

# TRI-MODE SYSTEM (M) BERHAD

Company No. 229265-X  
(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2019

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

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	20,335	21,193	38,592	43,254
Cost of sales	(16,973)	(16,795)	(32,183)	(34,051)
<b>Gross Profit</b>	<b>3,362</b>	<b>4,398</b>	<b>6,409</b>	<b>9,203</b>
Others income	223	424	476	531
Administration expenses	(2,861)	(5,062)	(5,764)	(7,878)
Finance costs	(99)	(231)	(211)	(506)
Share of results of associate companies	168	85	248	246
<b>Profit before taxation</b>	<b>793</b>	<b>(386)</b>	<b>1,158</b>	<b>1,596</b>
Taxation	(169)	(125)	(263)	(251)
<b>Profit for the period</b>	<b>624</b>	<b>(511)</b>	<b>895</b>	<b>1,345</b>
<b>Other comprehensive income</b>				
Share of other comprehensive income in associate	-	-	-	840
<b>Total comprehensive income</b>	<b>624</b>	<b>(511)</b>	<b>895</b>	<b>2,185</b>
<b>Profit for the period attributable to:</b>				
- Owners of the Company	624	(511)	895	1,345
- Non-controlling interests	-	-	-	-
	<b>624</b>	<b>(511)</b>	<b>895</b>	<b>1,345</b>
<b>Total comprehensive income attributable to:</b>				
- Owners of the Company	624	(511)	895	2,185
- Non-controlling interests	-	-	-	-
	<b>624</b>	<b>(511)</b>	<b>895</b>	<b>2,185</b>
Weighted average number of ordinary shares ('000)	166,000	134,251	166,000	134,251
Earnings/(loss) per share attributable to owners of the Company (sen):				
- Basic <sup>(2)</sup>	0.38	(0.38)	0.54	1.00
- Diluted <sup>(3)</sup>	0.38	(0.38)	0.54	1.00

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (<sup>1</sup>) (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 audited financial statements of the Group for financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share of the Group for the quarter and year to date of 2018 is calculated based on weighted average of ordinary shares of 166,000,000 and 134,251,210, respectively.
- (3) 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.

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## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2019

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

	<b>Unaudited As at 30.06.2019</b>	<b>Audited As at 31.12.2018</b>
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non- current assets</b>		
Property, plant and equipment	68,422	67,967
Right of use assets	1,012	-
Other investments	175	175
Investment in associate companies	3,932	3,552
Deferred tax assets	-	-
	73,541	71,694
<b>Current assets</b>		
Inventories	92	110
Trade receivables	12,685	12,713
Other receivables	2,430	2,250
Tax recoverable	464	194
Fixed deposits with licensed banks	17,744	19,866
Cash and bank balances	529	973
	33,944	36,106
<b>TOTAL ASSETS</b>	<b>107,485</b>	<b>107,800</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	47,503	47,503
Acquisition reserves	(5,533)	(5,533)
Retained earnings	29,141	28,280
<b>Total equity attributable to owners of the Company</b>	<b>71,111</b>	<b>70,250</b>
Non-controlling interest	-	-
<b>Total Equity</b>	<b>71,111</b>	<b>70,250</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Finance lease payables	3,465	4,045
Bank borrowings	15,731	14,570
Lease liabilities	437	-
Deferred tax liabilities	4,195	4,240
	<b>23,828</b>	<b>22,855</b>

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

	Unaudited As at 30.06.2019	Audited As at 31.12.2018
	RM'000	RM'000
<b>Current liabilities</b>		
Trade payables	5,290	3,749
Other payables	1,104	3,616
Amount due to associate companies	2,729	3,065
Finance lease payables	2,463	3,572
Bank borrowings	327	611
Lease liabilities	615	-
Tax payable	18	82
	<b>12,546</b>	<b>14,695</b>
<b>Total liabilities</b>	<b>36,374</b>	<b>37,550</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>107,485</b>	<b>107,800</b>
<b>NET ASSETS PER SHARE (RM)</b>	<b>0.43</b>	<b>0.42</b>
Number of ordinary shares ('000)	166,000	166,000

#### Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

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## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2019

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

	Non-distributable		Distributable	Total
	Share capital	Acquisition reserves	Retained profits	
	RM'000	RM'000	RM'000	RM'000
<b>Opening balance at 1 January 2019</b>	47,503	(5,533)	28,280	70,250
Effect of MFRS 16	-	-	(34)	(34)
At 1 January 2019, as restated	47,503	(5,533)	28,246	70,216
Profit for the period	-	-	895	895
<b>Balance at 30 June 2019</b>	<b>47,503</b>	<b>(5,533)</b>	<b>29,141</b>	<b>71,111</b>
Balance at 1 January 2018	8,260	(369)	25,950	33,841
Profit for the period	-	-	1,345	1,345
Share of other comprehensive income in associate	-	-	840	840
Acquisitions	12,887	(5,164)	-	7,723
Issue of shares	26,356			26,356
Share issuance expenses			(1,364)	(1,364)
Balance at 30 June 2018	47,503	(5,533)	26,771	68,741

#### Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

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## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2019

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

	PERIOD-TO-DATE	
	30.06.2019	30.06.2018
	RM'000	RM'000
<b>Cash flow From Operating Activities</b>		
Profit before tax	1,158	1,596
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment ("PPE")	1,388	1,262
Provision for expected credit losses	68	-
Interest paid	211	506
Gain on disposal of PPE	(5)	(9)
Unrealised (gain)/loss on foreign exchange	7	-
Interest received	(401)	(144)
Share of profit in associated	(248)	(246)
<b>Operating profit before working capital changes</b>	<b>2,178</b>	<b>2,965</b>
<u>Changes in working capital</u>		
Inventories	18	(33)
Receivables	(226)	2,762
Payables	(971)	(1,497)
Associate companies	(337)	(753)
Directors	-	(7,276)
	(1,516)	(6,797)
<b>Cash generated from operating activities</b>	<b>662</b>	<b>(3,832)</b>
Interest paid	(211)	(506)
Interest received	401	144
Tax paid	(644)	(826)
Tax refund	3	
<b>Net Cash flows from operating activities</b>	<b>211</b>	<b>(5,020)</b>
<b>Cash flow From Investing Activities</b>		
Dividend Receivable	200	100
Investment in associate company	(332)	
Purchase of PPE	(1,887)	(480)
Proceeds from disposal of PPE	49	287
<b>Net Cash flows from investing activities</b>	<b>(1,970)</b>	<b>(93)</b>

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

	PERIOD-TO-DATE	
	30.06.2019	30.06.2018
	RM'000	RM'000
<b>Cash flow From Financing Activities</b>		
Proceeds from issuance of shares	-	34,357
Payment of listing expenses	-	(2,103)
Drawdown of term loan	632	-
Repayment of bank borrowings	-	(2,620)
Repayment of finance lease liabilities	(1,689)	(2,547)
Interest expenses on lease liabilities	6	-
Decrease /(Increase) in fixed deposits	832	(18,052)
<b>Net Cash flows used in financing activities</b>	<b>(218)</b>	<b>9,035</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,977)</b>	<b>3,922</b>
Cash and cash equivalents at beginning of the period	2,179	(3,077)
<b>Cash and cash equivalents at the end of the period</b>	<b>202</b>	<b>845</b>
 <b>Cash and Cash Equivalents</b>		
Cash and bank balances	529	845
Fixed deposits with licensed banks	17,744	20,126
Bank Overdraft	(327)	-
	17,946	20,971
Less: Fixed deposits with licensed banks	(15,590)	(18,043)
Less: Fixed deposits pledged with licensed banks	(2,154)	(2,083)
	202	845

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2019

##### 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 Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

##### A2. Significant Accounting Policies

Except for the adoption of the MFRS 16: Leases (“**Adoption**”), 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 2018. The Group has adopted those MFRS 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.

The main effects of the Adoption which is effective for the financial periods beginning on or after 1 January 2019 are summarised as below:

##### **MFRS 16: Leases (“MFRS 16”)**

MFRS 16, which upon the effective date will supersede MFRS 117: Leases (“MFRS 117”), introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.



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In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Effect of Adoption (full retrospective approach):

	<b>MFRS 117</b>	<b>MFRS 16</b>	<b>Effect</b>
	RM'000	RM'000	RM'000
Right of use assets	-	1,213	1,213
Lease liabilities	-	1,252	1,252
<u>Period to 30-Jun-2019</u>			
Rental payment	434	-	434
Depreciation of right of use assets	-	402	(402)
Interest expenses on lease liabilities	-	38	(38)
	<u>434</u>	<u>440</u>	<u>(6)</u>

The Group has assessed the impact of the Adoption, concluded that the Adoption does not have any significant impact to the financial performance or position 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**

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.

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

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

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### 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

The changes in the composition of the Group for the current financial period are as follows:

- (1) On 26 June 2019, Tri-Mode had subscribed 20,000 ordinary shares for RM335,200 (USD80,000) in Oriental Freight Services (Vietnam) Company Limited (“OFSVN”), representing 20% of the total paid up capital of USD400,000 of OFSVN.

Other than the above, there were no changes in the composition of the Group for the current financial quarter under review.

### 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	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Sea freight	12,062	13,360	23,187	26,927
Container haulage	6,313	6,228	12,268	12,991
Air freight	1,129	1,199	1,860	2,533
Freight forwarding	514	80	665	182
Warehousing	259	280	491	531
Marine insurance	58	46	121	90
<b>Total Revenue</b>	<b>20,335</b>	<b>21,193</b>	<b>38,592</b>	<b>43,254</b>

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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	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	18,332	18,815	34,973	39,182
Overseas	2,009	2,378	3,625	4,072
<b>Total Revenue</b>	<b>20,341</b>	<b>21,193</b>	<b>38,598</b>	<b>43,254</b>

### 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.

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### 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	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
<b>(a) Atama Logistics (M) Sdn Bhd</b>				
Trade receivable	886	1,625	886	1,625
Trade payable	3,614	4,612	3,614	4,612
Net amount payable/(receivable)	2,728	2,987	2,728	2,987
Services income	3,112	2,966	5,781	6,177
Services expenses	4,971	4,846	9,112	9,783
<b>(b) Container Connections (M) Sdn Bhd</b>				
Trade receivable	1	-	1	-
Trade payable	2	4	2	4
Net amount payable/(receivable)	1	4	1	4
Services income	1	-	1	-
Services expenses	29	17	45	31
<b>Transaction with companies in which certain Directors have financial interests</b>				
	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
<b>(a) PT. Oriental Logistics Indonesia</b>				
Trade receivable	5	4	5	4
Trade payable	4	-	4	-
Net amount payable/(receivable)	(1)	(4)	(1)	(4)
Services income	5	1	18	3
Services expenses	6	14	15	14

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	<b>3-MONTH ENDED</b>		<b>PERIOD-TO-DATE</b>	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
<b>(b) Oriental Thailand</b>				
Trade receivable	-	-	-	-
Trade payable	1	2	1	2
Net amount payable/(receivable)	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>
Services income	-	-	6	-
Services expenses	2	2	3	5
	<b>3-MONTH ENDED</b>		<b>PERIOD-TO-DATE</b>	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
<b>(c) Oriental Logistics Group Inc.</b>				
Trade receivable	-	6	-	6
Trade payable	-	2	-	2
Net amount payable/(receivable)	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>(4)</u>
Services income	-	-	-	6
Services expenses	-	-	-	5

### 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>3-MONTH ENDED 30.06.2019</b>
	RM'000
Senja Aman' apartment <sup>(1)</sup>	1,117
Pulau Indah Land <sup>(2)</sup>	1,269
Richard W.Z. Lee Architect <sup>(3)</sup>	1,012
Total capital commitments for capital expenditures	<u><u><b>3,398</b></u></u>

#### 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").

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(3) Architectural fees for 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.

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

#### **B1. Review of Performance**

The Group recorded revenue of RM20.34 million and profit before tax of RM0.79 million for the current financial quarter ended 30 June 2019. The Group's revenue was derived from the provision of sea freight, container haulage, air freight, freight forwarding, warehousing and marine insurance services.

The profit before tax increased from a loss of RM0.39 million to a profit of RM0.79 million as compared to the previous year corresponding quarter. The loss of RM0.39 million in 2<sup>nd</sup> quarter of 2018 was mainly due to one-off non-recurring listing expenses of RM2.10 million.

Lower revenue and profitability were recorded for the current financial quarter ended 30 June 2019 as compared with the previous year corresponding quarter whereby the profit before tax of RM1.72 million was recorded (without taking into consideration the abovesaid one-off non-recurring listing expenses) mainly due to current economy slowdown, intense competition that lower our profit margin, increase in fleets maintenance costs and provision for expected credit losses as per MFRS 9.

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

	3-MONTH ENDED		CHANGE	
	30.06.2019	31.03.2019		
(Unaudited)	RM'000	RM'000	RM'000	%
Revenue	20,341	18,257	2,084	11.41%
Profit before tax	793	365	428	117.26%

For the current quarter ended 30 June 2019, the Group's revenue increased by 11.4% and recorded higher revenue of RM20.34 million as compared to RM18.26 million with immediate preceding quarter ended 31 March 2019. The increase of revenue was mainly due to the normalised of number of working days and increase in overseas agencies collaboration services.

The profit before tax increased by 117.3% for current quarter as a result of higher revenue and cost control exercise implemented during the quarter.

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Overall, the performance of the Group in the current quarter has improved as compared to immediate preceding quarter, and we will work towards this positive direction for the coming quarters.

### **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:

- (a) We have on 14 May 2019 obtained the planning approval from local town council for our Proposed HQ and Distribution Hub in West Port. We have submitted our building plan application to local authority on 2 July 2019 and estimate to obtain the feedback in 3 months' time.
- (b) We have ventured into logistics business in Vietnam via a joint venture agreement dated 25 June 2019. The joint venture operates through OFSVN where we have 20% shareholding and it has commenced business in July 2019. We are confident in our first overseas business expansion as the business opportunity is great in Vietnam, where the international trade transactions are growing and demand for international logistics services is high due to rapid economic growth of the country.
- (c) We are continuously and actively exploring the opportunity to cooperate with more overseas logistics players in international trade logistics services after securing the agency contracts with AIT Corporation Japan and Heppner Group in France.

In view of on-going trade tensions and potential global slowdown, we will continuously focus on improving efficiency of our logistics services, costs reduction, expanding our customer base and more prudent in capital expenditures.

Barring any unforeseen circumstances, the Board of Directors of the Company is of the opinion that the prospects for the financial year ending 31 December 2019 will be more challenging amid uncertainties surrounding world trade. Nevertheless, the Group will continue to seek opportunities in both domestic and international market to deliver sustainable growth in the long term.

### **B4. Profit Forecast or Profit Guarantee**

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

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### B5. Taxation

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Current financial period:				
- Income tax	183	386	320	754
- Deferred tax	(14)	39	(56)	136
Previous year overprovision:				
- Income tax	-	-	-	-
- Deferred tax	-	(300)	-	(639)
Total tax expense	<u>169</u>	<u>125</u>	<u>264</u>	<u>251</u>
Effective tax rate	21.31%	-32.38%	22.80%	15.73%

#### Notes:

- (1) Adjusted effective tax rate computation

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax ("PBT")	793	(386)	1,158	1,596
Listing expenses	-	2,103	-	2,103
PBT without listing expenses	<u>793</u>	<u>1,717</u>	<u>1,158</u>	<u>3,699</u>
Current tax provision	169	425	264	890
Effective tax rate	<u>21.31%</u>	<u>24.75%</u>	<u>22.80%</u>	<u>24.06%</u>

- (a) The period to date effective tax rate of 22.80% is within the range of 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.



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### (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	107	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>10,963</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 per annum to the Group.

We have utilised RM0.10 million to part finance 15 units of new trailers that were delivered during the quarter under review. We have also utilised RM5.86 million for listing expenses and working capital purposes.

The remaining proceeds of RM15.39 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					
	30.06.2019			30.06.2018		
	<u>Non-RPT<sup>(1)</sup></u>	<u>RPT<sup>(1)</sup></u>	<u>Total</u>	<u>Non-RPT<sup>(1)</sup></u>	<u>RPT<sup>(1)</sup></u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than 1 month	5,782	5	5,787	5,629	-	5,629
1 month	4,534	1	4,535	5,158	6	5,164
2 months	1,681	-	1,681	1,876	-	1,876
3 months	501	-	501	589	-	589
More than 3 months	181	-	181	272	-	272
<b>Trade Receivables</b>	<b>12,679</b>	<b>6</b>	<b>12,685</b>	<b>13,524</b>	<b>6</b>	<b>13,530</b>

**Note:**

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

### B8. Bank borrowings

The Group's bank borrowings were as follows:

	AS AT 30.06.2019	AS AT 30.06.2018
	RM'000	RM'000
<b>Secured:</b>		
<u>Current:</u>		
Bank overdraft	327	-
Revolving credit	-	-
Finance leases payables	2,463	3,756
Term loans	-	-
	<u>2,790</u>	<u>3,756</u>
<u>Non-current :</u>		
Finance leases payables	3,465	5,631
Term loans	15,731	5,580
	<u>19,196</u>	<u>11,211</u>
<b>Total bank borrowings</b>	<b>21,986</b>	<b>14,967</b>

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The weighted average interest rate of bank borrowings is 5.89% p.a.. All the finance leases are based on fixed rate and only the term loans are based on floating rate.

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

### B9. Material litigation

There were no material litigation involving the Group as at 30 June 2019.

### B10. Dividend proposed

The Board does not recommend any dividend in respect of the current financial period.

### B11. Earnings per share

The basic earnings per share 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	
		30.06.2019	30.06.2018	30.06.2019	30.06.2018
Profit/(Loss) attributable to ordinary owners of the Company	(RM'000)	624	(511)	895	1,345
weighted average number of ordinary shares <sup>(1)</sup>	('000)	166,000	134,251	166,000	134,251
Basic earnings/(loss) per share	(Sen)	0.38	(0.38)	0.54	1.00
Diluted earnings/(loss) per share <sup>(2)</sup>	(Sen)	0.38	(0.38)	0.54	1.00

#### Notes:

- (1) Basic earnings per share of the Group for the quarter and year to date 2018 is calculated based on weighted average of ordinary shares of 166,000,000 and 134,251,210, respectively.
- (2) 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.

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

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :-				
Interest income	(174)	(128)	(401)	(144)
Interest expenses	99	231	211	506
Other income including investment income	-	(44)	-	(103)
Depreciation	709	162	1,388	320
Provision for expected credit losses	27	-	68	-
Impairment loss recovered	-	(274)	-	(274)
Foreign exchange – realised (gain) / loss	-	(13)	-	27
Foreign exchange – unrealised (gain) / loss	(11)	88	7	88
Disposal of PPE – (gain) / loss	1	22	(5)	(9)

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

### BY ORDER OF THE BOARD

Company Secretary

Date: 09 August 2019