



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

### NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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 Second Quarter Ended 30.09.2010

	Marine	Trading	Logistics	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External segment revenue	5,468	4,184	14,918	250	-	24,820
Inter-segment revenue	945	-	594	3,850	(5,860)	(471)
Total Revenue	<u>6,413</u>	<u>4,184</u>	<u>15,512</u>	<u>4,100</u>	<u>(5,860)</u>	<u>24,349</u>
<b>Results</b>						
Segment results	361	(521)	2,086	141	-	2,067
Finance costs						(308)
Interest income						<u>60</u>
Profit before tax						<u>1,819</u>
Tax expense						<u>(389)</u>
Profit after tax						<u><u>1,430</u></u>
Attributable to:						
Equity holders of the Company						<u>1,080</u>
Minority interest						<u>350</u>
						<u><u>1,430</u></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 RM24.35 million as compared to RM30.71 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.

The Group reported a profit before taxation of RM1.82 million in the current quarter as compared to RM0.61 million in the previous year corresponding quarter. This was mainly due to a segmental improvement from the total logistic services segment which contributed significantly to the profits for the current quarter under review.

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

The Group reported a total revenue of RM24.35 million as compared to RM23.45 million in the immediate preceding quarter.

There was a slight decrease in the profit before taxation of the Group by RM0.17 million, ie from RM1.98 million in the immediate preceding quarter to RM1.82 in the current quarter under review. Overall, the main contributor to the positive results of the Group is the total logistic services segment whereas the performance of the trading segment was negatively affected by the sluggish and uncertain market trading condition arising from volatile exchange rate fluctuation and unprecedented high raw material prices prevailing.

### **15. Prospects**

The Malaysian economy is projected to perform positively for 2010 following the stimulus packages implemented by the Government. Meanwhile the economic transformation measures to be carried out by the Government will be a continuing boost to the Malaysian economy. With this positive outlook, and the concerted efforts of the Management, the Board is optimistic that profitable results would be maintained for the remaining periods of the 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>30.09.10</u> RM'000	Preceding Year Corresponding Quarter <u>30.09.09</u> RM'000	Current Year <u>30.09.10</u> RM'000	Preceding Year <u>30.09.09</u> RM'000
Tax expense	<u>(358)</u>	<u>(182)</u>	<u>(524)</u>	<u>(426)</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 September 2010. The Group did not hold any investments in quoted securities as at 30 September 2010.

## 20. Status of Corporate Proposals

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

## 21. Group Borrowings

	Group 30.9.10 RM'000
Current	
Bank overdraft	1,125
Bankers' acceptances	-
Hire purchase	359
Term loans, secured	<u>5,239</u>
	<u>6,723</u>
Non-Current	
Hire purchase	369
Term loan, secured	<u>15,650</u>
	<u>16,019</u>
	<u>22,742</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

The Board of Directors proposed a final tax exempt dividend of 3 sen per share amounting to RM3,600,000 in respect of the financial year ended 31 March 2010 and this was approved at the Fifth Annual General Meeting on 23 September 2010. The said final dividend was paid on 28 October 2010 to shareholders whose names appear in the register of members and record of depositors on 5 October 2010.

## 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 30.09.10	Preceding Year Corresponding Quarter 30.09.09	Current Year To Date 30.09.10	Preceding Year Corresponding Period 30.09.09
Profit attributable to ordinary equity holders of the Company (RM'000)	1,099	427	2,743	3,316
Number of ordinary shares in issue ('000)	120,000	120,000	120,000	120,000
Basic earnings per share (sen)	0.92	0.36	2.29	2.76

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 September 2010 is arrived at based on the Group's Net Assets of RM90.69 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 21 November 2010.