

TRI-MODE SYSTEM (M) BERHAD

Company No. 229265-X
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	21,053	21,738	59,645	64,991
Cost of sales	(17,200)	(17,540)	(49,384)	(51,591)
Gross Profit	3,853	4,198	10,261	13,400
Others income	176	567	652	1,098
Administration expenses	(2,863)	(2,720)	(8,627)	(10,598)
Finance costs	(87)	(141)	(298)	(647)
Share of results of associate companies	50	126	298	372
Profit before taxation	1,129	2,030	2,286	3,625
Taxation	(267)	(505)	(531)	(756)
Profit for the period	862	1,525	1,755	2,869
Other comprehensive income				
Share of other comprehensive income in associate	-	-	-	840
Total comprehensive income	862	1,525	1,755	3,709
Profit for the period attributable to:				
- Owners of the Company	862	1,525	1,755	2,869
- Non-controlling interests	-	-	-	-
	862	1,525	1,755	2,869
Total comprehensive income attributable to:				
- Owners of the Company	862	1,525	1,755	3,709
- Non-controlling interests	-	-	-	-
	862	1,525	1,755	3,709
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 ⁽²⁾	0.52	1.14	1.06	2.14
- Diluted ⁽³⁾	0.52	1.14	1.06	2.14

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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 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 30.09.2019	Audited As at 31.12.2018
	RM'000	RM'000
ASSETS		
Non- current assets		
Property, plant and equipment	67,974	67,967
Right of use assets	811	-
Other investments	175	175
Investment in associate companies	3,822	3,552
Deferred tax assets	-	-
	72,782	71,694
Current assets		
Inventories	72	110
Trade receivables	13,188	12,713
Other receivables	2,558	2,250
Tax recoverable	327	194
Fixed deposits with licensed banks	17,850	19,866
Cash and bank balances	677	973
	34,672	36,106
TOTAL ASSETS	107,454	107,800
EQUITY AND LIABILITIES		
Equity		
Share capital	47,503	47,503
Acquisition reserves	(5,533)	(5,533)
Retained earnings	30,001	28,280
Total equity attributable to owners of the Company	71,971	70,250
Non-controlling interest	-	-
Total Equity	71,971	70,250
Liabilities		
Non-current liabilities		
Finance lease payables	2,766	4,045
Bank borrowings	15,731	14,570
Lease liabilities	356	-
Deferred tax liabilities	4,120	4,240
	22,973	22,855

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾ (CONT'D)

	Unaudited As at 30.09.2019	Audited As at 31.12.2018
	RM'000	RM'000
Current liabilities		
Trade payables	5,130	3,749
Other payables	1,286	3,616
Amount due to associate companies	2,559	3,065
Finance lease payables	2,537	3,572
Bank borrowings	481	611
Lease liabilities	495	-
Tax payable	22	82
	12,510	14,695
Total liabilities	35,483	37,550
TOTAL EQUITY AND LIABILITIES	107,454	107,800
NET ASSETS PER SHARE (RM)	0.43	0.42
Number of ordinary shares ('000)	166,000	166,000

Note:

- (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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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

	Non-distributable		Distributable	Total
	Share capital	Acquisition reserves	Retained profits	
	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 January 2019	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	-	-	1,755	1,755
Balance at 30 September 2019	47,503	(5,533)	30,001	71,971
Balance at 1 January 2018	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
Issue of shares	26,356	-	-	26,356
Share issuance expenses	-	-	(1,364)	(1,364)
Balance at 30 September 2018	47,503	(5,533)	28,295	70,265

Note:

- (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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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	PERIOD-TO-DATE	
	30.09.2019	30.09.2018
	RM'000	RM'000
Cash flow From Operating Activities		
Profit before tax	2,286	3,625
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment ("PPE")	2,103	1,901
Provision for expected credit losses	51	-
Interest paid	298	647
Gain on disposal of PPE	(5)	(108)
Unrealised (gain)/loss on foreign exchange	(3)	-
Interest received	(559)	(343)
Share of profit in associated	(298)	(372)
Operating profit before working capital changes	3,873	5,350
<u>Changes in working capital</u>		
Inventories	38	(36)
Receivables	(831)	1,391
Payables	(949)	(1,086)
Associate companies	(506)	(686)
Directors	-	(7,276)
	(2,248)	(7,693)
Cash generated from operating activities	1,625	(2,343)
Interest paid	(298)	(647)
Interest received	559	343
Tax paid	(846)	(1,399)
Tax refund	3	-
Net Cash flows from operating activities	1,043	(4,046)
Cash flow From Investing Activities		
Dividend Receivable	360	300
Investment in associate company	(332)	-
Purchase of PPE	(2,153)	(806)
Proceeds from disposal of PPE	49	386
Net Cash flows from investing activities	(2,076)	(120)

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾ (CONT'D)

	PERIOD-TO-DATE	
	30.09.2019	30.09.2018
	RM'000	RM'000
Cash flow From Financing Activities		
Proceeds from issuance of shares	-	34,357
Payment of listing expenses	-	(2,102)
Drawdown of term loan	633	-
Repayment of bank borrowings	-	(2,620)
Repayment of finance lease liabilities	(2,314)	(3,540)
Interest expenses on lease liabilities	5	-
Decrease /(Increase) in fixed deposits pledged	(16)	-
Decrease /(Increase) in fixed deposits	742	(17,988)
Net Cash flows used in financing activities	(950)	8,107
Net increase in cash and cash equivalents	(1,983)	3,941
Cash and cash equivalents at beginning of the period	2,179	(3,077)
Cash and cash equivalents at the end of the period	196	864
Cash and Cash Equivalents		
Cash and bank balances	677	864
Fixed deposits with licensed banks	17,850	20,062
Bank Overdraft	(481)	-
	18,046	20,926
Less: Fixed deposits with licensed banks	(15,679)	(17,954)
Less: Fixed deposits pledged with licensed banks	(2,171)	(2,108)
	196	864

Note:

- (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 SEPTEMBER 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):

	MFRS 117	MFRS 16	Effect
	RM'000	RM'000	RM'000
Right of use assets	-	1,213	1,213
Lease liabilities	-	1,252	1,252
<u>Period to 30 September 2019</u>			
Rental payment	635	-	635
Depreciation of right of use assets	-	603	(603)
Interest expenses on lease liabilities	-	33	(33)
	<u>635</u>	<u>636</u>	<u>(1)</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

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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Sea freight	12,055	14,215	35,242	41,142
Container haulage	6,717	6,243	18,985	19,234
Air freight	1,337	880	3,197	3,413
Freight forwarding	565	83	1,230	265
Warehousing	326	257	817	788
Marine insurance	53	60	174	149
Total Revenue	21,053	21,738	59,645	64,991

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:

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- (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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	19,011	19,408	53,979	58,589
Overseas	2,042	2,330	5,666	6,402
Total Revenue	21,053	21,738	59,645	64,991

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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
(a) Atama Logistics (M) Sdn Bhd				
Trade receivable	1,115	3,148	1,115	3,148
Trade payable	3,675	6,203	3,675	6,203
Net amount payable/(receivable)	2,560	3,055	2,560	3,055
Services income	3,388	2,829	9,169	9,006
Services expenses	5,388	4,703	14,500	14,486

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Transaction with associate companies	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
(b) Container Connections (M) Sdn Bhd				
Trade receivable	-	-	-	-
Trade payable	2	2	1	2
Net amount payable/(receivable)	2	2	1	2
Services income	-	-	1	-
Services expenses	18	19	63	50
Transaction with companies in which certain Directors have financial interests	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
(a) PT. Oriental Logistics Indonesia				
Trade receivable	-	8	-	8
Trade payable	2	12	2	12
Net amount payable/(receivable)	2	4	2	4
Services income	1	8	20	11
Services expenses	9	15	25	29
	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
(b) Oriental Thailand				
Trade receivable	-	-	-	-
Trade payable	-	2	-	2
Net amount payable/(receivable)	-	2	-	2
Services income	-	-	6	-
Services expenses	4	2	7	7

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	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
(c) Oriental Logistics Group Inc.				
Trade receivable	-	-	-	-
Trade payable	-	-	-	-
Net amount payable/(receivable)	-	-	-	-
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:

	Unaudited
	3-MONTH ENDED 30.09.2019
	RM'000
Senja Aman' apartment ⁽¹⁾	1,117
Pulau Indah Land ⁽²⁾	1,269
Richard W.Z. Lee Architect ⁽³⁾	774
Total capital commitments for capital expenditures	3,160

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").
- (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.

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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

Despite Malaysia suffered sharpest export decline in three years as per Department of Statistics Report for September 2019, the Group managed to record revenue of RM21.05 million and profit before tax of RM1.13 million for the current financial quarter ended 30 September 2019. Revenue decreased slightly as compared to RM21.74 million of the previous year corresponding quarter. The profit before tax decreased by approximately RM0.9 million as compared to RM2.03 million of the previous year corresponding quarter, higher profit before tax recorded in previous year corresponding quarter was mainly due to gain on disposal of fixed assets and recovery of impairment loss during the quarter.

Further, despite slight decrease of revenue recorded for the current financial period ended 30 September 2019 as compared with the previous year corresponding period, lower profitability for the current financial quarter also attributable to 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	
	30.09.2019	30.06.2019		
(Unaudited)	RM'000	RM'000	RM'000	%
Revenue	21,053	20,335	718	3.53%
Profit before tax	1,129	793	336	42.37%

For the current quarter ended 30 September 2019, the Group's revenue increased by 3.53% and recorded higher revenue of RM21.05 million as compared to RM20.33 million with immediate preceding quarter ended 30 June 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 42.37% for current quarter as a result of higher revenue and cost control exercise implemented during the quarter.

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.

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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 still awaiting for the relevant approval. Meanwhile, the expected date of the delivery of vacant possession of the Pulau Indah Land for our Proposed HQ and Distribution Hub has been deferred to end of year 2019. The construction tender process has been carried out during month of October and November 2019.
- (b) We have ventured into logistics business in Vietnam via a joint venture agreement dated 25 June 2019. The joint venture operates through Oriental Freight Services (Vietnam) Company Limited where we have 20% shareholding and it has commenced business in July 2019. The revenue growth of the company is encouraging thus far. We are confident with our first overseas business venture and the future growth prospects of the business.
- (c) We managed to further expand our overseas agency networks in Vietnam, Dubai and Australia after securing the agency contracts with AIT Corporation Japan and Heppner Group in France. Our new overseas agencies cooperation activities are growing steadily and are expected to contribute positively to our monthly revenue progressively.
- (d) In view of the potential global economy slowdown due to on-going trade tension, we will continuously focus on improving the efficiency of our logistics services, costs optimisation, expanding our customer base and prudent in capital expenditures planning.

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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Current financial period:				
- Income tax	254	392	574	1,146
- Deferred tax	125	113	69	249
	<u>379</u>	<u>505</u>	<u>643</u>	<u>1,395</u>
Previous year overprovision:				
- Income tax	77	-	77	-
- Deferred tax	(189)	-	(189)	(639)
Total tax expense	<u>267</u>	<u>505</u>	<u>531</u>	<u>756</u>
Effective tax rate	23.65%	24.88%	23.23%	20.86%

Notes:

- (1) Adjusted effective tax rate computation

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax ("PBT")	1,129	2,030	2,286	3,625
Listing expenses	-	-	-	2,103
PBT without listing expenses	<u>1,129</u>	<u>2,030</u>	<u>2,286</u>	<u>5,728</u>
Current tax provision	379	505	643	1,395
Effective tax rate	<u>33.57%</u>	<u>24.88%</u>	<u>28.13%</u>	<u>24.35%</u>

- (a) The period to date effective tax rate of 23.23% 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 ⁽¹⁾	Within 12 months
Estimated listing expenses	3,500	3,467 ⁽¹⁾	Within 3 months
Total	26,356	10,963	

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					
	30.09.2019			30.09.2018		
	<u>Non-RPT⁽¹⁾</u>	<u>RPT⁽¹⁾</u>	<u>Total</u>	<u>Non-RPT⁽¹⁾</u>	<u>RPT⁽¹⁾</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than 1 month	6,330	-	6,330	6,000	-	6,000
1 month	4,455	-	4,455	4,603	8	4,611
2 months	1,840	-	1,840	1,635	-	1,635
3 months	428	-	428	637	-	637
More than 3 months	135	-	135	271	-	271
Trade Receivables	13,188	-	13,188	13,146	8	13,154

Note:

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

B8. Bank borrowings

The Group's bank borrowings were as follows:

	AS AT 30.09.2019	AS AT 30.09.2018
	RM'000	RM'000
Secured:		
<u>Current:</u>		
Bank overdraft	481	-
Revolving credit	-	-
Finance leases payables	2,537	3,338
Term loans	-	-
	<u>3,018</u>	<u>3,338</u>
<u>Non-current :</u>		
Finance leases payables	2,766	5,255
Term loans	15,731	5,580
	<u>18,497</u>	<u>10,835</u>
Total bank borrowings	21,515	14,173

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The weighted average interest rate of bank borrowings is 5.98% 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 September 2019.

B10. Dividend proposed

On 15 November 2019, the Board has approved the declaration and payment of first single-tier interim dividend of 0.5 sen per ordinary share totalling RM830,000 in respect of the financial year ending 31 December 2019. The entitlement to dividend to be determined based on the record of depositors as at 12 December 2019 whilst the payment date to be fixed on 10 January 2020.

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	
		30.09.2019	30.09.2018	30.09.2019	30.09.2018
Profit/(Loss) attributable to ordinary owners of the Company	(RM'000)	862	1,525	1,755	2,869
weighted average number of ordinary shares ⁽¹⁾	('000)	166,000	134,251	166,000	134,251
Basic earnings/(loss) per share	(Sen)	0.52	1.14	1.06	2.14
Diluted earnings/(loss) per share ⁽²⁾	(Sen)	0.52	1.14	1.06	2.14

Notes:

- (1) Basic earnings per share of the Group for the quarter and year to date 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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :-				
Interest income	(158)	(199)	(559)	(343)
Interest expenses	87	141	298	647
Other income including investment income	-	(33)	-	(136)
Depreciation	715	639	2,103	1,901
Provision for expected credit losses	(17)	-	51	-
Impairment loss recovered	-	(235)	-	(509)
Foreign exchange – realised (gain) / loss	-	46	-	36
Foreign exchange – unrealised (gain) / loss	(10)	24	(3)	-
Disposal of PPE – (gain) / loss	-	100	(5)	(108)

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: 15 November 2019