



CENTURY LOGISTICS HOLDINGS BERHAD
(424341-A)

INTERIM FINANCIAL REPORT

31 DECEMBER 2016

21 February 2017



CENTURY LOGISTICS HOLDINGS BERHAD (424341-A)

Interim report on unaudited consolidated results for the financial period ended 31 December 2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2016

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.12.2016 RM'000	Preceding year corresponding quarter 31.12.2015 RM'000	Current year to date 31.12.2016 RM'000	Preceding year corresponding period 31.12.2015 RM'000
Revenue	74,624	73,348	300,289	297,876
Direct operating expenses	<u>(54,684)</u>	<u>(51,600)</u>	<u>(219,399)</u>	<u>(213,864)</u>
Gross profit	19,940	21,748	80,890	84,012
Gain on disposal of property	-	-	-	10,785
Net other operating expenses	<u>(13,100)</u>	<u>(13,616)</u>	<u>(53,875)</u>	<u>(51,023)</u>
Results from operating activities	6,840	8,132	27,015	43,774
Net finance costs	<u>(223)</u>	<u>(822)</u>	<u>(1,421)</u>	<u>(2,771)</u>
Profit before taxation	6,617	7,310	25,594	41,003
Taxation	<u>(315)</u>	<u>(1,083)</u>	<u>(5,342)</u>	<u>(9,024)</u>
Profit for the period	<u>6,302</u>	<u>6,227</u>	<u>20,252</u>	<u>31,979</u>
Other comprehensive income				
Foreign currency translation differences for foreign operations	<u>(30)</u>	<u>(415)</u>	<u>1</u>	<u>262</u>
Other comprehensive income for the period	<u>(30)</u>	<u>(415)</u>	<u>1</u>	<u>262</u>
Total comprehensive income for the period	<u><u>6,272</u></u>	<u><u>5,812</u></u>	<u><u>20,253</u></u>	<u><u>32,241</u></u>
Profit attributable to:				
Equity holders of the Company	6,280	6,212	20,170	31,948
Non-controlling interests	<u>22</u>	<u>15</u>	<u>82</u>	<u>31</u>
Profit for the period	<u><u>6,302</u></u>	<u><u>6,227</u></u>	<u><u>20,252</u></u>	<u><u>31,979</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	6,250	5,797	20,171	32,210
Non-controlling interests	<u>22</u>	<u>15</u>	<u>82</u>	<u>31</u>
Total comprehensive income for the period	<u><u>6,272</u></u>	<u><u>5,812</u></u>	<u><u>20,253</u></u>	<u><u>32,241</u></u>
Earnings per share attributable to equity holders of the Company:				
Basic (sen)	<u>1.64</u>	<u>1.69</u>	<u>5.30</u>	<u>8.63</u>
Diluted (sen)	<u>1.61</u>	<u>1.64</u>	<u>5.19</u>	<u>8.34</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	As at end of current quarter 31.12.2016 RM'000	As at preceding financial year end 31.12.2015 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	257,947	267,211
Goodwill on consolidation	1,443	1,443
	<u>259,390</u>	<u>268,654</u>
Current Assets		
Inventories	4,269	3,552
Receivables	79,524	76,955
Deposits, cash and bank balances	91,640	89,453
	<u>175,433</u>	<u>169,960</u>
TOTAL ASSETS	<u><u>434,823</u></u>	<u><u>438,614</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	192,367	186,818
Reserves	109,119	101,950
	<u>301,486</u>	<u>288,768</u>
Non-controlling Interests	<u>1,045</u>	<u>964</u>
Total Equity	<u>302,531</u>	<u>289,732</u>
Non-current Liabilities		
Borrowings	51,753	69,433
Deferred taxation	7,048	7,179
	<u>58,801</u>	<u>76,612</u>
Current Liabilities		
Borrowings	17,611	18,755
Payables	55,880	53,515
	<u>73,491</u>	<u>72,270</u>
Total Liabilities	<u>132,292</u>	<u>148,882</u>
TOTAL EQUITY AND LIABILITIES	<u><u>434,823</u></u>	<u><u>438,614</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.78	0.77

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2016

	Current year to date 31.12.2016 RM'000	Preceding year corresponding period 31.12.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	20,252	31,979
Adjustments:		
Non-Cash Items	17,648	23,692
Non-Operating Items	631	(9,966)
Operating profit before working capital changes	38,531	45,705
Movement in working capital:		
Net change in current assets	(3,076)	14,737
Net change in current liabilities	4,267	(4,715)
Cash generated from operations	39,722	55,727
Tax Paid	(7,065)	(11,353)
Net cash from operating activities	32,657	44,374
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	2,351	1,823
Disposal of property, plant and equipment	600	21,858
Disposal of investment	67	299
Increase in investment in money market funds	(16,235)	(22,152)
Increase in deposits with maturities exceeding 3 months	(2)	(12)
Proceeds from disposal of subsidiary companies	-	(14)
Purchase of property, plant and equipment	(2,302)	(41,791)
Net cash used in investing activities	(15,521)	(39,989)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Net proceeds from issuance of shares	6,731	4,488
Dividend paid	(15,321)	(20,444)
Proceeds from borrowings	-	37,118
Repayment of hire purchase payables	(3,212)	(3,641)
Repayment of borrowings	(15,612)	(21,067)
Interest paid	(3,772)	(4,594)
Net cash used in financing activities	(31,186)	(8,140)
Net decrease in cash and cash equivalents	(14,050)	(3,755)
Cash and cash equivalents at beginning of the period	41,170	44,925
Cash and cash equivalents at end of the period	27,120	41,170
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	18,714	19,449
Investment in money market funds	64,431	48,196
Deposits with licensed banks	8,495	21,808
Less: Investment in money market funds	(64,431)	(48,196)
Deposits with maturities in excess of 3 months	(89)	(87)
	27,120	41,170

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

	← Issued Capital RM'000	← Attributable to Equity Holders of the Company →			→ Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Share Premium Reserve RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000			
As at end of current quarter							
As at 1 January 2016	186,818	748	1,366	99,836	288,768	964	289,732
Issue of shares pursuant to exercise of Employees' Share Option Scheme ("ESOS")	5,549	1,200	(18)	-	6,731	-	6,731
Share-based payment under ESOS	-	-	1,136	-	1,136	-	1,136
Transfer to retained earnings upon exercised of ESOS	-	-	(1,766)	1,766	-	-	-
Total comprehensive income for the period	-	-	1	20,170	20,171	82	20,253
Dividends paid	-	-	-	(15,321)	(15,321)	-	(15,321)
As at 31 December 2016	192,367	1,948	719	106,451	301,485	1,046	302,531
As at preceding year corresponding quarter							
As at 1 January 2015	183,096	-	442	86,976	270,514	933	271,447
Issue of shares pursuant to exercise of ESOS	3,722	748	18	-	4,488	-	4,488
Share-based payment under ESOS	-	-	2,000	-	2,000	-	2,000
Transfer to retained earnings upon exercised of ESOS	-	-	(1,356)	1,356	-	-	-
Total comprehensive income for the period	-	-	262	31,948	32,210	31	32,241
Dividends paid	-	-	-	(20,444)	(20,444)	-	(20,444)
As at 31 December 2015	186,818	748	1,366	99,836	288,768	964	289,732

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015.

Notes To The Financial Statements

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

2. Significant Accounting Policies

The Group has adopted the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia for accounting period beginning on 1 January 2016. As disclosed in the Group's annual financial statements for the financial year ended 31 December 2015, the following are new/revised accounting standards effective for annual periods beginning on or after 1 January 2016.

MFRS 9	Financial Instruments
MFRS 14	Regulatory Deferral Account
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 11	Accounting for Acquisition of Interests in Joint Ventures
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exemption
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2012 - 2014 Cycle	

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2015 was not qualified.

4. Seasonal or Cyclical Factors

The business operations of the Group are not significantly affected by any seasonal or cyclical factors.

5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows in the financial quarter under review.

6. Changes in Estimates

There was no change in estimates of amounts reported in prior interim periods that had a material effect in the current reporting quarter.

7. Changes in Debt and Equity Securities

There was no issuance or repayment of debt or equity securities, share cancellations and resale of treasury shares during the financial quarter under review, except that the Company issued 306,000 new ordinary shares of RM0.50 each at exercise price of RM0.60 per share for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company.

8. Dividend Paid

On 22 December 2016, the Company paid a single tier interim dividend of 0.5 sen per share in respect of the financial year ending 31 December 2016, amounting to RM1.924 million.

9. Segmental Reporting

Analysis of the Group's revenue and results for the 12 months period ended 31 December 2016 is as follows:

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
<u>Revenue</u>				
External sales	250,416	49,873	-	300,289
Inter-segment sales	1,254	-	(1,254)	-
Total revenue	<u>251,670</u>	<u>49,873</u>	<u>(1,254)</u>	<u>300,289</u>
<u>Profit</u>				
Segment results	20,836	5,974	205	27,015
Net finance costs				<u>(1,421)</u>
Profit from ordinary activities before taxation				25,594
Taxation				<u>(5,342)</u>
Profit from ordinary activities after taxation				20,252
Non-controlling interests				<u>(82)</u>
Net profit for the period				<u>20,170</u>

Analysis of the Group's revenue and results for the 12 months period ended 31 December 2015 is as follows:

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
<u>Revenue</u>				
External sales	245,107	52,769	-	297,876
Inter-segment sales	2,405	-	(2,405)	-
Total revenue	<u>247,512</u>	<u>52,769</u>	<u>(2,405)</u>	<u>297,876</u>
<u>Profit</u>				
Segment results	26,460	6,366	163	32,989
Gain on disposal of property				10,785
Net finance costs				<u>(2,771)</u>
Profit from ordinary activities before taxation				41,003
Taxation				<u>(9,024)</u>
Profit from ordinary activities after taxation				31,979
Non-controlling interests				<u>(31)</u>
Net profit for the period				<u>31,948</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 RM3.506 million in respect of property, plant and equipment.

14. Changes in Contingent Liabilities

There were no changes in contingent liabilities since the last annual balance sheet as at 31 December 2015.

15. Review of Performance

For the financial quarter ended 31 December 2016, the Group's revenue and pre-tax profit were RM74.624 million and RM6.617 million respectively, compared to revenue and pre-tax profit of RM73.348 million and RM7.310 million respectively for the corresponding period in the previous financial year. The increase in revenue by 2% was mainly due to the higher activities of both Total Logistics Services and Procurement Logistics Services segments. However the decrease in pre-tax profit by 9% was mainly due to the final settlement of a claim which amounted to RM2.25 million. If the effect of the settlement was excluded, the pre-tax profit would have increased by 21%.

16. Comparison with Immediate Preceding Quarter's Results

For the financial quarter ended 31 December 2016, the Group reported revenue and pre-tax profit of RM74.624 million and RM6.617 million respectively, compared to revenue and pre-tax profit of RM73.548 million and RM5.263 million respectively for the preceding quarter. The increase in revenue and pre-tax profit were due to the generally higher activities of both the Total Logistics Services and Procurement Logistics Services segments. This increase was in spite of the settlement of the claim as explained above.

17. Prospects for the Next 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 31.12.2016 RM'000	Preceding year corresponding quarter 31.12.2015 RM'000	Current year to date 31.12.2016 RM'000	Preceding year corresponding period 31.12.2015 RM'000
Provision for taxation	166	2,506	5,473	11,145
Deferred taxation	149	(1,423)	(131)	(2,121)
	<u>315</u>	<u>1,083</u>	<u>5,342</u>	<u>9,024</u>

20. Note to the Statement of Comprehensive Income

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.12.2016 RM'000	Preceding year corresponding quarter 31.12.2015 RM'000	Current year to date 31.12.2016 RM'000	Preceding year corresponding period 31.12.2015 RM'000
Interest income	525	480	2,351	1,823
Interest expenses	(748)	(1,302)	(3,772)	(4,594)
Depreciation and amortisation	(2,681)	(2,907)	(10,915)	(10,845)
Provision for and write off of receivables	(32)	(359)	30	(1,053)
Foreign exchange gain	1,010	559	668	3,269
Gain on disposal of quoted or unquoted investments or properties	(68)	(2)	(51)	11,078
Reversal of unquoted investment	67	(28)	67	(67)
Settlement of claim	(2,250)	-	(2,250)	(1,650)
Share-based payment under ESOS	364	(500)	(1,136)	(2,000)
Other income including investment income (excluding items disclosed above)	129	99	322	360

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 31.12.2016 RM'000	As at 31.12.2015 RM'000
Short Term - Secured		
- Term Loans	14,802	15,808
- Hire Purchase	2,809	2,947
	<u>17,611</u>	<u>18,755</u>
Long Term - Secured		
- Term Loans	48,839	63,445
- Hire Purchase	2,914	5,988
	<u>51,753</u>	<u>69,433</u>
	<u>69,364</u>	<u>88,188</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 for the final settlement of claim with Nestle Products Sdn Bhd which amounted to RM2.25 million on 11 November 2016, 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 31.12.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	101,467	92,088
- Unrealised	8,378	9,013
Add: Consolidation adjustments	<u>(3,394)</u>	<u>(1,265)</u>
Total group retained earnings as per consolidated accounts	<u>106,451</u>	<u>99,836</u>

26. Dividend

The Board of Directors declares a single tier final dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2016, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

27. Earnings Per Share

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.12.2016 RM'000	Preceding year corresponding quarter 31.12.2015 RM'000	Current year to date 31.12.2016 RM'000	Preceding year corresponding period 31.12.2015 RM'000
Net profit attributable to equity holders of the Company	<u>6,280</u>	<u>6,216</u>	<u>20,170</u>	<u>31,948</u>
Weighted average number of ordinary shares in issue	382,856	373,546	380,705	370,067
Effect on dilution of ESOS	<u>7,568</u>	<u>12,704</u>	<u>7,568</u>	<u>12,885</u>
Weighted average number of ordinary shares (diluted)	<u>390,425</u>	<u>386,250</u>	<u>388,273</u>	<u>382,952</u>
Basic earnings per share (sen)	1.64	1.66	5.30	8.63
Diluted earnings per share (sen)	1.61	1.61	5.19	8.34

By Order of the Board of Directors

Company Secretaries

Kuala Lumpur
21 February 2017