

COMPLETE LOGISTIC SERVICES BERHAD. (716241 - X)

NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULT FOR THE FIRST QUARTER ENDED 30 JUNE 2011

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 2011.

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 2011, including the new/revised standards mandatory for annual periods beginning on or after 1 April 2011.

2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the Group’s financial statements for the financial year ended 31 March 2011 was not subject to any qualification.

3. Seasonality or Cyclicalities 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.

The results of the Group for the First Quarter Ended 30.06.2011

	Marine RM'000	Trading RM'000	Logistics RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue						
External segment revenue	6,954	1,775	16,725	-	-	25,454
Inter-segment revenue	-	-	603	-	(603)	-
Total Revenue	<u>6,954</u>	<u>1,775</u>	<u>17,328</u>	<u>-</u>	<u>(603)</u>	<u>25,454</u>
Results						
Segment results	956	(22)	2,492	(48)	-	3,378
Finance costs						(207)
Interest income						58
Profit before tax						<u>3,229</u>
Tax expense						(315)
Profit after tax						<u><u>2,914</u></u>
Attributable to:						
Equity holders of the Company						2,325
Non-controlling interests						589
						<u><u>2,914</u></u>

The results of the Group for the First Quarter Ended 30.06.2010

	Marine RM'000	Trading RM'000	Logistics RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue						
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>
Results						
Segment results	469	225	1,384	213	-	2,291
Finance costs						(338)
Interest income						31
Profit before tax						<u>1,984</u>
Tax expense						(166)
Profit after tax						<u><u>1,818</u></u>
Attributable to:						
Equity holders of the Company						1,644
Non-controlling interest						174
						<u><u>1,818</u></u>

7. Debt and Equity Securities

During the current financial quarter, the Company had purchased a total of 94,200 ordinary shares of RM0.50 each of its issued share capital from the open market at an average cost of RM0.404 per share. The total consideration paid for the share buy-back was RM38,035.79 and was financed by internally generated funds. As at 30 June 2011, a total of 99,200 treasury shares were held by the Company. The purchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

Apart from the above, there was no other issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale / repurchase of treasury shares 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 except that a 60% owned subsidiary of the Company, Guper Integrated Logistics Sdn Bhd ("Guper") had increased its paid-up share capital from RM1,000,000 to RM3,000,000 by allotting additional 2,000,000 new ordinary shares of RM1.00 each at par value for cash. The Company had subscribed for 1,200,000 new ordinary shares of RM1.00 each at par value in Guper, being financed by internally generated funds. Upon the said subscription, the shareholding of the Company in Guper remains at 60%.

11. Changes in Contingent Liabilities and Contingent Assets

There was no change in the contingent liabilities or contingent assets since the end of the last financial year end.

12. Subsequent Events

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

13. Capital Commitments

As at the end of the reporting quarter, the Group has approved and contracted for capital commitments of RM4.4 million in respect of property, plant and equipment.

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

14. Review of Performance

During the quarter under review, the Group reported a total revenue of RM25.45 million as compared to RM23.45 million in the preceding year corresponding quarter.

The Group reported a profit before taxation of RM3.23 million in the current quarter as compared to RM1.98 million in the preceding year corresponding quarter. The increase in profit before taxation in the current quarter was mainly attributable to the improvement of the marine and logistics segments.

15. Comparison With Immediate Preceding Quarter

The Group reported a total revenue of RM25.45 million as compared to RM21.80 million in the immediate preceding quarter.

The profit before taxation of the Group had improved by RM3.61 million as compared to a loss before taxation of RM0.38 million in the immediate preceding quarter. During the last quarter, the disposal of a vessel had resulted in a loss of RM0.88 million. The marine and logistics segments had shown improved performance in the current quarter under review.

16. Prospects

The Malaysian economy is expected to moderate following the uncertain outlook caused by the debt crisis in the Eurozone and the USA.

Despite the uncertainty ahead, the Board is cautiously optimistic that the performance of the Group will remain satisfactory for the remaining periods of the financial year.

17. 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.

18. Income Tax Expense

	Current Year Quarter <u>30.06.11</u> RM'000	Preceding Year Corresponding Quarter <u>30.06.10</u> RM'000	Current Year-To- Date <u>30.06.11</u> RM'000	Preceding Year Corresponding Period <u>30.06.10</u> RM'000
Tax expense	<u>(315)</u>	<u>(166)</u>	<u>(315)</u>	<u>(166)</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.

19. Sales of Unquoted Investments and Properties

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

20. Quoted Securities

There was no purchase or disposal of quoted securities for the current quarter under review. The Group did not hold any investments in quoted securities as at 30 June 2011.

21. Status of Corporate Proposals

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

22. Group Borrowings

	Group ← 30.6.11 →		
	Current	Non- Current	Total
	RM'000	RM'000	RM'000
Bank overdraft	80	-	80
Hire purchase	651	1,991	2,642
Term loans, secured	3,914	13,411	17,325
	<u>4,645</u>	<u>15,402</u>	<u>20,047</u>

23. Off Balance Sheet Financial Instruments

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

24. Breakdown of Realised and Unrealised Profits of the Group

	Financial Period Ended 30/06/2011	Financial Period Ended 30/06/2010
	RM'000	RM'000
Total retained profits of the Group		
- Realised	31,535	30,492
- Unrealised	<u>(1,397)</u>	<u>(1,297)</u>
Total retained profits as per consolidated accounts	<u>30,138</u>	<u>29,195</u>

25. 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.

26. Dividend

No dividend has been proposed for the current quarter under review.

27. 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 30.06.11	Preceding Year Corresponding Quarter 30.6.10	Current Year To Date 30.06.11	Preceding Year Corresponding Period 30.6.10
Profit attributable to ordinary equity holders of the Company (RM'000)	2,325	1,644	2,325	1,644
Weighted average number of shares in issue ('000)	119,925	120,000	119,925	120,000
Basic earnings per share (sen)	1.94	1.37	1.94	1.37

Diluted earnings per share was not computed as the Company did not have any convertible financial instruments as at 31 March 2011.

28. Authorization for Issue

These unaudited interim financial statements were authorized for release by the Company in accordance with a resolution of the Directors dated 23 August 2011.