



## COMPLETE LOGISTIC SERVICES BERHAD. (716241 - X)

### NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULT FOR THE FIRST QUARTER ENDED 30 JUNE 2010

#### **Part A – Notes In Compliance with FRS 134**

##### **1. Basis of Preparation**

The unaudited interim financial statements have been prepared in accordance with the requirements outlined in the Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting and Chapter 9 Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 March 2010.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 March 2010 except for the adoption of the new/revised FRS and IC Interpretations for the financial year beginning 1 April 2010.

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 132	Financial Instruments: Presentation (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
IC Interpretation 10	Interim Financial Reporting and Impairment

The adoption of these standards and interpretations are not expected to have significant impact on the financial statements of the Group except for the following:-

#### **FRS 101 Presentation of Financial Statements (Revised)**

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consist of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented comprise statement of financial position, statement of comprehensive income, statement in changes in equity, statement of cash flows and notes to the financial statements. There is no impact on the financial position and results of the Group as this change in accounting policy affects only the presentation financial statements.

**1. Basis of Preparation (Continued)**

FRS 8 Operating Segments

FRS 8 required identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group presents its segment information based on its business segments, which is also the basis of presenting its monthly internal management reports. The basis of measurement of segment results, segment assets and segment liabilities are same as the basis of measurement for external reporting.

**2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the Group's financial statements for the financial year ended 31 March 2010 was not subject to any qualification.

**3. Seasonality or Cyclicity of Operations**

The business operations of the Group are subject to the forces of supply and demand and thus, could display cyclical trends.

**4. Nature and Amount of Unusual Items**

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current quarter.

**5. Changes in Estimates**

There were no changes in the estimates of amounts which give a material effect in the current quarter under review.

**6. Segmental Information**

The Group's operations comprise the following business segments:

Marine : Provision of marine transportation services

Trading : Trading of goods

Logistics : Total logistic services provider including trading of freight, haulage, lorry and trucking, custom clearance and Inland Port operation.

Others : Leasing of passenger ferry and investment holding

## 6. Segmental Information (Continued)

The results of the Group for the First Quarter Ended 31.03.2011

	Marine	Trading	Logistics	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External segment revenue	5,152	3,403	14,640	257	-	23,452
Inter-segment revenue	945	-	594	500	(2,039)	-
Total Revenue	<u>6,097</u>	<u>3,403</u>	<u>15,234</u>	<u>757</u>	<u>(2,039)</u>	<u>23,452</u>
<b>Results</b>						
Segment results	469	225	1,384	213	-	2,291
Finance costs						(338)
Interest income						<u>31</u>
Profit before tax						1,984
Tax expense						<u>(166)</u>
Profit after tax						<u>1,818</u>
Attributable to:						
Equity holders of the Company						1,644
Minority interest						<u>174</u>
						<u>1,818</u>

## 7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and other repayments of debt and equity securities during the current quarter.

## 8. Dividend Paid

There was no dividend paid in the current quarter under review.

## 9. Valuation of Property, Plant and Equipment

There were no valuations on property, plant and equipment in the current quarter under review.

## 10. Changes in Composition of the Group

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

## **11. Changes in Contingent Liabilities and Contingent Assets**

There were no material contingent liabilities or contingent assets which, upon being enforceable, might have a material impact on the financial position or business of the Group as at 31 March 2010.

## **12. Subsequent Events**

There were no material events subsequent to the end of the current quarter up to the date of this report.

## **Part B – Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad**

### **13. Review of Performance**

During the quarter under review, the Group reported a total revenue of RM23.45 million as compared to RM28.95 million in the same quarter of the previous year. The lower revenue in the current quarter was mainly attributable to the decrease in the trading segment. The decrease was partly offset by the increase in the total logistic services segment arising from the acquisition of a subsidiary during the third quarter of the previous financial year.

The Group reported a profit before taxation of RM1.98 million in the current quarter as compared to RM3.13 million in the previous year corresponding quarter. This was mainly due to the lower contribution from the marine transportation and trading segments. The Total Logistic Services segment contributed significantly to the profits for the quarter under review.

### **14. Comparison With Immediate Preceding Quarter**

The Group reported a total revenue of RM23.45 million as compared to RM23.90 million in the immediate preceding quarter. The decrease was mainly attributable to the drop in volume in the trading segment being partly offset by the improvement in the total logistic services segment.

The profit before taxation of the Group improved from a loss of RM5.74 million in the immediate preceding quarter to a profit of RM1.98 million in the current quarter under review. Overall, the results of all the segments have improved as compared to the immediate preceding quarter.

### **15. Prospects**

For the period under review, all business segments of the Group have performed profitably. This being achieved against a backdrop of an over-supply of freight spaces in the shipping industry amidst the sluggish global economy.

Barring any unforeseen circumstances, the Board is optimistic that profitable results would be maintained for the remaining financial year.

## 16. Variance on Profit Forecast/Guarantee

The Group did not issue any profit forecast for the year and there is no profit guarantee issued by the Group.

## 17. Income Tax Expense

	Current Year Quarter <u>30.06.10</u> RM'000	Preceding Year Corresponding Quarter <u>30.06.09</u> RM'000	Current Year <u>30.06.10</u> RM'000	Preceding Year <u>30.06.09</u> RM'000
Tax expense	<u>(166)</u>	<u>(244)</u>	<u>(166)</u>	<u>(244)</u>

The effective tax rate of the Group is lower than the statutory tax rate mainly due to:

- (a) the exemption from tax on income from the operations of sea going Malaysian registered vessels pursuant to Section 54A of the Income Tax Act 1967 of certain subsidiaries of the Company;
- (b) the Investment Tax Allowance granted to a subsidiary of the Company

## 18. Sales of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the current quarter under review.

## 19. Quoted Securities

There was no purchase or disposal of quoted securities for the current quarter ended 30 June 2010. The Group did not hold any investments in quoted securities as at 30 June 2010

## 20. Status of Corporate Proposals

There are no corporate proposals announced during the current quarter under review

## 21. Group Borrowings

	Group 31.3.10 RM'000
Current	
Bank overdraft	1,819
Bankers' acceptances	903
Hire purchase	459
Term loans, secured	<u>5,466</u>
	<u>8,647</u>
Non-Current	
Hire purchase	427
Term loan, secured	<u>16,712</u>
	<u>17,139</u>
	<u>25,786</u>

## 22. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments at the date of issue of this quarterly report.

## 23. Material Litigation

There was no pending material litigation as at the date of issue of this quarterly report, which in the opinion of the directors would have a material adverse effect on the financial results of the Group.

## 24. Dividend

No dividend has been proposed for the current quarter under review

## 25. Earnings Per Share

The basic earnings per share for the current quarter and cumulative quarters have been calculated based on the Group's profit after taxation divided by the weighted average number of ordinary shares outstanding (based on ordinary shares of RM0.50 each).

	Current Year Quarter 30.06.10	Preceding Year Corresponding Quarter 30.06.09	Current Year To Date 30.06.10	Preceding Year Corresponding Period 30.06.09
Profit attributable to ordinary equity holders of the Company (RM'000)	1,644	2,889	1,644	2,889
Number of ordinary shares in issue ('000)	120,000	120,000	120,000	120,000
Basic earnings per share (sen)	1.37	2.41	1.37	2.41

Diluted earnings per share was not computed as the Company did not have any convertible financial instruments as at 31 March 2010.

## 26. Net Assets Per Share

Net assets per share as at 30 June 2010 is arrived at based on the Group's Net Assets of RM93.32 million over the number of ordinary share of 120,000,000 shares of RM0.50 each. Net assets per share as at 31 March 2010 was arrived at based on the Group's Net Assets of RM91.70 million over the number of ordinary shares of 120,000,000 shares of RM0.50 each.

## 27. Authorization for Issue

These unaudited interim financial statements were authorized for release by the Company in accordance with a resolution of the Directors dated 25 August 2010.