

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

	3-MONTH ENDED		YEAR-TO-DATE	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	23,742	41,513	124,624	133,001
Cost of sales	(18,483)	(35,302)	(104,851)	(113,549)
Gross Profit ("GP")	5,259	6,211	19,773	19,452
Other income	816	3,153 ⁽²⁾	6,255 ⁽³⁾	4,297 ⁽²⁾
Administrative expenses	(3,646)	(3,854)	(12,687)	(12,247)
(Loss)/Gain on impairment of financial instruments	50	(4)	10	(18)
Finance costs	(575)	(350)	(2,240)	(1,655)
Share of results of associates	148	(815)	432	199
Profit before taxation ("PBT")	2,052	4,341	11,543	10,028
Taxation	477	(1,102)	(1,225)	(2,723)
Profit after taxation ("PAT")	2,529	3,239	10,318	7,305
Other comprehensive income				
Share of other comprehensive income in associate	-	-	-	-
Total comprehensive income	2,529	3,239	10,318	7,305
Profit for the year attributable to:				
- Owners of the Company	2,529	3,239	10,318	7,305
- Non-controlling interests	-	-	-	-
	2,529	3,239	10,318	7,305
Total comprehensive income attributable to:				
- Owners of the Company	2,529	3,239	10,318	7,305
- Non-controlling interests	-	-	-	-
	2,529	3,239	10,318	7,305
Weighted average number of ordinary shares ('000)	166,000	166,000	166,000	166,000
Earnings per share attributable to owners of the Company (sen):				
- Basic ⁽⁴⁾	1.52	1.95	6.22	4.40
- Diluted ⁽⁵⁾	1.52	1.95	6.22	4.40

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements of Tri-Mode System (M) Berhad (“**Tri-Mode**” or “**Company**”) and its subsidiaries (“**Group**”) for financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) Gain on disposal RM3.38 million of a piece of leasehold industrial land, measuring approximately 7,409.03 square meters, held under HS(D) 67654. PT 64382, Mukim Klang, District of Klang, State of Selangor for a total cash consideration of RM5.98 million by N.V. Freights (M) Sdn Bhd, a wholly-owned subsidiary of Tri-Mode, which was completed on 22 October 2021.
- (3) Gain on disposal RM4.97 million (before real property gain tax) of a piece of leasehold industrial land, measuring approximately 8,716.42 square meters, held under HS(D) 67678, PT 64406, Mukim Klang, District of Klang, State of Selangor for a total cash consideration of RM7.59 million to Wastech Multigreen Sdn Bhd by N.V. Freights (M) Sdn Bhd, a wholly-owned subsidiary of Tri-Mode, which was completed on 26 January 2021.
- (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 166,000,000.
- (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 has no dilution in its earnings per shares as there is no dilutive potential shares.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 31.12.2022	Audited As at 31.12.2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment ("PPE")	28,571	29,834
Right-of-use assets ("ROU")	77,104	66,602
Investment in property	2,734	2,764
Other investments	231	175
Investment in associates	5,146	4,960
	113,786	104,335
Current assets		
Inventories	197	208
Trade receivables	14,370	26,262
Other receivables	2,324	2,099
Tax recoverable	1,112	212
Other investments	-	12
Fixed deposits with licensed banks	9,816	2,320
Cash and bank balances	7,551	3,040
Asset held for sale	-	2,530
	35,370	36,683
TOTAL ASSETS	149,156	141,018
EQUITY AND LIABILITIES		
Equity		
Share capital	47,503	47,503
Acquisition reserves	(5,526)	(5,526)
Retained earnings	50,321	40,501
Total Equity	92,298	82,478
Liabilities		
Non-current liabilities		
Bank borrowings	36,036	25,873
Lease liabilities	617	1,466
Deferred tax liabilities	4,976	4,938
	41,629	32,277

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

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

	Unaudited As at 31.12.2022	Audited As at 31.12.2021
	RM'000	RM'000
Current liabilities		
Trade payables	5,315	7,558
Other payables	3,193	5,836
Amount due to associates	3,299	3,449
Lease liabilities	279	1,706
Bank borrowings	3,040	7,442
Tax payable	103	272
	15,229	26,263
Total liabilities	56,858	58,540
TOTAL EQUITY AND LIABILITIES	149,156	141,018
NET ASSETS PER SHARE (RM)	0.56	0.50
Number of ordinary shares ('000)	166,000	166,000

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement 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 2021 and the accompanying explanatory notes attached to this interim financial report.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

	Non-distributable			Distributable	Total Equity
	Share capital	Acquisition reserves	Fair value reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 January 2022	47,503	(5,526)	-	40,501	82,478
Profit for the period	-	-	-	10,318	10,318
Transactions with owners:					
Dividend to owners of the Company	-	-	-	(498)	(498)
Balance at 31 December 2022	47,503	(5,526)	-	50,321	92,298
Opening balance at 1 January 2021	47,503	(5,533)	-	33,861	75,831
Profit for the year	-	-	-	7,305	7,305
Foreign exchange reserve	-	7	-	-	7
Other comprehensive income for the year	-	-	497	-	497
	-	7	497	7,305	7,809
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	(497)	497	-
Transactions with owners:					
Dividends to owners of the Company	-	-	-	(1,162)	(1,162)
Balance at 31 December 2021	47,503	(5,526)	-	40,501	82,478

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement 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 2021 and the accompanying explanatory notes attached to this interim financial report.

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	PERIOD-TO-DATE	
	31.12.2022	31.12.2021
	RM'000	RM'000
Operating Activities		
Profit before tax	11,543	10,029
<u>Adjustments for:</u>		
Depreciation of PPE	2,132	2,092
Depreciation of ROU	2,848	1,891
Depreciation of investment property	30	30
Impairment losses on PPE	-	93
Loss/(gain) on disposal of PPE	(298)	46
Gain on disposal of ROU	(5,299)	(3,381)
Impairment loss/(gain) on trade receivables	(10)	18
Written off of PPE	87	332
Other incomes	(43)	(5)
Interest expenses	2,265	1,674
Interest income	(200)	(47)
Share of results of associates	(432)	(199)
Unrealised (gain)/loss on foreign exchange	14	-
Operating profit before working capital changes	12,637	12,573
<u>Changes in working capital</u>		
Inventories	12	(76)
Receivables	11,641	(11,032)
Payables	(3,696)	4,039
Associates	(150)	671
	7,807	(6,398)
Cash generated from operations	20,444	6,175
Interest paid	(2,265)	(1,674)
Interest received	200	48
Tax paid	(2,276)	(2,124)
Tax refund	19	-
Net Cash flows from operating activities	16,122	2,425

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDESED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾ (CONT'D)

	YEAR-TO-DATE	
	31.12.2022	31.12.2021
	RM'000	RM'000
Investing Activities		
Dividends received	245	470
Acquisition of associate	-	-
Short-term investment	(109)	(16)
Purchase of PPE	(1,410)	(5,692)
Purchase of ROU	(435)	(30)
Proceeds from disposal of ROU	8,664	5,981
Proceeds from disposal of PPE	503	45
Net Cash flows from/(used in) investing activities	7,458	758
Financing Activities		
Dividends paid	(1,660)	(1,660)
Drawdown of term loan	-	-
Repayment of term loan	(9,017)	(1,342)
Net changes of revolving credit	1,290	4,000
Repayment of lease liabilities	(2,275)	(2,884)
Increase in fixed deposits		(22)
Net Cash flows used in financing activities	(11,662)	(1,908)
Net increase/(decrease) in cash and cash equivalents	11,918	1,275
Effect of exchange translation differences on cash & cash equivalents	(7)	(15)
Cash and cash equivalents at the beginning of the year	3,027	1,767
Cash and cash equivalents at the end of the year	14,938	3,027
Cash and Cash Equivalents at the end of the year:		
Cash and bank balances	7,551	3,040
Fixed deposits with licensed banks	9,816	2,320
Bank overdraft	-	(13)
	17,367	5,347
Less: Fixed deposits pledged with licensed banks	(1,429)	(1,429)
Less: Fixed deposits not for short-term fundings requirements	(1,000)	(891)
	14,938	3,027

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement 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 2021 and the accompanying explanatory notes attached to this interim financial report.

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

A1. Basis of preparation

The interim financial report of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting, 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 2021 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2022 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2021 except as disclosed below:

The following revised MFRSs and Amendments to MFRSs that effective from 1 January 2022 have been issued by the MASB:

Amendments to MFRS 13: Reference to conceptual framework.
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use.
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020: Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141

The adoption of the above pronouncements has no material financial impact to the Group and the Company.

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.

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

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 under review.

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

On 22 November 2022, the Board of Directors of Tri-Mode (“**Board**”) has approved the declaration and payment of first single-tier interim dividend of 0.75 sen per ordinary share totalling RM1,245,000 in respect of the financial year ending 31 December 2022. The entitlement to dividend to be determined based on the record of depositors as at 15 December 2022 whilst the payment date to be fixed on 12 January 2023.

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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

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		YEAR-TO-DATE			
	31.12.2022	31.12.2021	31.12.2022	%	31.12.2021	%
	RM'000	RM'000	RM'000		RM'000	
Sea freight	14,317	32,718	92,307	74.1	102,098	76.8
Container haulage	4,049	4,843	16,343	13.1	19,969	15.0
Air freight	1,929	1,825	9,254	7.4	6,216	4.7
Warehousing	2,838	1,570	4,266	3.4	2,409	1.8
Freight forwarding	557	508	2,217	1.8	2,111	1.6
Marine insurance	52	49	237	0.2	198	0.1
Total Revenue	23,742	41,513	124,624	100	133,001	100

Sea freight, container haulage and air freight segment are the top 3 revenue contributors under the financial year 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		YEAR-TO-DATE			
	31.12.2022	31.12.2021	31.12.2022	%	31.12.2021	%
	RM'000	RM'000	RM'000		RM'000	
Malaysia	20,155	35,205	101,648	81.6	114,721	86.3
Overseas	3,587	6,308	22,976	18.4	18,280	13.7
Total Revenue	23,742	41,513	124,624	100	133,001	100

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.

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

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

There was no subsequent material event 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.

Transaction with companies in which certain Directors have financial interests

	3-MONTH ENDED		YEAR-TO-DATE	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
(a) PT. Oriental Logistics Indonesia				
Trade receivable	8	6	8	6
Trade payable	4	-	4	-
Net amount payable/(receivable)	(4)	(6)	(4)	(6)
Services income	9	6	12	9
Services expenses	4	-	4	-
(b) Oriental Thailand				
Trade receivable	-	-	-	-
Trade payable	-	-	-	-
Net amount payable/(receivable)	-	-	-	-
Services income	-	-	-	-
Services expenses	1	-	-	-

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

Transaction with associated companies

Transaction with associates	3-MONTH ENDED		YEAR-TO-DATE	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
(a) Atama Logistics (M) Sdn Bhd				
Trade receivable	830	3,403	830	3,403
Trade payable	4,129	6,844	4,129	6,844
Net amount payable/(receivable)	3,299	3,441	3,299	3,441
Services income	3,022	3,538	11,426	13,830
Services expenses	5,565	4,461	20,988	21,692
(b) Container Connections (M) Sdn Bhd				
Trade receivable	-	-	-	-
Trade payable	2	8	2	8
Net amount payable/(receivable)	2	8	2	8
Services income	-	-	-	-
Services expenses	16	8	90	101

A15. Capital commitments

As at 31 December 2022, the Group's material commitments (including commitments to be incurred) for capital expenditure are as follows: -

a) Solar PV System

	(RM)
Installation and commission of solar PV system ⁽¹⁾	262,829

Note:

- (1) New solar PV system of 336.96kwp under Net Offset Virtual Aggregation ("NOVA") scheme approved by SEDA Malaysia. 100% financing with AMBank Green Financing Plan. Completed installation, commissioning and testing on 25-November-22. Final payment on 10-Jan-2023 after obtained 1 full month of energy save data reflect in electricity bill.

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

PART B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Performance

	3-MONTH ENDED		CHANGE		YEAR-TO-DATE		CHANGE	
	31.12.2022	31.12.2021			31.12.2022	31.12.2021		
(Unaudited)	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	23,742	41,513	(17,771)	(42.81)	124,624	133,001	(8,377)	(6.30)
GP	5,259	6,211	(952)	(15.33)	19,773	19,452	321	1.65
EBITDA ⁽¹⁾	3,801	5,936 ⁽²⁾	(2,135)	(35.97)	18,563 ⁽³⁾	15,619 ⁽²⁾	2,944	18.85
PBT	2,052	4,341 ⁽²⁾	(2,289)	(52.73)	11,543 ⁽³⁾	10,028 ⁽²⁾	1,515	15.11
PAT	2,529	3,239 ⁽²⁾	(710)	(21.92)	10,318 ⁽³⁾	7,305 ⁽²⁾	3,013	41.25

Notes:

- (1) Earnings before interest tax depreciation and amortisation (“**EBITDA**”)
- (2) Consist of gain on disposal of leasehold industrial land of RM3.38 million as per page 2 (note2).
- (3) Consist of gain on disposal of leasehold industrial land of RM4.97 million as per page 2 (note 3).

The Group recorded revenue of RM23.74 million for the current financial quarter ended 31 December 2022, lower by 42.81% from the previous year corresponding quarter of RM41.51 million. Gross profit reduced by 15.33% as a result of lower revenue as compared to previous year corresponding quarter. Lower revenue mainly due to the lower global freight rate as compared to the hike of global freight rate during year of 2021. PBT and PAT showed decrease mainly due to gain on disposal of leasehold industrial land of RM3.38 million in previous year corresponding quarter. Without the gain of disposal, the PBT and PAT for the current quarter will be higher than previous year corresponding quarter. Overall, the operational profitability performance improved for the current quarter even though reduced in revenue.

The Group recorded year to date revenue of RM124.62 million, a decrease of 6.30% as compared to previous corresponding year to date of RM133.00 million. The Group year to date GP increased by 1.65%, EBITDA increased by 18.85%, PBT increased by 15.11% and PAT increased by 41.25%. The higher profitability is mainly due to the one-off disposal gain of leasehold industrial land of RM4.97 million and reversal of income tax paid as stated in note B5.

For the purpose of comparison, the Group’s year to date profitability performance without the gain on disposal of leasehold industrial land are tabulated as follows:-

	12-MONTHS ENDED		CHANGE	
	31.12.2022	31.12.2021		
(Unaudited)	RM'000	RM'000	RM'000	%
Revenue	124,624	133,001	(8,377)	(6.30)
GP	19,773	19,452	321	1.65
EBITDA	13,594⁽¹⁾	12,238⁽²⁾	1,356	11.08
PBT	6,574⁽¹⁾	6,647⁽²⁾	(73)	(1.10)
PAT	5,872⁽¹⁾	4,192⁽²⁾	1,680	40.08

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

Notes:

- (1) Excluded gain on disposal of a piece of leasehold industrial land of RM4.97 million as per page 2 (note3)
- (2) Excluded gain on disposal of leasehold industrial land of RM3.38 million as per page 2 (note2).

For illustration purpose, the Group's year to date operating profitability performance improved as compare to previous corresponding year to date even though revenue decreased by 6.30%.

B2. Comparison with immediate preceding quarter's results

	3-MONTH ENDED		CHANGE	
	31.12.2022	30.09.2022		
(Unaudited)	RM'000	RM'000	RM'000	%
Revenue	23,742	30,143	(6,401)	(21.24)
PBT	2,052	1,667	385	23.10

For the current quarter ended 31 December 2022, the Group's revenue lower by 21.24% from RM30.14 million to RM23.74 million due to gradually decreased in global shipping rate. However, PBT improved by 23.10% from RM1.67 million to RM2.05 million as compared to immediate preceding quarter ended 30 September 2022 resulted from improve in GP margin.

B3. Prospects

In January 2023, the World Bank in its 2023 Global Economic Prospects report stated that 2023 global growth is forecast declining further to 1.7% from initial forecast of 3.2% six months ago. The latest forecast indicates global high inflation to remain in many countries for an extended period, major central banks have tightened policy deteriorating financial conditions, more energy and food price shock, prolong of Ukraine war, high debts ratio of emerging economics countries and weakening growth of major economic countries.

The World Bank had also projected 2023 Malaysia's economy to grow by 4.0% as the growth progress of exports to major market expecting to be slow. The World Bank projection in line with Bank Negara Malaysia ("BNM")'s projection of GDP growth for 2023 soften between 4.0% to 5.0%. BNM highlighted 2023 economy to be supported by firm domestic demand and continued improvements in labour market. Nevertheless, BNM warned that downside risks to the domestic economy as weaker global growth, escalation of geopolitical conflicts and worsening of supply chain disruptions.

Tri-Mode recognised the current unfavourable development of global economy and challenging recovery of national economy. We having practising diversification of our activities and customer base to minimise our risk when facing economic challenges as different industries impacted differently during global supply disruptions. The global supply chain disruptions give rise to demand of better supply chain solutions for customers, such as multi source of shipment modes, transit cargo and warehousing solutions to mitigate supply chain disruption to customers' businesses. We

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

are prepared and equipped with facilities to provide alternative solutions to our customers in order to mitigate their supply risks and gain more businesses in long term.

Tri-Mode had officially obtained its Pioneer Status (“**PS**”) Tax Incentive Approval on 13 December 2022 from Malaysian Investment Development Authority (“**MIDA**”). The PS certificate approved 70% tax exemption against Tri-Mode’s statutory income effective from 1-July-2021 to 30-Jun-2026. With the approved period of PS, Tri-Mode will be able to claw-back tax relief from 1-July-2021 onward, estimated tax saving of approximately RM1.10 million (subject to income tax department verification) will further improve Tri-Mode bottom line for current financial year. For financial year 2023 until Jun-2026, estimated at least 30% effective tax saving at group level.

Tri-Mode has on 9 December 2022 obtained development planning approval from local town council to construct a new warehouse space of approximately 150,000 square feet on its newly purchased industrial land to cater for the future expansion of its warehouse and distribution business. Based on the industry trend, positive demand for logistics services, especially in warehousing and 3PL services (i.e., third-party logistics which include the outsourcing of logistics processes, inventory management, warehousing, and fulfilment services) will add value to the growth of the Group in the future. We have submitted our building plan and estimated to start construction in 1Q2023 and completion in 4Q2023.

Barring any unforeseen circumstances, the Board is of the opinion that the prospects for the financial year ending 31 December 2023 will be challenging in view of unfavourable global economy growth, supply chain disruption and possible national’s upward inflation pressure. Nevertheless, the Group will be cautiously monitoring the development of global supply disruptions and continue to seek opportunities in both the domestic and international markets 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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

B5. Taxation

	3-MONTH ENDED		YEAR-TO-DATE	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Current financial year:				
Income tax	(299)	878	1,047	1,743
Real property gain tax	-	269	426	269
Deferred tax	(335)	(19)	(507)	406
	<u>(634)</u>	<u>1,128</u>	<u>966</u>	<u>2,418</u>
Previous year provision:				
Income tax	(303)	(26)	(264)	147
Deferred tax	460	-	523	158
	<u>(477)</u>	<u>1,102</u>	<u>1,225</u>	<u>2,723</u>
Total tax expense				
Effective tax rate	(23.25)%	25.39%	10.61%	27.15%

Effective tax rate at approximately 10.61% for the year to date ended 31 December 2022. Lower effective tax rate due to PS tax incentive which approved 70% tax exemption against Tri-Mode's statutory income with effective from 1-July-2021 to 30-Jun-2026. With the approved period of PS, Tri-Mode able to claw-back excess tax paid from 1-July-2021 to 31-December-2022 approximately RM1.10 million.

Note:

- (1) Income tax expense is recognised based on management's best estimate and subject to inland revenue department's verification.

B6. Corporate Proposals

Save for the Private Placement exercise that lapsed on 21 September 2022 as stated in Bursa announcement, there are no corporate proposals announced but not completed by the Company during the current financial quarter under review.

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.

	YEAR-TO-DATE					
	31.12.2022			31.12.2021		
	Non-RPT ⁽¹⁾	RPT ⁽¹⁾	Total	Non-RPT ⁽¹⁾	RPT ⁽¹⁾	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than 1 month	6,781	-	6,781	13,266	-	13,266
1 month	5,356	4	5,360	9,691	6	9,697
2 months	1,892	-	1,892	3,026	-	3,026
3 months	276	-	276	177	-	177
More than 3 months	61	-	61	96	-	96
Trade Receivables	<u>14,366</u>	<u>4</u>	<u>14,370</u>	<u>26,256</u>	<u>6</u>	<u>26,262</u>

Note: RPT – Related party transactions as per note A14.

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

B8. Bank borrowings

The Group's bank borrowings were as follows:

	AS AT 31.12.2022	AS AT 31.12.2021
Secured:		
<u>Current:</u>	RM'000	RM'000
Bank borrowings: overdraft	-	13
Bank borrowings: revolving credit	-	5,000
Bank borrowings: term loan	3,040	2,429
Lease liabilities	279	1,706
	<u>3,319</u>	<u>9,148</u>
<u>Non-current:</u>		
Bank borrowing: term loans	36,036	25,873
Lease liabilities	617	1,466
	<u>36,653</u>	<u>27,339</u>
Total bank borrowings & leases liabilities	<u>39,972</u>	<u>36,487</u>

The weighted average interest rate of bank borrowings is 5.60% p.a. All the lease liabilities are based on fixed rate while term loans and revolving credit 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 the date of this report.

B10. Dividend proposed

On 23 February 2023, the Board has approved the declaration and payment of second single-tier interim dividend of 0.30 sen per ordinary share totalling RM498,000 in respect of the financial year ending 31 December 2022. The entitlement to dividend to be determined based on the record of depositors as at 10 March 2023 whilst the payment date to be fixed on 7 April 2023.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

B11. Earnings per share

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

		3-MONTH ENDED		PERIOD-TO-DATE	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
Profit attributable to ordinary owners of the Company	(RM'000)	2,529	3,239	10,318	7,305
Weighted average number of ordinary shares ⁽¹⁾	('000)	166,000	166,000	166,000	166,000
Basic earnings per share ⁽¹⁾	(Sen)	1.52	1.95	6.22	4.40
Diluted earnings per share ⁽²⁾	(Sen)	1.52	1.95	6.22	4.40

Notes:

- (1) 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 166,000,000.
- (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 has no dilution in its earnings per shares as there is no dilutive potential shares.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

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

	3-MONTH ENDED		YEAR-TO-DATE	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :-				
Interest income	(73)	(20)	(200)	(47)
Finance costs	576	403	2,265	1,674
Depreciation of PPE	594	696	2,132	1,891
Depreciation of ROU	653	569	2,848	2,092
Gain on disposal of ROU	(266)	(3,381)	(5,299)	(3,381)
Loss /(gain) on disposal of PPE	(350)	46	(298)	46
Written off PPE	87	332	87	332
Foreign exchange – realised (gain) / loss	134	19	(329)	57
Foreign exchange – unrealised (gain) / loss	79	(15)	14	-

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

BY ORDER OF THE BOARD

Company Secretary

Date: 23 February 2023