

# TRI-MODE SYSTEM (M) BERHAD

Company No. 229265-X  
(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2018

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME <sup>(1)</sup>

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.9.2018	30.9.2017 <sup>(2)</sup>	30.9.2018	30.9.2017 <sup>(2)</sup>
	RM'000	RM'000	RM'000	RM'000
Revenue	21,738	N/A	64,991	N/A
Cost of sales	(17,540)	N/A	(51,591)	N/A
<b>Gross Profit</b>	<b>4,198</b>	N/A	<b>13,400</b>	N/A
Others income	567	N/A	1,098	N/A
Administration expenses	(2,720)	N/A	(10,598) <sup>(3)</sup>	N/A
Finance costs	(141)	N/A	(647)	N/A
Share of results of associate companies	126	N/A	372	N/A
<b>Profit before taxation</b>	<b>2,030</b>	N/A	<b>3,625</b>	N/A
Taxation	(505)	N/A	(756)	N/A
<b>Profit for the period</b>	<b>1,525</b>	<b>N/A</b>	<b>2,869</b>	<b>N/A</b>
<b>Other comprehensive income</b>				
Share of other comprehensive income in associate	-	N/A	840	N/A
<b>Total comprehensive income</b>	<b>1,525</b>	<b>N/A</b>	<b>3,709</b>	<b>N/A</b>
<b>Profit for the period attributable to:</b>				
- Owners of the Company	1,525	N/A	2,869	N/A
- Non-controlling interests	-	N/A	-	N/A
	<b>1,525</b>	<b>N/A</b>	<b>2,869</b>	<b>N/A</b>
<b>Total comprehensive income attributable to:</b>				
- Owners of the Company	1,525	N/A	3,709	N/A
- Non-controlling interests	-	N/A	-	N/A
	<b>1,525</b>	<b>N/A</b>	<b>3,709</b>	<b>N/A</b>
Weighted average number of ordinary shares ('000)	149,797	N/A	149,797	N/A
Earnings per share attributable to owners of the Company (sen):				
- Basic <sup>(4)</sup>	1.02	N/A	1.92	N/A
- Diluted <sup>(5)</sup>	1.02	N/A	1.92	N/A

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2018

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (1) (CONT'D)

#### Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 18 April 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the preceding quarter available as this is the first interim financial report for the third quarter ended 30 September 2018 announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**").
- (3) Period to date administration expenses included one-off non-recurring listing expenses of approximately RM2.10 million. For illustration purposes only, our Group's normalised operation performance without the listing expenses is tabulated as follows:

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.9.2018 RM'000	30.9.2017 RM'000	30.9.2018 RM'000	30.9.2017 RM'000
Profit before taxation	2,030	N/A	5,727	N/A
Taxation	(505)	N/A	(756)	N/A
Profit for the period	1,525	N/A	4,971	N/A
Other comprehensive income / (expenses)	-	N/A	840	N/A
Total comprehensive income	1,525	N/A	5,811	N/A

- (4) Basic earnings per share of the Group for the quarter and year to date is calculated based on weighted average number of ordinary shares of 149,797,375 after issuance of 43,207,000 new ordinary shares on 4 May 2018 in conjunction with listing of the Company on 14 May 2018.
- (5) Diluted earnings per share of the Group for the quarter and year to date is equivalent to the basic earnings per share as the Group does not have any convertible options as at the end of the reporting period.

N/A – Not applicable.

# TRI-MODE SYSTEM (M) BERHAD

Company No. 229265-X  
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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2018

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION <sup>(1)</sup>

	AS AT 30.9.2018	AS AT 30.9.2017 <sup>(2)</sup>
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non- current assets</b>		
Property, plant and equipment	57,601	N/A
Other investments	175	N/A
Investment in associate companies	2,471	N/A
Deferred tax assets	-	N/A
	<u>60,247</u>	<u>N/A</u>
<b>Current assets</b>		
Inventories	110	N/A
Trade receivables	13,154	N/A
Other receivables	3,322	N/A
Tax recoverable	331	N/A
Fixed deposits with licensed banks	20,062	N/A
Cash and bank balances	864	N/A
	<u>37,843</u>	<u>N/A</u>
<b>TOTAL ASSETS</b>	<b><u>98,090</u></b>	<b><u>N/A</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	47,503	N/A
Acquisition reserves	(5,533)	N/A
Retained earnings	28,295	N/A
<b>Total equity attributable to owners of the Company</b>	<b><u>70,265</u></b>	<b><u>N/A</u></b>
Non-controlling interest	-	N/A
<b>Total Equity</b>	<b><u>70,265</u></b>	<b><u>N/A</u></b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Finance lease payables	5,255	N/A
Bank borrowings	5,580	N/A
Deferred tax liabilities	4,179	N/A
	<u>15,014</u>	<u>N/A</u>

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2018

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION <sup>(1)</sup> (CONT'D)

	AS AT 30.6.2018	AS AT 30.6.2017 <sup>(2)</sup>
	RM'000	RM'000
<b>Current liabilities</b>		
Trade payables	4,964	N/A
Other payables	1,297	N/A
Amount due to associates	3,055	N/A
Finance lease payables	3,338	N/A
Tax payable	157	N/A
	<b>12,811</b>	<b>N/A</b>
<b>Total liabilities</b>	<b>27,825</b>	<b>N/A</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>98,090</b>	<b>N/A</b>
<b>NET ASSETS PER SHARE <sup>(3)</sup></b>	<b>0.42</b>	N/A
Number of ordinary shares ('000)	166,000	N/A

#### Notes:

- (1) The basis of preparation of Unaudited Condensed Consolidated Statements of Financial Position are disclosed in Note A1 and should be read in conjunction with the Prospectus dated 18 April 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the preceding quarter available as this is the first interim financial report for the third quarter ended 30 September 2018 announced in compliance with the Listing Requirements.
- (3) Net assets per share is calculated based on number of ordinary shares of 166,000,000 after issuance of 43,207,000 new ordinary shares on 4 May 2018 in conjunction with listing of the Company on 14 May 2018.

N/A – Not applicable.

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2018

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY <sup>(1)(2)</sup>

	Non-distributable		Distributable	Total
	Share capital	Acquisition reserves	Retained profits	
	RM'000	RM'000	RM'000	RM'000
<b>Balance at 1 January 2018</b>	8,260	(369)	25,950	33,841
Profit for the period	-	-	2,869	2,869
Share of other comprehensive income in associate	-	-	840	840
Acquisitions	12,887	(5,164)	-	7,723
Issuance of shares	26,356	-	-	26,356
Shares issuance expenses	-	-	(1,364)	(1,364)
<b>Balance at 30 September 2018</b>	<b>47,503</b>	<b>(5,533)</b>	<b>28,295</b>	<b>70,265</b>

#### Notes:

- (1) The basis of preparation of the Unaudited Combined Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 18 April 2018 and the accompany explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the preceding quarter available as this is the first interim financial report for the third quarter ended 30 September 2018 announced in compliance with the Listing Requirements.

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2018

### UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS <sup>(1)</sup>

	PERIOD-TO-DATE	
	30.9.2018	30.9.2017 <sup>(2)</sup>
	RM'000	RM'000
<b>Cash flow From Operating Activities</b>		
Profit before tax	3,625	N/A
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment ("PPE")	1,902	N/A
Interest paid	647	N/A
Gain on disposal of PPE	(109)	N/A
Interest received	(343)	N/A
Share of profit in associated	(372)	N/A
<b>Operating profit before working capital changes</b>	<b>5,350</b>	<b>N/A</b>
<u>Changes in working capital</u>		
Inventories	(36)	N/A
Receivables	1,391	N/A
Payables	(1,086)	N/A
Associate companies	(686)	N/A
Directors	(7,276)	N/A
	<b>(7,693)</b>	<b>N/A</b>
<b>Cash generated from operating activities</b>	<b>(2,343)</b>	<b>N/A</b>
Interest paid	(647)	N/A
Interest received	343	N/A
Tax paid	(1,399)	N/A
<b>Net Cash flows from operating activities</b>	<b>(4,046)</b>	<b>N/A</b>
<b>Cash flow From Investing Activities</b>		
Dividend Receivable	300	N/A
Purchase of PPE	(806)	N/A
Proceeds from disposal of PPE	386	N/A
<b>Net Cash flows from investing activities</b>	<b>(120)</b>	<b>N/A</b>

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2018

### UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS <sup>(1)</sup> (CONT'D)

	PERIOD-TO-DATE	
	30.9.2018	30.9.2017 <sup>(2)</sup>
	RM'000	RM'000
<b>Cash flow From Financing Activities</b>		
Proceeds from issuance of shares	34,357	N/A
Payment of listing expenses	(2,102)	
Repayment of bank borrowings	(2,620)	N/A
Repayment of finance lease liabilities	(3,540)	N/A
Increase in fixed deposits	(17,988)	N/A
<b>Net Cash flows used in financing activities</b>	<b>8,107</b>	<b>N/A</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,941</b>	<b>N/A</b>
Cash and cash equivalents at beginning of the period	(3,077)	N/A
<b>Cash and cash equivalents at the end of the period</b>	<b>864</b>	<b>N/A</b>
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents in the condensed consolidated statements of cash flows comprise:		
Cash and bank balances	864	N/A
Fixed deposits with licensed banks	20,062	N/A
	20,926	N/A
Less: Fixed deposits with licensed banks	(20,062)	N/A
	<b>864</b>	<b>N/A</b>

#### Notes:

- (1) The basis of preparation of the unaudited condensed consolidated statement of comprehensive income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 18 April 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the preceding quarter available as this is the first interim financial report for the third quarter ended 30 September 2018 announced in compliance with the Listing Requirements.

N/A – Not applicable.

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2018

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

##### A1. Basis of preparation

The interim financial report of Tri-Mode System (M) Berhad (“**TMS**” or “**the Company**”) and its subsidiaries (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) No. 134: Interim Financial Reporting and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Securities (“**Listing Requirements**”).

This is the first interim financial statements on the combined results for the third quarter ended 30 September 2018 announced by the Company in compliance with the Listing Requirements and at such, there are no comparative figures for the preceding year’s corresponding period.

The interim financial statements should be read in conjunction with the Accountant’s Report as disclosed in the Prospectus dated 18 April 2018 and the accompanying explanatory notes attached to this interim financial report.

##### A2. Significant Accounting Policies

The accounting policies adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2017. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

##### A3. Auditors’ report

The auditors’ report on the preceding year audited financial statements was not subject to any qualification.

##### A4. Seasonal or cyclical factors

We experience sales fluctuations in our business during festive periods such as Hari Raya and Chinese New Year as there are lesser working days compared to the normal month with normal working days.

##### A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

Save for one-off non-recurring listing expenses of approximately RM2.10 million during May 2018, there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial period-to-date.



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### **A6. Material changes in estimates**

There were no material changes in the estimates in the current financial quarter under review.

### **A7. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities during the financial quarter under review.

### **A8. Dividends paid**

There was no dividend paid during the current financial quarter under review.

### **A9. Contingent liabilities or contingent assets**

There were no other contingent liabilities or contingent assets as at the date of this interim financial report.

### **A10. Changes in the composition of the Group**

There were no changes in the composition of the Group for the current financial quarter under review.

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2018

### A11. Segmental reporting

The Group is principally involved in the provision of sea freight, container haulage, air freight, freight forwarding, warehousing and marine insurance services.

#### (a) Revenue by business activities

The table below set out the breakdown of the Group's revenue by business activities for the financial quarter under review:

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.9.2018	30.9.2017 <sup>(1)</sup>	30.9.2018	30.9.2017 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Sea freight	14,215	N/A	41,142	N/A
Container haulage	6,243	N/A	19,234	N/A
Air freight	880	N/A	3,413	N/A
Freight forwarding	83	N/A	265	N/A
Warehousing	257	N/A	788	N/A
Marine insurance	60	N/A	149	N/A
<b>Total Revenue</b>	<b>21,738</b>	<b>N/A</b>	<b>64,991</b>	<b>N/A</b>

Sea freight, container haulage and air freight segment are the top 3 revenue contributors under the financial period under review. The factors affecting our top 3 key revenue contributors are as follows:

- (i) fluctuation in sea freight rate;
- (ii) fluctuation in fuel price; and
- (iii) fluctuation in air freight rate.

#### (b) Revenue by geographical regions

The table below set out the breakdown of the Group's revenue by geographical regions for the financial period under review:

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.9.2018	30.9.2017 <sup>(1)</sup>	30.9.2018	30.9.2017 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Malaysia	19,408	N/A	58,589	N/A
Overseas	2,330	N/A	6,402	N/A
<b>Total Revenue</b>	<b>21,738</b>	<b>N/A</b>	<b>64,991</b>	<b>N/A</b>

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### Note:

- (1) There are no comparative figures for the preceding quarter available as this is the first interim financial report for the third ended 30 September 2018 announced in compliance with the Listing Requirements.

N/A – Not applicable.

### A12. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter under review.

### A13. Material events subsequent to the end of the current financial quarter

There were no subsequent material events as at the date of this report.

### A14. Related Party Transactions

Related party transactions have been entered into in the normal course of business and have been established on terms and conditions that are not more favourable to the related parties. The significant related party transactions of the Group are as follows:

Transaction with associate companies	3-MONTH ENDED		PERIOD-TO-DATE	
	30.9.2018	30.9.2017 <sup>(1)</sup>	30.9.2018	30.9.2017 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
<b>(a) Atama Logistics (M) Sdn Bhd</b>				
Trade receivable	3,148	N/A	3,148	N/A
Trade payable	6,203	N/A	6,203	N/A
Net amount payable	3,055	N/A	3,055	N/A
Services income	2,829	N/A	9,006	N/A
Services expenses	4,703	N/A	14,486	N/A
<b>(b) Container Connections (M) Sdn Bhd</b>				
Trade receivable	-	N/A	-	N/A
Trade payable	2	N/A	2	N/A
Net amount payable	2	N/A	2	N/A
Services income	-	N/A	-	N/A
Services expenses	19	N/A	50	N/A

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Transaction with companies in which certain Directors have financial interests	3-MONTH ENDED		PERIOD-TO-DATE	
	30.9.2018	30.9.2017 <sup>(1)</sup>	30.9.2018	30.9.2017 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
<b>(a) PT. Oriental Logistics Indonesia</b>				
Trade receivable	8	N/A	8	N/A
Trade payable	12	N/A	12	N/A
Net amount payable	4	N/A	4	N/A
Services income	8	N/A	11	N/A
Services expenses	15	N/A	29	N/A
<b>(b) Oriental Thailand</b>				
Trade receivable	-	N/A	-	N/A
Trade payable	2	N/A	2	N/A
Net amount payable	2	N/A	2	N/A
Services income	-	N/A	-	N/A
Services expenses	2	N/A	7	N/A
<b>(c) Oriental Logistics Group Inc.</b>				
Trade receivable	-	N/A	-	N/A
Trade payable	-	N/A	-	N/A
Net amount receivable	-	N/A	-	N/A
Services income	-	N/A	6	N/A
Services expenses	-	N/A	5	N/A

**Note:**

(1) There are no comparative figures for the preceding quarter available as this is the first interim financial report for the third quarter ended 30 September 2018 announced in compliance with the Listing Requirements.

N/A – Not applicable.

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### A15. Capital commitments

As at current financial quarter under review, our Group's material commitments (including commitments to be incurred) for capital expenditure are as follows:

	<b>Unaudited</b>
	<b>9-MONTH ENDED 30.9.2018</b>
	RM'000
Senja Aman' apartment <sup>(1)</sup>	1,816
Pulau Indah Land <sup>(2)</sup>	11,420
Total capital commitments for capital expenditures	<b>13,236</b>

#### **Notes:**

- (1) Investment property under construction and will be leased to hotel operator to generate income upon completion. In addition, there will be free stay to be made available as staff welfare post completion of the said property.
- (2) The Pulau Indah Land will be used to construct our future headquarters, warehouse and haulage operation yard ("Proposed HQ and Distribution Hub").

The material commitment for capital expenditures above will be financed by a combination of bank borrowings and internally generated funds.

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### PART B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### B1. Review of Performance

The Company recorded revenue of RM21.74 million and profit before tax of RM2.03 million for the current financial quarter ended 30 September 2018.

The Company's revenue was derived from the provision of sea freight, container haulage, air freight, freight forwarding, warehousing and marine insurance services.

No comparative figures for the preceding year's quarter are available as this is the first interim financial report for the third quarter ended 30 September 2018 announced in compliance with the Listing Requirements.

For the purpose of comparison only, the unaudited consolidated financial results for the third quarter ended 30 September 2018 and the unaudited combined financial results for the third quarter ended 30 September 2017 are tabulated as follows:

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	21,738	22,036	64,991	63,097
Gross Profits	4,198	5,115	13,400	14,243
Profit before tax	2,030	2,399	<b>3,625<sup>(1)</sup></b>	6,158
Profit for the financial period	<b>1,525</b>	<b>1,806</b>	<b>2,869<sup>(1)</sup></b>	<b>4,547</b>
Total comprehensive income for the financial period	<b>1,525</b>	<b>1,806</b>	<b>3,709<sup>(1)</sup></b>	<b>4,547</b>

#### Notes:

(1) Period to date profit before tax included one-off non-recurring listing expenses of approximately RM2.10 million. For illustration purpose only, our Group's normalized performance under normalised Group's business operation without listing expenses will be as follows:

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	21,738	22,036	64,991	63,097
Gross Profits	4,198	5,115	13,400	14,243
Profit before tax	2,030	2,399	<b>5,727</b>	6,158
Profit for the financial period	1,525	1,806	<b>4,971</b>	4,547
Total comprehensive income for the financial period	1,525	1,806	<b>5,811</b>	4,547

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There have been no other material factors affecting the earnings and/or revenue of the Group for the current quarter except gross profit margin reduced by 3.9% mainly due to increase in diesel price and maintenance costs.

### B2. Comparison with immediate preceding quarter's results

	3-MONTH ENDED		CHANGE	
	30.9.2018	30.6.2018		
(Unaudited)	RM'000	RM'000	RM'000	%
Revenue	21,738	21,193	545	2.57%
Profit/(Loss) before tax	<b>2,030</b>	<b>(386)</b>	2,416	625.91%

For the current quarter ended 30 September 2018, the Group recorded higher revenue of RM21.74 million as compared to RM21.20 million in the immediate preceding quarter ended 30 June 2018.

The increase in profit before tax of 626% for current quarter ended 30 September 2018 mainly due to the one-off non-recurring listing expenses of approximately RM2.10 million incurred in the immediate preceding quarter ended 30 June 2018.

For illustration purposes only, our Group's normalised profit before tax under normalised business operation without listing expenses for the immediate preceding quarter ended 30 June 2018, will be RM1.72 million as compared to loss before tax of RM0.39 million (increased in profit before tax of 18% for current quarter ended 30 September 2018).

### B3. Prospects

As disclosed in the Prospectus of the Company dated 18 April 2018, the Group has put in place a series of future plans. As at the date of this report, the progress of the plans is as follows:

- We are still in the midst of finalising architecture design but the application of planning approval to local town council has been submitted in September 2018 for our Proposed HQ and Distribution Hub in West Port.
- We have placed a purchase order on 6 July 2018 for 15 new trailers to expand our fleet of haulage vehicles for existing container haulage business expansion, estimated delivery during fourth quarter 2018.
- We have launched our e-commerce logistics platform, HiClicks Malaysia on 18 September 2018. We believe our venture into the e-commerce logistics industry in Malaysia will add value to our existing businesses by integrated logistics services solution to selected e-commerce platforms and expand further our air freight business in Malaysia.

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(d) We has entered into a Memorandum of Understanding (“**MOU**”) with OGN Online Sdn Bhd (“**OGN**”), a dropship platform provider named Kumoten, on 15 September 2018. The MOU signed is aimed to provide a basic framework of collaboration between HiClicks Malaysia and Kumoten for any future business agreement to be entered between the parties for logistics arrangement of the products to be purchased from Korea, Japan, Taiwan and USA via Kumoten. Subsequently we had on 16 October 2018 signed a service agreement with OGN in relation to the above matter.

Barring any unforeseen circumstances, the Board of Directors of the Company is of the opinion that the prospects for the remaining period to the end of the financial year will remain favourable.

### B4. Profit Forecast or Profit Guarantee

The Company did not issue any profit forecast or profit guarantee during the current financial quarter under review.

### B5. Taxation

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.9.2018	30.9.2017 <sup>(1)</sup>	30.9.2018	30.9.2017 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Current financial period:				
- Income tax	392	N/A	1,146	N/A
- Deferred tax	113	N/A	249	N/A
Previous year overprovision:				
- Deferred Tax	-	N/A	(639)	N/A
Total tax expense	505	N/A	756	N/A
Effective tax rate	24.88% <sup>(2)</sup>	N/A	20.86% <sup>(2)</sup>	N/A

#### Notes:

(1) There are no comparative figures for the preceding quarter available as this is the first interim financial report for the third quarter ended 30 September 2018 announced in compliance with the Listing Requirements.

(2) Adjusted effective tax rate computation

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.9.2018	30.9.2017 <sup>(1)</sup>	30.9.2018	30.9.2017 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Profit before tax	2,030	N/A	3,625	N/A
Listing expenses	-	N/A	2,103	N/A
Adjusted profit before tax	2,030	N/A	5,728	N/A
Current tax provision	505	N/A	1,395	N/A
Effective tax rate	24.88%	N/A	<b>24.35%</b>	N/A

N/A – Not applicable.



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- (a) The adjusted period to date effective tax rate of 24.35% is in line with the statutory tax rate of 24%.
- (b) Income tax expense is recognised based on management's best estimate.

### B6. Corporate Proposals

#### (a) Status of corporate proposal

There are no other corporate proposals announced by the company but not completed as at date of this report.

#### (b) Utilisation of proceeds

The Company was listed on the ACE Market of Bursa Securities on 14 May 2018, the gross proceeds raised from the Public Issue amounting to RM26.356 million and the status of the utilisation of the proceed are as follows:

<u>Details of utilisation</u>	<u>Proposed Utilisation</u>	<u>Actual Utilisation</u>	<u>Estimated timeframe for utilisation upon listing</u>
	RM'000	RM'000	
Business expansion			
- Construction of the Proposed HQ and Distribution Hub	15,000	-	Within 30 months
- Purchase of prime movers and trailers	500	-	Within 24 months
Repayment of bank borrowings	5,000	5,000	Within 6 months
Working capital	2,356	2,389 <sup>(1)</sup>	Within 12 months
Estimated listing expenses	3,500	3,467 <sup>(1)</sup>	Within 3 months
<b>Total</b>	<b>26,356</b>	<b>10,856</b>	

#### Note:

(1) Balance of unutilised portion, utilised as working capital.

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 18 April 2018.

As at the date of this report, we have utilised RM5.0 million for repayment of bank borrowings consist of term loan and overdraft facilities. The repayment of these bank borrowings provides interest savings of approximately RM0.40 million each year to the Group. We have also utilised RM5.86 million for listing expenses and working capital purposes.

The remaining proceeds of RM15.50 million has been placed as fixed deposits with local banks in Malaysia.

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### B7. Trade Receivables

The Group grant credit on various terms. Trade receivables disclosed below include amounts which are past due at the end of reporting period but has not recognised as receivables subject to impairment as there has not been a significant change in credit quality and still considered recoverable by the management.

	PERIOD-TO-DATE					
	30.9.2018			30.9.2017 <sup>(1)</sup>		
	<u>Non-RPT<sup>(2)</sup></u>	<u>RPT<sup>(2)</sup></u>	<u>Total</u>	<u>Non-RPT<sup>(2)</sup></u>	<u>RPT<sup>(2)</sup></u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than 1 month	5,104	896	6,000	N/A	N/A	N/A
1 month	3,693	918	4,611	N/A	N/A	N/A
2 months	597	1,038	1,635	N/A	N/A	N/A
3 months	333	304	637	N/A	N/A	N/A
More than 3 months	271	0	271	N/A	N/A	N/A
<b>Trade Receivables</b>	<b>9,998</b>	<b>3,156</b>	<b>13,154</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

**Note:**

(1) There are no comparative figures for the preceding quarter available as this is the first interim financial report for the third quarter ended 30 September 2018 announced in compliance with the Listing Requirements.

(2) RPT – Related party transactions as per note A14.

N/A – Not applicable.

### B8. Bank borrowings

The Group's bank borrowings were as follows:

	AS AT 30.9.2018	AS AT 30.9.2017
	RM'000	RM'000
<b>Secured:</b>		
<u>Current:</u>		
Finance leases payables	3,338	N/A
	<b>3,338</b>	<b>N/A</b>
<u>Non-current :</u>		
Finance leases payables	5,255	N/A
Term loans	5,580	N/A
	10,835	N/A
<b>Total bank borrowings</b>	<b>14,173</b>	<b>N/A</b>

The weighted average interest rate of bank borrowings is 4.71% p.a. All the finance leases are based on fixed rate and only the term loans are based on floating rate.

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All the Company's borrowings are denominated in Ringgit Malaysia.

**Note:**

N/A – Not applicable.

### B9. Material litigation

There were no material litigation involving the Group as at 30 September 2018.

### B10. Dividend proposed

On 21 November 2018, the Board has approved the declaration and payment of first single-tier interim dividend of 1.0 sen per ordinary share totalling RM1,660,000 in respect of the financial year ending 31 December 2018. The entitlement to dividend to be determined based on the record of depositors as at 12 December 2018 whilst the payment date has been fixed on 11 January 2019.

### B11. Earnings per share

The basic earnings per share ("EPS") are calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of ordinary shares of the Company during the financial period as follows:

		3-MONTH ENDED		PERIOD-TO-DATE	
		30.9.2018	30.9.2017 <sup>(1)</sup>	30.9.2018	30.9.2017 <sup>(1)</sup>
Profit/(Loss) attributable to ordinary owners of the Company	(RM'000)	1,525	N/A	2,869	N/A
weighted average number of ordinary shares <sup>(2)</sup>	('000)	149,797	N/A	149,797	N/A
Basic EPS, RM	(Sen)	1.02	N/A	1.92	N/A
Diluted EPS, RM <sup>(3)</sup>	(Sen)	1.02	N/A	1.92	N/A

**Notes:**

- (1) There are no comparative figures for the preceding quarter available as this is the first interim financial report for the third quarter ended 30 September 2018 announced in compliance with the Listing Requirements.

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- (2) Weighted average number of shares calculation:

Date	Shares outstanding	Weight (month/year)	Weighted average
1-Jan-2018	122,793,000	4.5 /12	46,047,375
14-May-2018	166,000,000	7.5 /12	103,750,000
<b>Total</b>			<b>149,797,375</b>

- (3) Diluted earnings per share is equivalent to the basic earnings per share as the Company does not have convertible securities at the end of review period.

### B12. Disclosure on selected expense/income items as required by the Listing Requirements

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.9.2018	30.9.2017 <sup>(1)</sup>	30.9.2018	30.9.2017 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :-				
Interest income	(199)	N/A	(343)	N/A
Other income including investment income	(33)	N/A	(136)	N/A
Depreciation	177	N/A	496	N/A
Impairment loss recovered	(235)	N/A	(509)	N/A
Foreign exchange – realised (gain) / loss	46	N/A	(36)	N/A
Foreign exchange – unrealised (gain) / loss	24	N/A	124	N/A
Disposal of PPE – (gain) / loss	100	N/A	(109)	N/A

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable.

#### Notes:

- (1) There are no comparative figures for the preceding quarter available as this is the first interim financial report for the third quarter ended 30 September 2018 announced in compliance with the Listing Requirements.

### BY ORDER OF THE BOARD

Company Secretary

Date: 21 November 2018