

COMPLETE LOGISTIC SERVICES BERHAD. (716241 - X)

NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULT FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

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 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:

Shipping	: 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, insurance agency and investment holding

The results of the Group for the Fourth Quarter Ended 31.03.2012 - SEGMENTAL

	Marine RM'000	Trading RM'000	Logistics RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue						
External segment revenue	6,237	1,772	17,028	20	-	25,057
Inter-segment revenue	150	717	465	27	(1,359)	-
Total Revenue	<u>6,387</u>	<u>2,489</u>	<u>17,493</u>	<u>47</u>	<u>(1,359)</u>	<u>25,057</u>
Results						
Segment results	(789)	(204)	410	(111)	-	(694)
Finance costs						(285)
Interest income						61
Loss before tax						(918)
Tax expense						(1,694)
Loss after tax						<u>(2,612)</u>
Attributable to:						
Equity holders of the Company						(2,602)
Minority interest						(10)
						<u>(2,612)</u>

The results of the Group for the Fourth Quarter Ended 31.03.2011 - SEGMENTAL

	Marine RM'000	Trading RM'000	Logistics RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue						
External segment revenue	6,405	716	14,675	-	-	21,796
Inter-segment revenue	-	-	700	500	(1,200)	-
Total Revenue	<u>6,405</u>	<u>716</u>	<u>15,375</u>	<u>500</u>	<u>(1,200)</u>	<u>21,796</u>
Results						
Segment results	(1,203)	(82)	1,286	(160)	-	(159)
Finance costs						(288)
Interest income						67
Loss before tax						(380)
Tax expense						(767)
Loss after tax						<u>(1,147)</u>
Attributable to:						
Equity holders of the Company						(1,210)
Minority interest						63
						<u>(1,147)</u>

7. Debt and Equity Securities

During the current financial quarter, the Company had purchased a total of 220,100 ordinary shares of RM0.50 each of its issued share capital from the open market at an average cost of RM0.414 per share. The total consideration paid for the share buy-back was RM91,068.92 and was financed by internally generated funds. As at 31 March 2012, a total of 319,300 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

The Company had on 8 November 2011 entered into a conditional Share Sale Agreement for acquisition of the balance 40% equity interest in Guper Integrated Logistics Sdn Bhd (“Guper”), comprising 1,200,000 ordinary shares of RM1.00 each for a cash consideration of RM13,600,000. The acquisition was approved by the shareholders at the extraordinary general meeting convened on 27 December 2011 and was completed on 2 March 2012. Guper is now a wholly owned subsidiary of the Company.

Save as disclosed above, 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 was no change in the contingent liabilities or contingent assets since the end of the last financial year end.

12. Subsequent Events

The Company had on 21 May 2012 entered into a conditional Share Sale Agreement for the proposed acquisition of 100% equity interest in Pengangkutan Sekata Sdn Bhd (“Sekata”), comprising 1,500,000 ordinary shares of RM1.00 each for a total cash consideration of RM10,000,000. Upon completion Sekata will become a wholly owned subsidiary of the Company. The proposed acquisition is subject to shareholders’ approval at an extraordinary general meeting to be convened.

13. Capital Commitments

As at the end of the reporting quarter, the Group has approved and contracted for capital commitments of RM0.3 million in respect of property, plant and equipment.

14. Related Party Disclosures

The Group has carried out the following recurrent transactions with the related parties during the current quarter under review:

	Current Year Quarter 31.3.2012 <u>RM'000</u>
Companies in which certain Directors have interests:	
- revenue from services rendered	2,262
- container haulage/transportation service charges payable	405
- forwarding service charges payable	88
- rental expense payable	8
- spare parts charges payable	68
- rental income receivable	3
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Part B – Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad

15. Analysis of Performance

	Current Year Quarter 31.3.2012 RM'000	Preceding Year Corresponding Quarter 31.3.2011 RM'000	Current Financial Year 31.3.2012 RM'000	Preceding Financial Year 31.3.2011 RM'000
<u>Revenue</u>				
Shipping	6,237	6,405	25,057	22,493
Logistics	17,028	14,675	70,783	57,398
Trading	1,772	716	6,358	11,311
Others	20	-	30	751
Total	<u>25,057</u>	<u>21,796</u>	<u>102,228</u>	<u>91,953</u>
<u>(Loss)/Profit before tax</u>				
Shipping	(814)	(1,258)	(19,020)	(613)
Logistics	185	1,089	8,532	7,378
Trading	(188)	(65)	(100)	(96)
Others	(101)	(146)	(299)	418
Total	<u>(918)</u>	<u>(380)</u>	<u>(10,887)</u>	<u>7,087</u>

During the quarter under review, the Group reported an increase in revenue of RM3.26 million as compared to the preceding year corresponding quarter (“corresponding quarter”). The total revenue of the current financial year (“current year”) increased by RM10.28 million as compared to the preceding financial year (“preceding year”).

The Group reported a loss before tax of RM0.92 million in the current quarter as compared to a loss before tax of RM0.38 million in the corresponding quarter, a higher loss of RM0.53 million. The result of the current year decreased by RM17.97 million as compared to the profit before tax of RM7.09 million in the preceding year.

(a) *Shipping*

Despite the slight improvement in the shipping revenue in the current year, the shipping industry is still facing an over-supply of freight spaces, thus depressed freight rates, amidst the sluggish global economy.

The loss before tax of the Shipping segment for the current quarter/year was RM0.81 million/RM19.02 million respectively as compared to RM1.26 million/RM0.61 million in the corresponding quarter/preceding year. The higher loss in the current financial year was a result from the impairment of the vessels which represents the write-down of the vessels to the recoverable amount based on their fair value less cost to sell. The impairment loss of RM18.57 million was included in the “other expenses” line item of the statement of comprehensive income for the current financial year.

(b) Logistics

The revenue of the Logistics segment has improved by RM2.35/RM13.38 million from the corresponding quarter/preceding year respectively. The increase in revenue was contributed by growth in volume from existing customers as well as new customers.

The current year profit before tax of the Logistics segment increased in line with the increase in revenue growth.

(c) Trading

The main market for our Trading segment was in the Island Nations of the South West Indian Ocean which were affected by the global financial crisis. With the downturn of tourism at these regions, the development of resorts and construction activities declined sharply leading to low demand for construction materials, thus affecting our Trading segment adversely. As a result the total Trading revenue decreased by RM4.95 million in the current financial year as compared to the preceding financial year.

(d) Others

The main contributor to the revenue and profit before tax of the Others segment in the corresponding quarter/preceding financial year was from the leasing of a passenger ferry which ceased during the preceding financial year. The ferry was leased to an associated company and operated in the Seychelles and business was badly affected by the global financial crisis. With the frequent mechanical problems encountered with the engines of the ferry boat resulting in lengthy downtime as well as the high overheads and costs of such maintenance/repairs, the associated company had ceased the operation of the ferry. With this, the Group had recognized an impairment loss of RM0.87 million on the ferry during the current financial year.

16. Comparison With Immediate Preceding Quarter

	Current Year Quarter 31.03.2012 RM'000	Preceding Quarter 31.12.2011 RM'000
Revenue	25,057	27,960
(Loss)/Profit before tax	(918)	(15,141)

The Group reported a total revenue of RM25.06 million as compared to RM27.96 million in the immediate preceding quarter. The decrease in revenue of RM2.90 million in the current quarter was mainly contributed by the slowdown of all segments due to the festive season.

The profit before tax for the preceding quarter before the impairment loss of RM18.57 million is RM3.43 million which compare favourably against the RM0.92 million loss before tax achieved in the current quarter.

17. Prospects

The overall performance of the Group is on track towards positive growth with revenue for the financial year under review improving 11% to RM102.23 million from RM91.95 million achieved in the previous corresponding year. Meanwhile profit before tax has also improved from RM7.09 million to RM7.68 million (excluding the provision of impairment loss on vessels of RM18.57 million).

The logistics segment is expected to continue to perform satisfactorily with anticipated volume and customer base growth.

Management expects the shipping business to remain focused on sustainable shipping routes in the South East Asian region.

On the Trading Segment, in addition to continuing to supply existing value added customers, management will seek alternative trading opportunities to complement the Group's growth strategies.

With the Group's Logistics business reasonably consolidated with efficiency and the strategic measures duly implemented to consolidate both the Shipping and Trading businesses, the Board is optimistic that the overall performance for the next financial year will be satisfactory barring any severe disruption of the current world financial system.

18. 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.

19. Income Tax Expense

	Current Year <u>31.03.12</u>	Preceding Year <u>31.03.11</u>
	RM'000	RM'000
Current tax expense	1,890	1,247
Deferred tax	<u>1,401</u>	<u>230</u>
	3,291	1,477
Under/(Over) provision in the previous financial year		
- tax expense	(29)	141
- deferred tax	<u>10</u>	<u>(43)</u>
	<u><u>3,272</u></u>	<u><u>1,575</u></u>

20. Sales of Unquoted Investments and Properties

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

21. 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 31 March 2012.

22. Status of Corporate Proposals

Save as disclosed in Note 12 and above, there was no other corporate proposal announced during the current quarter under review.

23. Group Borrowings

	Group		
	← 31.03.2012 →		
	Current	Non-Current	Total
	RM'000	RM'000	RM'000
Bank overdraft	1,499	-	1,499
Hire purchase	26	13	39
Term loans, secured	5,183	14,274	19,457
	<u>6,708</u>	<u>14,287</u>	<u>20,995</u>

24. Off Balance Sheet Financial Instruments

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

25. Breakdown of Realised and Unrealised Profits of the Group

	Financial Year Ended 31/3/2012	Financial Year Ended 31/03/2011
	RM'000	RM'000
Total retained profits of the Group		
- Realised	14,889	30,725
- Unrealised	<u>(2,833)</u>	<u>(2,912)</u>
Total retained profits as per consolidated accounts	<u>12,056</u>	<u>27,813</u>

26. 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.

27. Dividend

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

28. Earnings Per Share

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

	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	Current Year	Preceding Year
	31.03.12	31.03.11	31.03.12	31.03.11
equity holders of the Company (RM'000)	(2,602)	(1,210)	(16,099)	3,863
Weighted average number of shares in issue ('000)	119,896	120,000	119,896	120,000
Basic earnings per share (sen)	(2.17)	(1.01)	(13.43)	3.22

Diluted earnings per share was not computed as the Company did not have any convertible financial instruments as at 31 March 2012.

29. Profit/(Loss) Before Tax

Profit for the period is arrived at after crediting:

Interest income	60	67	281	202
Other income	36	362	794	2,857
Unrealised foreign exchange gain	17	-	118	297
Negative goodwill	-	-	109	-

and after charging:

Interest expense	285	288	1,129	1,235
Depreciation	1,343	1,346	5,768	5,290
Provision for/write off receivables	608	38	608	250
Foreign exchange loss	-	56	131	515
Unrealised foreign exchange loss	11	-	17	68
Impairment of property, plant & Equipment	-	-	18,566	-

There were no gain or loss on disposal of quoted or unquoted investment or real properties, gain or loss on derivatives or exceptional item for current quarter and financial year ended 31 March 2012 (31 March 2011 : Nil).

30. Authorization for Issue

These unaudited financial statements were authorized for release by the Company in accordance with a resolution of the Directors dated 25 May 2012.