638)	-9%
Gross profit	35,206	30,298	4,908	16%	72,553	62,490	10,063	16%
Net other operating expenses	(22,913)	(21,219)	(1,694)	-8%	(44,965)	(43,702)	(1,263)	-3%
Results from operating activities	12,293	9,079	3,214	35%	27,588	18,788	8,800	47%
Net finance costs	(1,978)	(2,412)	434	18%	(3,932)	(4,852)	920	19%
Profit before taxation from continuing operations	10,315	6,666	3,649	55%	23,656	13,936	9,720	70%
Taxation	(3,117)	(3,556)	439	12%	(7,112)	(3,894)	(3,218)	-83%
Profit for the period from continuing operations	7,198	3,110	4,088	131%	16,544	10,042	6,502	65%
Discontinued Operation								
Loss for the period from discontinued operation	-	(11,279)	11,279	100%	-	(20,406)	20,406	100%
Profit / (loss) for the period	7,198	(8,169)	15,367	188%	16,544	(10,364)	26,908	260%
Other comprehensive income / (loss)								
Foreign currency translation differences for foreign operations	3	(7)	10	143%	(2)	(21)	19	90%
Other comprehensive income / (loss) for the period from continuing operations	3	(7)	10	143%	(2)	(21)	19	90%
Total comprehensive income / (loss) for the period	7,201	(8,176)	15,377	188%	16,542	(10,385)	26,927	259%
Profit / (loss) attributable to:								
Equity holders of the Company								
-Continuing operations	7,190	3,090	4,100	133%	16,537	9,977	6,560	66%
-Discontinued operations	-	(11,279)	11,279	100%	-	(20,406)	20,406	100%
	7,190	(8,189)	15,379	188%	16,537	(10,429)	26,966	259%
Non-controlling interests								
-Continuing operations	8	20	(12)	-60%	7	65	(58)	-89%
-Discontinued operations	-	-	-	-	-	-	-	-
	8	20	(12)	-60%	7	65	(58)	-89%
Profit / (loss) for the period	7,198	(8,169)	15,367	188%	16,544	(10,364)	26,908	260%
Total comprehensive income / (loss) attributable to:								
Equity holders of the Company								
-Continuing operations	7,193	3,083	4,110	133%	16,535	9,956	6,579	66%
-Discontinued operations	-	(11,279)	11,279	100%	-	(20,406)	20,406	100%
	7,193	(8,196)	15,390	188%	16,535	(10,450)	26,985	258%
Non-controlling interests								
-Continuing operations	8	20	(12)	-60%	7	65	(58)	-89%
-Discontinued operations	-	-	-	-	-	-	-	-
	8	20	(12)	-60%	7	65	(58)	-89%
Total comprehensive income / (loss) for the period	7,201	(8,176)	15,377	188%	16,542	(10,385)	26,927	259%
Earnings / (loss) per share attributable to equity holders of the Company:								
Basic and Diluted (sen)*								
-Continuing operations	1.23	0.53	0.71	134%	2.83	1.70	1.13	66%
-Discontinued operations	-	(1.92)	1.92	100%	-	(3.48)	3.48	100%
	1.23	(1.40)	2.63	188%	2.83	(1.78)	4.61	259%

* The Group's basic and diluted earnings per share are the same as the Group does not have any convertible securities 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 2021.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	As at end of current quarter 30.06.2022 RM'000	As at preceding financial year end 31.12.2021 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	418,001	428,227
Right-of-use assets	21,028	21,657
Deferred tax asset	1,037	2,140
Intangible assets	23,839	23,878
	<u>463,905</u>	<u>475,902</u>
Current Assets		
Inventories	39,015	25,802
Receivables	239,031	222,528
Deposits, cash and bank balances	28,811	54,610
	<u>306,857</u>	<u>302,940</u>
TOTAL ASSETS	<u><u>770,762</u></u>	<u><u>778,842</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	300,043	300,043
Treasury shares	(6,538)	(4,197)
Reserves	142,282	125,747
	<u>435,787</u>	<u>421,593</u>
Non-controlling Interests	690	683
Total Equity	<u>436,477</u>	<u>422,276</u>
Non-current Liabilities		
Borrowings	117,733	126,911
Lease liabilities	5,666	6,536
Deferred taxation	8,834	7,930
	<u>132,233</u>	<u>141,377</u>
Current Liabilities		
Borrowings	63,672	36,090
Payables	122,319	163,221
Lease liabilities	16,062	15,878
	<u>202,053</u>	<u>215,189</u>
Total Liabilities	<u>334,285</u>	<u>356,566</u>
TOTAL EQUITY AND LIABILITIES	<u><u>770,762</u></u>	<u><u>778,842</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.75	0.72

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2021.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2022

	Current year to date 30.06.2022 RM'000	Preceding year corresponding period 30.06.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) for the year		
Continuing Operations	16,544	10,042
Discontinued Operations	-	(20,406)
	<u>16,544</u>	<u>(10,364)</u>
Adjustments:		
Non-Cash Items		
-Continuing Operations	28,445	26,209
-Discontinued Operations	-	3,778
Non-Operating Items		
-Continuing Operations	(160)	(238)
-Discontinued Operations	-	-
	<u>44,830</u>	<u>19,385</u>
Operating profit before working capital changes		
Movement in working capital:		
Net change in current assets	(31,408)	(5,320)
Net change in current liabilities	(15,319)	(12,179)
	<u>(46,727)</u>	<u>(17,500)</u>
Cash (used in) / generated from operations	(1,898)	1,886
Tax paid	(2,274)	(2,442)
	<u>(4,172)</u>	<u>(556)</u>
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	84	354
Disposal of property, plant and equipment	3,220	461
(Increase) / decrease in investment in money market funds	(1,002)	5,513
Purchase of property, plant and equipment	(603)	(5,760)
	<u>1,699</u>	<u>568</u>
Net cash from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	22,000	29,000
Repayment of principal portion of lease liabilities	(8,867)	(9,438)
Net repayment of hire purchase payables	(1,304)	(4,882)
Repayment of borrowings	(12,920)	(19,536)
Repayment of principal portion of advance received from immediate holding company	(26,993)	-
Purchase of treasury shares	(2,341)	(476)
Interest paid	(4,017)	(5,668)
	<u>(34,441)</u>	<u>(11,000)</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(36,914)	(10,988)
Cash and cash equivalents at beginning of the period	43,134	43,716
Cash and cash equivalents at end of the period	<u>6,220</u>	<u>32,728</u>
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash and bank balances	15,076	28,551
Investment in money market funds	12,478	10,976
Deposits with licensed banks	1,257	4,177
	<u>28,811</u>	<u>43,704</u>
Less: Investment in money market funds	(12,478)	(10,976)
Bank overdraft	(10,113)	-
	<u>6,220</u>	<u>32,728</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2021.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022

	Share Capital RM'000	Attributable to Equity Holders of the Company		Distributable Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Non-distributable Treasury Shares RM'000	Other Reserves RM'000				
As at 1 January 2022	300,043	(4,197)	531	125,216	421,593	683	422,276
Purchase of treasury shares	-	(2,341)	-	-	(2,341)	-	(2,341)
Total comprehensive income for the period	-	-	(2)	16,537	16,535	7	16,542
As at 30 June 2022	300,043	(6,538)	529	141,753	435,787	690	436,477
As at preceding year corresponding quarter							
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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2021.

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 2021.

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 2021.

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 2022. As disclosed in the Group's annual financial statements for the financial year ended 31 December 2021, the following are new/revised accounting standards effective for annual periods beginning on or after 1 January 2022.

Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020"
Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)
Amendments to MFRS 116 Property, Plant and Equipment (Property, Plant and Equipment - Proceeds before Intended Use)
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)

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 :-

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendment to MFRS 17	Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparatives Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Disclosure of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 10	Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an 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 2021 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 bought back 2,125,000 ordinary shares from the open market at an average price of RM0.62 per share. The shares purchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

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 2022 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	380,427	115,301	495,728	-	-	495,728
Inter-segment sales	7,929	6	7,934	-	(7,934)	-
Total revenue	<u>388,356</u>	<u>115,306</u>	<u>503,662</u>	<u>-</u>	<u>(7,934)</u>	<u>495,728</u>
Profit						
Segment results	22,859	5,485	28,344	-	(756)	27,588
Net finance costs						<u>(3,932)</u>
Profit from ordinary activities before taxation						23,656
Taxation						<u>(7,112)</u>
Profit from ordinary activities after taxation						16,544
Non-controlling interests						<u>(7)</u>
Net profit for the period						<u>16,537</u>

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	8,538	-	8,538	52	(8,590)	-
Total revenue	<u>340,400</u>	<u>119,166</u>	<u>459,566</u>	<u>26,553</u>	<u>(8,590)</u>	<u>477,529</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>(10,429)</u>

Total revenue of the Group from Continuing Operations was RM495.728 million, representing an increase of 9.9% from RM451.027 million recorded in the corresponding period ended 30 June 2021. The Group recorded an operating profit from Continuing Operations of RM27.588 million, an increase of 46.8% from operating profit of RM18.788 million, for the six months ended 30 June 2022.

Total Logistics Services

Segment revenue and operating profit from Total Logistics Services operations for the period under review increased by RM48.566 million and RM9.770 million respectively as compared to the corresponding period ended 30 June 2021 mainly due to the higher overall volumes handled by the Total Logistics Services segment. In general, there was high export volumes recorded by the freight forwarding operation as customers' volumes increased following the easing of the pandemic containment measures globally. Our contract logistics operation on the other hand, recorded poorer performance as the operation faced higher operation costs during the period.

Procurement Logistics Services

The Procurement Logistics segment recorded a lower segment revenue and operating profit of RM115.301 million and RM5.485 million respectively for the six months ended 30 June 2022 compared to RM119.166 million and RM5.910 million respectively in the corresponding period ended 30 June 2021. The decrease in revenue and profit were mainly attributable to the lower export volumes handled, whereby the export revenue declined from RM76.696 million to RM73.081 million during the financial period. The division faced a disruption of components from its suppliers in China, predominantly due to the zero Covid policy enforced by the China Government during the first quarter of 2022. This disruption was eased towards the later part of the second quarter of 2022. As a result of this supply disruption, the export volumes were reduced and deferred to later quarters. Fortunately, our export customers are well aware of the situation and agree with the deferment of the exports to later periods.

Discontinued Operations- Courier Services

The Company had on 1 July 2021 disposed its courier services business through the divestment of its 100% equity interest in CJ Logistics Express Malaysia Sdn Bhd.

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 2022						
Segment Assets	942,462	115,871	1,058,333	-	(287,572)	<u>770,761</u>
Segment Liabilities	486,245	62,626	548,871	-	(214,585)	<u>334,286</u>
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>

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

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 30.06.2022 RM'000	As at 31.12.2021 RM'000
Financial assets		
Fair value through profit or loss		
Investment in money market funds	<u>12,478</u>	<u>11,476</u>
Amortised costs		
Trade receivables	150,157	134,346
Other receivables and refundable deposits	36,761	34,327
Amount owing from immediate holding company	1,638	1,082
Amount owing from intermediate holding company	209	152
Amount owing from related parties	11,326	20,959
Deposits, cash and bank balances	<u>16,333</u>	<u>43,134</u>
Financial liabilities at amortised costs		
Trade payables	33,063	47,581
Other payables and accrued expenses	68,445	64,497
Amount owing to immediate holding company	1,276	30,649
Amount owing to intermediate holding company	10,387	9,709
Amount owing to related parties	959	394
Total borrowings	173,412	154,217
Hire-purchase payables	7,994	8,784
Lease liabilities	<u>21,727</u>	<u>22,414</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 price quotes for similar instruments or valuation techniques based on market observable inputs as quoted prices of identical instruments from an active market are not available. It is determined based on the quoted prices from investment fund and adjusted to incorporate credit risk, is categorised under Level 2 fair value hierarchy.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

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

There were no material events subsequent to the end of the interim period.

14. Changes in Composition of the Group

There were no changes in the composition of the Group during the financial period under review.

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 30.06.2022 RM'000	As at 31.12.2021 RM'000
Approved and contracted for	2,503	108
Approved but not contracted for	<u>1,328</u>	<u>1,540</u>

16. Changes in Contingent Liabilities

There were no changes in contingent liabilities since the last annual balance sheet as at 31 December 2021.

17. Review of Performance

For the financial quarter ended 30 June 2022, the Group's revenue and pre-tax profit were RM252.939 million and RM10.315 million respectively, compared to revenue and pre-tax loss of RM243.177 million and RM4.613 million respectively for the corresponding period in the previous financial year.

When analyzed based on Continuing Operations, the Group recorded revenue and pre-tax profit of RM252.939 million and RM10.315 million respectively for the current quarter compared to RM231.130 million and RM6.666 million respectively for the corresponding period in the previous financial year, representing increases of 9.4% for revenue and 54.7% for pre-tax profit. This improvement is mainly due to the higher volumes handled by both Total Logistics Services and Procurement Logistics Services segments.

For the Total Logistics Services segment, our freight forwarding operation recorded much higher export volumes following the full movement control order during part of the corresponding period in the previous financial year. Revenue from our freight forwarding operation was RM105.140 million during the financial quarter ended 30 June 2022, from RM95.559 million representing an increase of 10.0%.

The Procurement Logistics Services segment recorded revenue of RM69.986 million during the financial quarter ended 30 June 2022, up from RM62.220 million, an improvement of 12.5%. Although there was an improvement in the financial quarter, the segment faced continued disruption in the supply of components from China, which eased towards the later part of the second quarter of 2022.

18. Comparison with Immediate Preceding Quarter's Results

	Current year quarter 30.06.2022 RM'000	Immediate preceding quarter 31.03.2022 RM'000	-----Changes-----	
			RM'000	%
Continuing Operations				
Revenue	252,939	242,789	10,150	4%
Direct operating expenses	<u>(217,733)</u>	<u>(205,442)</u>	<u>(12,291)</u>	<u>-6%</u>
Gross profit	35,206	37,347	(2,141)	-6%
Net other operating expenses	<u>(22,913)</u>	<u>(22,052)</u>	<u>(861)</u>	<u>-4%</u>
Results from operating activities	12,293	15,295	(3,002)	-20%
Net finance costs	<u>(1,978)</u>	<u>(1,954)</u>	<u>(24)</u>	<u>-1%</u>
Profit before taxation from continuing operations	10,315	13,341	(3,026)	-23%
Taxation	<u>(3,117)</u>	<u>(3,995)</u>	<u>878</u>	<u>22%</u>
Profit for the period from continuing operations	<u>7,198</u>	<u>9,346</u>	<u>(2,148)</u>	<u>-23%</u>
Discontinued Operations				
Loss after tax for the period from discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the period	<u>7,198</u>	<u>9,346</u>	<u>(2,148)</u>	<u>-23%</u>

For the financial quarter ended 30 June 2022, the Group reported revenue and pre-tax profit of RM252.939 million and RM10.315 million respectively, compared to revenue and pre-tax profit of RM242.789 million and RM13.341 million respectively for the preceding quarter.

The increase in revenue for Continuing Operations was mainly due to the higher activities in Procurement Logistics Services segment. Pre-tax profit was lower despite the higher revenue mainly due to the higher operation costs from certain contracts in Total Logistics Services segment.

19. Prospects for the Current Financial Year

Malaysia's gross domestic product (GDP) grew strongly by 8.9% during the second quarter of 2022, supported by strong domestic demand and steady recovery in the labour market. This was up from the 5.0% growth recorded in the previous quarter Q1 2022. The higher growth also reflects the normalization of economic activities as the country moved towards endemicity and reopened international borders. Exports remain supported by strong demand for E&E products, while the services and manufacturing sectors continued to drive growth. With growth in the first half of 2022 at 6.9%, the Malaysian economy is projected to expand further during the remainder of the year. While external demand could face headwinds from slower global growth, the Malaysian economy will continue to be supported by firm domestic demand. Growth would also benefit from improving labour market conditions and higher tourist arrivals, as well as continued implementation of multi-year investment projects. However, Malaysia's growth remains susceptible to a weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions.

(Source: Bank Negara Malaysia Press Release 13 August 2022)

Bank Negara Malaysia had previously forecasted GDP at 5.3% to 6.3% for 2022, underpinned by stronger domestic demand, continued expansion in external demand, and further improvement in the labour market. (Source: Bank Negara Malaysia Press Release 12 May 2022)

The fortunes of the logistics industry is closely aligned with the strength of the economy and volume of economic activity and international trade, and this is no different from CJ Century. Our prospects are closely tied to the economic environment and in particular, the Malaysian economy. Despite the challenges over the course of the previous two financial years caused by the pandemic, our resilient business model has allowed us to adapt ourselves to manage the uncertainty and the variable outcomes.

CJ Century continued to achieve a record quarterly revenue during the second quarter of 2022. Our main segments have continued to grow strongly brought about by the confidence which customers place in us to deliver excellent logistics solutions to effectively manage their supply chain. We will continue to manage and grow CJ Century in a sustainable manner, with the following five point business strategy which we announced in our Annual Report 2021:

- Strengthen balance sheet to enable business expansion
- Build capital and liquidity strengths, with continued emphasis on cost control measures
- Drive sustainability-led initiatives, prioritizing health and safety
- Accelerate adoption of digitalization initiatives
- Talent development capable of leading a high-performance organization

We are confident that our strong balance sheet and our diversified customer base will enable us to weather any economic uncertainties due to inflationary pressures, and the tightening monetary policies which may result in slower growth.

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 30.06.2022 RM'000	Preceding year corresponding quarter 30.06.2021 RM'000	Current year to date 30.06.2022 RM'000	Preceding year corresponding period 30.06.2021 RM'000
Provision for taxation	2,189	2,614	5,105	3,870
Deferred taxation	<u>928</u>	<u>942</u>	<u>2,007</u>	<u>24</u>
	<u>3,117</u>	<u>3,556</u>	<u>7,112</u>	<u>3,894</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 30.06.2022 RM'000	Preceding year corresponding quarter 30.06.2021 RM'000	Current year to date 30.06.2022 RM'000	Preceding year corresponding period 30.06.2021 RM'000
Interest income	28	197	84	354
Interest expenses - borrowings				
-Continuing Operations	(1,734)	(2,246)	(3,446)	(4,504)
-Discontinued Operations	-	(296)	-	(406)
Interest expenses - right-of-use assets				
-Continuing Operations	(273)	(362)	(571)	(701)
-Discontinued Operations	-	(33)	-	(57)
Depreciation and amortisation				
-Continuing Operations	(8,558)	(8,740)	(17,074)	(17,423)
-Discontinued Operations	-	(1,632)	-	(2,730)
Provision for and write off of receivables				
-Continuing Operations	(407)	62	(826)	(32)
-Discontinued Operations	-	(556)	-	(585)
Foreign exchange gain / (loss)				
-Continuing Operations	(206)	402	389	37
-Discontinued Operations	-	(95)	-	(96)
Gain / (loss) on disposal of quoted or unquoted investments or properties				
-Continuing Operations	117	178	485	189
-Discontinued Operations	-	-	-	-
Other income including investment income (excluding items disclosed above)				
-Continuing Operations	25	18	36	106
-Discontinued Operations	-	-	-	-

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 30.06.2022 RM'000	As at 31.12.2021 RM'000
Trade Receivables	153,613	136,976
Less: Allowance for impairment	<u>(3,456)</u>	<u>(2,630)</u>
	<u>150,157</u>	<u>134,346</u>

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

	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000
1 - 30 days	19,308	20,495
31 - 60 days	5,068	7,634
61 - 90 days	1,392	5,238
more than 90 days	<u>5,292</u>	<u>5,844</u>
	<u>31,060</u>	<u>39,211</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 RM31.060 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 2022-----		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Short Term - Unsecured			
- Revolving Credit	34,000	-	34,000
- Bank Overdraft	10,113	-	10,113
Secured			
- Term Loans	17,031	112,267	129,298
- Hire Purchase	<u>2,528</u>	<u>5,466</u>	<u>7,994</u>
	<u>63,672</u>	<u>117,733</u>	<u>181,406</u>
	-----As at 31 December 2021-----		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Short Term - Unsecured			
- Revolving credit	16,000	-	16,000
Secured			
- Term Loans	17,637	120,580	138,217
- Hire Purchase	<u>2,453</u>	<u>6,331</u>	<u>8,784</u>
	<u>36,090</u>	<u>126,911</u>	<u>163,001</u>

The weighted average effective interest rates of the term loans is 3.73% (2021 : 3.58%) 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 4.77% (2021 : 4.77%) 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

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.

28. 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 2022.

29. Earnings Per Share

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2022 RM'000	Preceding year corresponding quarter 30.06.2021 RM'000	Current year to date 30.06.2022 RM'000	Preceding year corresponding period 30.06.2021 RM'000
Net profit / (loss) attributable to equity holders of the Company				
-Continuing Operations	7,190	3,090	16,537	9,977
-Discontinued Operations	-	(11,279)	-	(20,406)
	<u>7,190</u>	<u>(8,189)</u>	<u>16,537</u>	<u>(10,429)</u>
Weighted average number of ordinary shares in issue	<u>583,523</u>	<u>586,904</u>	<u>584,369</u>	<u>586,998</u>
Basic and diluted earnings / (loss) per share (sen)*				
-Continuing Operations	1.23	0.53	2.83	1.70
-Discontinued Operations	-	(1.92)	-	(3.48)
	<u>1.23</u>	<u>(1.40)</u>	<u>2.83</u>	<u>(1.78)</u>

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

By Order of the Board of Directors

Company Secretaries

Kuala Lumpur
25 August 2022