

# TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>TH</sup>) QUARTER ENDED 30 SEPTEMBER 2023

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME <sup>(1)</sup>

|   | 3-MONTH ENDED |              | YEAR-TO-DATE  |                      |
|---|---------------|--------------|---------------|----------------------|
|   | 30.09.2023    | 30.09.2022   | 30.09.2023    | 30.09.2022           |
|   | RM'000        | RM'000       | RM'000        | RM'000               |
| Revenue   | 17,531        | 30,143       | 52,299        | 100,882              |
| Cost of sales   | (13,223)      | (25,257)     | (40,531)      | (86,368)             |
| <b>Gross Profit ("GP")</b>                                      | <b>4,308</b>  | <b>4,886</b> | <b>11,768</b> | <b>14,514</b>        |
| Other income  | 248           | 161          | 737           | 5,439 <sup>(2)</sup> |
| Administrative expenses   | (3,260)       | (3,014)      | (9,256)       | (9,041)              |
| (Loss)/Gain on impairment of financial instruments              | (19)          | (29)         | (30)          | (40)                 |
| Finance costs   | (598)         | (549)        | (1,782)       | (1,665)              |
| Share of results of associates                                  | 218           | 212          | 465           | 284                  |
| <b>Profit before taxation ("PBT")</b>                           | <b>897</b>    | <b>1,667</b> | <b>1,902</b>  | <b>9,491</b>         |
| Taxation  | (188)         | (213)        | (450)         | (1,702)              |
| <b>Profit after taxation ("PAT")</b>                            | <b>709</b>    | <b>1,454</b> | <b>1,452</b>  | <b>7,789</b>         |
| <b>Other comprehensive income</b>                               |               |              |               |                      |
| Share of other comprehensive income in associate                | -             | -            | -             | -                    |
| <b>Total comprehensive income</b>                               | <b>709</b>    | <b>1,454</b> | <b>1,452</b>  | <b>7,789</b>         |
| <b>Profit for the year attributable to:</b>                     |               |              |               |                      |
| - Owners of the Company   | 709           | 1,454        | 1,452         | 7,789                |
| - Non-controlling interests                                     | -             | -            | -             | -                    |
|   | <b>709</b>    | <b>1,454</b> | <b>1,452</b>  | <b>7,789</b>         |
| <b>Total comprehensive income attributable to:</b>              |               |              |               |                      |
| - Owners of the Company   | 709           | 1,454        | 1,452         | 7,789                |
| - Non-controlling interests                                     | -             | -            | -             | -                    |
|   | <b>709</b>    | <b>1,454</b> | <b>1,452</b>  | <b>7,789</b>         |
| 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 <sup>(3)</sup>  | 0.43          | 0.88         | 0.87          | 4.69                 |
| - Diluted <sup>(4)</sup>  | 0.43          | 0.88         | 0.87          | 4.69                 |

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>TH</sup>) QUARTER ENDED 30 SEPTEMBER 2023 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME <sup>(1)</sup> (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 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) 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 2022.
- (3) 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.
- (4) 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.

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>TH</sup>) QUARTER ENDED 30 SEPTEMBER 2023

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

|                                       | Unaudited<br>As at<br>30.09.2023 | Audited<br>As at<br>31.12.2022 |
|---------------------------------------|----------------------------------|--------------------------------|
|                                       | RM'000                           | RM'000                         |
| <b>ASSETS</b>                         |                                  |                                |
| <b>Non-current assets</b>             |                                  |                                |
| Property, plant and equipment ("PPE") | 27,023                           | 28,572                         |
| Right-of-use assets ("ROU")           | 77,547                           | 77,806                         |
| Investment in property                | 2,712                            | 2,734                          |
| Other investments                     | 175                              | 175                            |
| Investment in associates              | 5,804                            | 5,338                          |
|                                       | <b>113,261</b>                   | <b>114,625</b>                 |
| <b>Current assets</b>                 |                                  |                                |
| Inventories                           | 190                              | 196                            |
| Trade receivables                     | 10,299                           | 15,049                         |
| Other receivables                     | 17,320                           | 2,630                          |
| Tax recoverable                       | 1,349                            | 1,112                          |
| Other investments                     | 57                               | 56                             |
| Fixed deposits with licensed banks    | 11,577                           | 9,816                          |
| Cash and bank balances                | 3,268                            | 7,577                          |
|                                       | <b>44,060</b>                    | <b>36,436</b>                  |
| <b>TOTAL ASSETS</b>                   | <b>157,321</b>                   | <b>151,061</b>                 |
| <b>EQUITY AND LIABILITIES</b>         |                                  |                                |
| <b>Equity</b>                         |                                  |                                |
| Share capital                         | 47,503                           | 47,503                         |
| Acquisition reserves                  | (5,507)                          | (5,507)                        |
| Retained earnings                     | 50,186                           | 49,232                         |
| <b>Total Equity</b>                   | <b>92,182</b>                    | <b>91,228</b>                  |
| <b>Liabilities</b>                    |                                  |                                |
| <b>Non-current liabilities</b>        |                                  |                                |
| Bank borrowings                       | 45,574                           | 35,983                         |
| Lease liabilities                     | 142                              | 756                            |
| Deferred tax liabilities              | 4,901                            | 4,982                          |
|                                       | <b>50,617</b>                    | <b>41,721</b>                  |

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>TH</sup>) QUARTER ENDED 30 SEPTEMBER 2023

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

|                                     | Unaudited<br>As at<br>30.09.2023 | Audited<br>As at<br>31.12.2022 |
|-------------------------------------|----------------------------------|--------------------------------|
|                                     | RM'000                           | RM'000                         |
| <b>Current liabilities</b>          |                                  |                                |
| Trade payables                      | 4,824                            | 5,803                          |
| Other payables                      | 2,703                            | 4,517                          |
| Amount due to associates            | 3,318                            | 3,478                          |
| Lease liabilities                   | 622                              | 853                            |
| Bank borrowings                     | 3,013                            | 3,357                          |
| Tax payable                         | 42                               | 104                            |
|                                     | <b>14,522</b>                    | <b>18,112</b>                  |
| <b>Total liabilities</b>            | <b>65,139</b>                    | <b>59,833</b>                  |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>157,321</b>                   | <b>151,061</b>                 |
| <b>NET ASSETS PER SHARE (RM)</b>    | <b>0.56</b>                      | <b>0.55</b>                    |
| 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 2022 and the accompanying explanatory notes attached to this interim financial report.

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>TH</sup>) QUARTER ENDED 30 SEPTEMBER 2023

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

|  | Non-distributable |                      |                    | Distributable     | Total Equity  |
|--|-------------------|----------------------|--------------------|-------------------|---------------|
|  | Share capital     | Acquisition reserves | Fair value reserve | Retained earnings |               |
|  | RM'000            | RM'000               | RM'000             | RM'000            | RM'000        |
| <b>Opening balance at 1 January 2023</b> | 47,503            | (5,532)              | 25                 | 49,232            | 91,228        |
| Profit for the period                    | -                 | -                    | -                  | 1,452             | 1,452         |
| <b>Transactions with owners:</b>         |                   |                      |                    |                   |               |
| Dividend to owners of the Company        | -                 | -                    | -                  | (498)             | (498)         |
| <b>Balance at 30 September 2023</b>      | <b>47,503</b>     | <b>(5,532)</b>       | <b>25</b>          | <b>50,186</b>     | <b>92,182</b> |
| Opening balance at 1 January 2022        | 47,503            | (5,532)              | 6                  | 40,501            | 82,478        |
| Profit for the year                      | -                 | -                    | -                  | 10,474            | 10,474        |
| Foreign exchange reserve                 | -                 | -                    | -                  | -                 | -             |
| Other comprehensive income for the year  | -                 | -                    | 19                 | -                 | 19            |
|  | -                 | -                    | 25                 | 50,975            | 92,971        |
| <b>Transactions with owners:</b>         |                   |                      |                    |                   |               |
| Dividends to owners of the Company       | -                 | -                    | -                  | (1,743)           | (1,743)       |
| <b>Balance at 31 December 2022</b>       | <b>47,503</b>     | <b>(5,532)</b>       | <b>25</b>          | <b>49,232</b>     | <b>91,228</b> |

**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 2022 and the accompanying explanatory notes attached to this interim financial report.

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>TH</sup>) QUARTER ENDED 30 SEPTEMBER 2023

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

|  | PERIOD-TO-DATE |               |
|--|----------------|---------------|
|  | 30.09.2023     | 30.09.2022    |
| <b>Operating Activities</b>                            | RM'000         | RM'000        |
| Profit before tax                                      | 1,902          | 9,491         |
| <u>Adjustments for:</u>                                |                |               |
| Depreciation of PPE                                    | 1,927          | 1,538         |
| Depreciation of ROU                                    | 1,910          | 2,195         |
| Provision for expected credit losses                   | 22             | 22            |
| Impairment losses on PPE                               | -              | -             |
| Loss/(gain) on disposal of PPE                         | (27)           | 52            |
| Gain on disposal of ROU                                | -              | (5,033)       |
| Impairment loss/(gain) on trade receivables            | 30             | 40            |
| Other incomes  | (1)            | (43)          |
| Interest expenses                                      | 1,807          | 1,689         |
| Interest income  | (183)          | (127)         |
| Share of results of associates                         | (465)          | (284)         |
| Unrealised (gain)/loss on foreign exchange             | 11             | (65)          |
| <b>Operating profit before working capital changes</b> | <b>6,933</b>   | <b>9,475</b>  |
| <u>Changes in working capital</u>                      |                |               |
| Inventories  | 6              | (33)          |
| Receivables  | 2,751          | 8,397         |
| Payables   | (1,616)        | (2,283)       |
| Associates   | (159)          | 346           |
|  | 982            | 6,427         |
| <b>Cash generated from operations</b>                  | <b>7,915</b>   | <b>15,902</b> |
| Interest paid  | (1,807)        | (1,689)       |
| Interest received                                      | 183            | 127           |
| Tax paid   | (830)          | (1,835)       |
| Tax refund   | -              | 19            |
| <b>Net Cash flows from operating activities</b>        | <b>5,461</b>   | <b>12,524</b> |

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>TH</sup>) QUARTER ENDED 30 SEPTEMBER 2023 UNAUDITED CONDESED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup> (CONT'D)

|   | YEAR-TO-DATE    |                 |
|---|-----------------|-----------------|
|   | 30.09.2023      | 30.09.2022      |
|   | RM'000          | RM'000          |
| <b>Investing Activities</b>   |                 |                 |
| Dividends received  | -               | -               |
| Acquisition of associate  | -               | -               |
| Short-term investment   | (95)            | (109)           |
| Purchase of PPE   | (421)           | (310)           |
| Purchase of ROU   | (14,131)        | (363)           |
| Proceeds from disposal of ROU   | -               | 7,564           |
| Proceeds from disposal of PPE   | 68              | 218             |
| <b>Net Cash flows from/(used in) investing activities</b>             | <b>(14,579)</b> | <b>7,000</b>    |
| <b>Financing Activities</b>   |                 |                 |
| Dividends paid  | (1,743)         | (1,660)         |
| Drawdown of term loan   | -               | -               |
| Repayment of term loan  | 6,779           | (8,570)         |
| Net changes of revolving credit                                       | 2,132           | 1,290           |
| Repayment of lease liabilities  | (676)           | (1,935)         |
| Increase in fixed deposits  | 5,049           | -               |
| <b>Net Cash flows used in financing activities</b>                    | <b>11,541</b>   | <b>(10,875)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>           | <b>2,423</b>    | <b>8,649</b>    |
| Effect of exchange translation differences on cash & cash equivalents | 7               | -               |
| Cash and cash equivalents at the beginning of the year                | 9,986           | 3,027           |
| <b>Cash and cash equivalents at the end of the year</b>               | <b>12,416</b>   | <b>11,676</b>   |
| <b>Cash and Cash Equivalents at the end of the year:</b>              |                 |                 |
| Cash and bank balances  | 3,268           | 11,758          |
| Fixed deposits with licensed banks                                    | 11,577          | 2,347           |
| Bank overdraft  | -               | -               |
|   | 14,845          | 14,105          |
| Less: Fixed deposits pledged with licensed banks                      | (1,429)         | (1,429)         |
| Less: Fixed deposits not for short-term fundings requirements         | (1,000)         | (1,000)         |
|   | <b>12,416</b>   | <b>11,676</b>   |

**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 2022 and the accompanying explanatory notes attached to this interim financial report.

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>TH</sup>) QUARTER ENDED 30 SEPTEMBER 2023

### NOTES TO THE INTERIM FINANCIAL REPORT

#### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

##### 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 2022 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 2023 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2022 except as disclosed below:

The following revised MFRSs and Amendments to MFRSs that effective from 1 January 2023 have been issued by the MASB:

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 17 Initial application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101 Disclosure of Accounting Policies

Amendments to MFRS 108 Definition of Accounting Estimates

Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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.



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## **INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>TH</sup>) QUARTER ENDED 30 SEPTEMBER 2023**

### **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 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**

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

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

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

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

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

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>TH</sup>) QUARTER ENDED 30 SEPTEMBER 2023

### 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  |            |                |            |
|----------------------|---------------|---------------|---------------|------------|----------------|------------|
|                      | 30.09.2023    | 30.09.2022    | 30.09.2023    |            | 30.09.2022     |            |
|                      | RM'000        | RM'000        | RM'000        | %          | RM'000         | %          |
| Sea freight          | 8,399         | 22,680        | 24,825        | 47.5       | 77,990         | 77.3       |
| Container haulage    | 6,613         | 3,921         | 20,080        | 38.4       | 12,294         | 12.2       |
| Warehousing          | 1,598         | 415           | 4,240         | 8.1        | 1,428          | 1.4        |
| Freight forwarding   | 587           | 584           | 1,732         | 3.3        | 1,660          | 1.6        |
| Air freight          | 253           | 2,483         | 1,193         | 2.3        | 7,325          | 7.3        |
| Marine insurance     | 81            | 60            | 229           | 0.4        | 185            | 0.2        |
| <b>Total Revenue</b> | <b>17,531</b> | <b>30,143</b> | <b>52,299</b> | <b>100</b> | <b>100,882</b> | <b>100</b> |

Sea freight, container haulage and warehousing 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) movement of warehouse stock.

#### (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  |            |                |            |
|----------------------|---------------|---------------|---------------|------------|----------------|------------|
|                      | 30.09.2023    | 30.09.2022    | 30.09.2023    |            | 30.09.2022     |            |
|                      | RM'000        | RM'000        | RM'000        | %          | RM'000         | %          |
| Malaysia             | 16,478        | 24,368        | 48,348        | 92.4       | 81,493         | 80.8       |
| Overseas             | 1,053         | 5,775         | 3,951         | 7.6        | 19,389         | 19.2       |
| <b>Total Revenue</b> | <b>17,531</b> | <b>30,143</b> | <b>52,299</b> | <b>100</b> | <b>100,882</b> | <b>100</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.

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### 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 |            |
|---|---------------|------------|--------------|------------|
|   | 30.09.2023    | 30.09.2022 | 30.09.2023   | 30.09.2022 |
|   | RM'000        | RM'000     | RM'000       | RM'000     |
| <b>(a) PT. Oriental Logistics Indonesia</b> |               |            |              |            |
| Trade receivable                            | 9             | 3          | 9            | 3          |
| Trade payable                               | -             | -          | -            | -          |
| Net amount payable/(receivable)             | (9)           | (3)        | (9)          | (3)        |
| Services income                             | 10            | 1          | 21           | 3          |
| Services expenses                           | -             | -          | -            | -          |
| <b>(b) Oriental Thailand</b>                |               |            |              |            |
| Trade receivable                            | -             | -          | -            | -          |
| Trade payable                               | 2             | 1          | 2            | 1          |
| Net amount payable/(receivable)             | 2             | 1          | 2            | 1          |
| Services income                             | -             | -          | -            | -          |
| Services expenses                           | 2             | 1          | 11           | 1          |

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>TH</sup>) QUARTER ENDED 30 SEPTEMBER 2023

### Transaction with associated companies

| Transaction with associates                  | 3-MONTH ENDED |            | YEAR-TO-DATE |            |
|--|---------------|------------|--------------|------------|
|  | 30.09.2023    | 30.09.2022 | 30.09.2023   | 30.09.2022 |
|  | RM'000        | RM'000     | RM'000       | RM'000     |
| <b>(a) Atama Logistics (M) Sdn Bhd</b>       |               |            |              |            |
| Trade receivable                             | 6,316         | 5,999      | 6,313        | 5,999      |
| Trade payable                                | 9,635         | 9,793      | 9,635        | 9,793      |
| Net amount payable/(receivable)              | 3,319         | 3,794      | 3,319        | 3,794      |
| Services income                              | 2,426         | 2,747      | 7,846        | 8,404      |
| Services expenses                            | 4,023         | 4,963      | 13,232       | 15,423     |
| <b>(b) Container Connections (M) Sdn Bhd</b> |               |            |              |            |
| Trade receivable                             | -             | -          | -            | -          |
| Trade payable                                | 7             | 2          | 7            | 22         |
| Net amount payable/(receivable)              | 7             | 2          | 7            | 22         |
| Services income                              | -             | -          | -            | -          |
| Services expenses                            | 38            | 24         | 95           | 74         |

### A15. Capital commitments

As at 30 September 2023, the Group's material commitments (including commitments to be incurred) for capital expenditure are as follows: -

#### a) Construction of warehouse 3

|  | (RM)      |
|--|-----------|
| Construction of warehouse 3 <sup>(1)</sup> | 8,495,811 |

Note:

- (1) New construction of warehouse 3 facility of approximately 125,000 sq.ft. warehouse storage space on 5.38 acres industrial land located at Pulau Indah Industrial Park, Port Klang. The estimated construction costs will be approximately RM22.00 million, part finance by own fund and bank term loan of RM20 million.

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

#### B1. Review of Performance

| (Unaudited)           | 3-MONTH ENDED |            | CHANGE   |         | YEAR-TO-DATE |                       | CHANGE   |         |
|-----------------------|---------------|------------|----------|---------|--------------|-----------------------|----------|---------|
|                       | 30.09.2023    | 30.09.2022 | RM'000   | %       | 30.09.2023   | 30.09.2022            | RM'000   | %       |
|                       | RM'000        | RM'000     |          |         | RM'000       | RM'000                |          |         |
| Revenue               | 17,531        | 30,143     | (12,612) | (41.84) | 52,299       | 100,882               | (48,583) | (48.16) |
| GP                    | 4,308         | 4,886      | (578)    | (11.83) | 11,768       | 14,514                | (2,746)  | (18.92) |
| EBITDA <sup>(1)</sup> | 2,737         | 3,356      | (619)    | (18.44) | 7,338        | 14,722 <sup>(2)</sup> | (7,384)  | (50.16) |
| PBT                   | 897           | 1,667      | (770)    | (46.19) | 1,902        | 9,491 <sup>(2)</sup>  | (7,589)  | (79.96) |
| PAT                   | 709           | 1,454      | (745)    | (51.24) | 1,452        | 7,789 <sup>(2)</sup>  | (6,337)  | (81.36) |

Notes:

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

The Group recorded revenue of RM17.53 million for the current financial quarter ended 30 September 2023, lower by 41.84% from the previous year corresponding quarter of RM30.14 million. Lower revenue mainly due to lower global freight rate as compared to the hike of global freight rate during year of 2022, trade barrier tension between USA-China and slowdown in global commerce volume. Profitability reduced as a result of lower revenue as compared to previous year corresponding quarter. However, the Group manage to increase its gross profit margin from 16.21% (2022) to 24.57% (2023) despite lower revenue achieved during the quarter under reviewed.

Year to date EBITDA, PBT and PAT showed decrease mainly due to the lower revenue and one-off disposal gain of leasehold industrial land of RM4.97 million in previous year corresponding quarter. 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:-

| (Unaudited) | YEAR-TO-DATE |                            | CHANGE         |                |
|-------------|--------------|----------------------------|----------------|----------------|
|             | 30.09.2023   | 30.09.2022                 | RM'000         | %              |
|             | RM'000       | RM'000                     |                |                |
| Revenue     | 52,299       | 100,882                    | (48,583)       | (48.16)        |
| GP          | 11,768       | 14,514                     | (2,746)        | (18.92)        |
| EBITDA      | <b>7,338</b> | <b>9,753<sup>(1)</sup></b> | <b>(2,415)</b> | <b>(24.76)</b> |
| PBT         | <b>1,902</b> | <b>4,522<sup>(1)</sup></b> | <b>(2,620)</b> | <b>(57.94)</b> |
| PAT         | <b>1,452</b> | <b>2,820<sup>(1)</sup></b> | <b>(1,368)</b> | <b>(48.51)</b> |

Notes:

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

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

|             | 3-MONTH ENDED |            | CHANGE |        |
|-------------|---------------|------------|--------|--------|
|             | 30.09.2023    | 30.06.2023 |        |        |
| (Unaudited) | RM'000        | RM'000     | RM'000 | %      |
| Revenue     | 17,531        | 17,928     | (397)  | (2.21) |
| PBT         | 897           | 633        | 264    | 41.71  |

For the current quarter ended 30 September 2023, the Group recorded revenue of RM17.53 million slightly decreased by 2.21% as compare to RM17.93 million in immediate preceding quarter. However, PBT increased by 41.71% from RM633,000 to RM897,000 as compared to immediate preceding quarter ended 30 June 2023. Improvement in container haulage and warehousing segments as per segmental report in note A11, contributed positively to group revenue and profitability.

### B3. Prospects

In October 2023, the International Monetary Fund (“**IMF**”) in its World Economic Outlook report maintained its global domestic product (“**GDP**”) growth of 2023 to 3.0% from 3.4% in 2022 reflecting slow recovery of global economy, ongoing impact of Russia-Ukraine war, high debts ratio of emerging economics countries and weakening growth of major economic countries.

The World Bank has revised its forecast of Malaysia economic growth 2023 from 4.3% to 3.9% amid substantial deceleration in external demand. Bank Negara Malaysia (“**BNM**”) reported Malaysia economy grew moderately by 2.9% year-on-year in 2Q2023, mainly due to slower external demand in exports of goods and services. BNM projected Malaysia 2023 GDP at 4.0% under current challenging global environment and currency pressure.

The prospects of Malaysia logistics industry are closely aligned with the performance of global and Malaysia economy. Tri-Mode recognised the current unfavourable development of global economy, downward trend in international freight rate and challenging recovery of national economy. Notwithstanding the disruptions of the global economy slow down impacts, our Group managed to generate better gross profit margin despite of lower revenue during current quarter. We are positive the national economy will gradually recovery from second half of year 2023.

As at to-date, we have completed approximately 95% of construction progress of our new warehouse 3 in Pulau Indah Industrial Park (“**PIIP**”). As disclosed, the total build-up area of 136,803 sf consist of modern warehouse facility features approximately 125,000 sf warehouse storage space and is able to cater up to 20,000 pallets with 24 loading bays and a 3-storey office building. With addition of new warehouse 3, our warehouse space will expand more than double from the current 113,000 sf to 238,000 sf by 4Q 2023. We are certain that our warehouse expansion plan will add value to our existing business and bottom line. In fact, the warehouse 3 space has been fully taken up as we have secured a letter of acceptance (“**LOA**”) from our client for the warehouse space and services.

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We foresee the demand for warehouse space and services will increase in the coming years and we have on 31-October-2023 entered a binding term sheet with PIIP developer, Central Spectrum (M) Sdn Bhd for the proposed acquisitions of 3 parcels of leasehold lands approximately 12.85 acres which located in PIIP phase 3B for an aggregate cash consideration of approximately RM42.00 million. Further details of the proposed acquisitions are set out in the Bursa announcement dated 31-October-2023.

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.

### B5. Taxation

|                                  | 3-MONTH ENDED |            | YEAR-TO-DATE |              |
|----------------------------------|---------------|------------|--------------|--------------|
|                                  | 30.09.2023    | 30.09.2022 | 30.09.2023   | 30.09.2022   |
|                                  | RM'000        | RM'000     | RM'000       | RM'000       |
| Current financial year:          |               |            |              |              |
| Income tax                       | 165           | 265        | 415          | 1,346        |
| Real property gain tax           | -             | -          | -            | 426          |
| Deferred tax                     | (29)          | (154)      | (17)         | (172)        |
|                                  | <u>136</u>    | <u>111</u> | <u>398</u>   | <u>1,600</u> |
| Previous year provision:         |               |            |              |              |
| Income tax                       | 127           | 39         | 127          | 39           |
| Deferred tax                     | (75)          | 63         | (75)         | 63           |
| Total tax expense <sup>(1)</sup> | <u>188</u>    | <u>213</u> | <u>450</u>   | <u>1,702</u> |
| Effective tax rate               | 20.96%        | 12.78%     | 23.66%       | 17.93%       |

Effective tax rate at approximately 23.66% for the year to date ended 30 September 2023.

Tri-Mode obtained Pioneer Status tax incentive which approved 70% tax exemption against Tri-Mode's statutory income with effective from 1-July-2021 to 30-Jun-2026.

**Note:**

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

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### B6. Corporate Proposals

There are no corporate proposals announced 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                 |                          |               |                              |                          |               |
|--------------------------|------------------------------|--------------------------|---------------|------------------------------|--------------------------|---------------|
|                          | 30.09.2023                   |                          |               | 30.09.2022                   |                          |               |
|                          | <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        | 5,128                        | 5                        | 5,133         | 8,875                        | -                        | 8,875         |
| 1 month                  | 3,294                        | 4                        | 3,298         | 6,886                        | 2                        | 6,888         |
| 2 months                 | 1,399                        | -                        | 1,399         | 1,952                        | -                        | 1,952         |
| 3 months                 | 400                          | -                        | 400           | 455                          | 1                        | 456           |
| More than 3 months       | 69                           | -                        | 69            | 234                          | -                        | 234           |
| <b>Trade Receivables</b> | <b>10,290</b>                | <b>9</b>                 | <b>10,299</b> | <b>18,402</b>                | <b>3</b>                 | <b>18,405</b> |

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

### B8. Bank borrowings

The Group's bank borrowings were as follows:

|   | AS AT<br>30.09.2023  | AS AT<br>30.09.2022  |
|---|----------------------|----------------------|
|   | RM'000               | RM'000               |
| <b>Secured:</b>                                       |                      |                      |
| <b>Current:</b>                                       |                      |                      |
| Bank borrowings: overdraft                            | -                    | -                    |
| Bank borrowings: revolving credit                     | -                    | -                    |
| Bank borrowings: term loan                            | 2,653                | 2,164                |
| Lease liabilities                                     | 982                  | 473                  |
|   | <u>3,635</u>         | <u>2,637</u>         |
| <b>Non-current:</b>                                   |                      |                      |
| Bank borrowing: term loans                            | 45,574               | 37,358               |
| Lease liabilities                                     | 142                  | 763                  |
|   | <u>45,716</u>        | <u>38,121</u>        |
| <b>Total bank borrowings &amp; leases liabilities</b> | <b><u>49,351</u></b> | <b><u>40,758</u></b> |

The weighted average interest rate of bank borrowings is 5.89% 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.



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### B9. Material litigation

There were no material litigation involving the Group as at the date of this report.

### B10. Dividend proposed

On 23 November 2023, the Board has approved the declaration and payment of first single-tier interim dividend of 0.35 sen per ordinary share totalling RM581,000 in respect of the financial year ending 31 December 2023. The entitlement to dividend to be determined based on the record of depositors as at 15 December 2023 whilst the payment date to be fixed on 12 January 2024.

### 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 |            |
|---|----------|---------------|------------|----------------|------------|
|   |          | 30.09.2023    | 30.09.2022 | 30.09.2023     | 30.09.2022 |
| Profit attributable to ordinary owners of the Company     | (RM'000) | 709           | 1,454      | 1,452          | 7,789      |
| Weighted average number of ordinary shares <sup>(1)</sup> | ('000)   | 166,000       | 166,000    | 166,000        | 166,000    |
| Basic earnings per share <sup>(1)</sup>                   | (Sen)    | 0.43          | 0.88       | 0.87           | 4.69       |
| Diluted earnings per share <sup>(2)</sup>                 | (Sen)    | 0.43          | 0.88       | 0.87           | 4.69       |

#### 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.

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

|  | 3-MONTH ENDED |            | YEAR-TO-DATE |            |
|--|---------------|------------|--------------|------------|
|  | 30.09.2023    | 30.09.2022 | 30.09.2023   | 30.09.2022 |
|  | RM'000        | RM'000     | RM'000       | RM'000     |
| Profit before taxation is arrived at after charging/(crediting) :- |               |            |              |            |
| Interest income  | (36)          | (63)       | (183)        | (127)      |
| Finance costs  | 615           | 573        | 1,807        | 1,689      |
| Depreciation of PPE  | 642           | 509        | 1,927        | 1,538      |
| Depreciation of ROU  | 636           | 711        | 1,910        | 2,195      |
| Loss/(gain) on disposal of ROU                                     | -             | -          | -            | (5,033)    |
| Loss/(gain) on disposal of PPE                                     | (21)          | -          | (26)         | 52         |
| Foreign exchange – unrealised (gain) / loss                        | 50            | (215)      | 11           | (463)      |

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 November 2023