



COMPLETE LOGISTIC SERVICES BERHAD (716241-X)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

26 February 2020

Complete Logistic Services Berhad
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COMPLETE LOGISTIC SERVICES BERHAD (716241-X)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

RM'000	Note	As at 31.12.2019 Unaudited	As at 31.03.2019 Audited
Assets			
Property, plant and equipment		135,916	131,218
Right-of-use assets		8,851	-
Non-current assets		144,767	131,218
Inventories		39	245
Trade and other receivables		41,385	33,890
Tax recoverable		-	492
Cash and cash equivalents		7,778	25,060
Current assets		49,202	59,687
Non-current assets held for sale		1,850	1,850
Total assets		195,819	192,755
Equity and liabilities			
Share capital		70,477	68,850
Treasury shares		(131)	(131)
Other reserves		708	1,028
Retained earnings	19	68,052	81,245
Equity attributable to owners of the Company		139,106	150,992
Non-controlling interests		769	791
Total equity		139,875	151,783
Borrowings (secured)	21	16,376	14,090
Lease liabilities		8,314	-
Deferred tax liabilities		6,087	6,113
Non-current liabilities		30,777	20,203
Trade and other payables		18,521	16,623
Borrowings (secured)	21	5,428	4,146
Lease liabilities		659	-
Tax liabilities		559	-
Current liabilities		25,167	20,769
Total liabilities		55,944	40,972
Total equity and liabilities		195,819	192,755
Net assets per share attributable to owners of the Company (RM)		1.10	1.22

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

COMPLETE LOGISTIC SERVICES BERHAD (716241-X)
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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

(These figures have not been audited)

RM'000	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
Revenue		31,866	33,523	91,410	95,206
Cost of sales		(25,253)	(27,126)	(75,209)	(76,943)
Gross profit		6,613	6,397	16,201	18,263
Other income		272	378	1,484	1,171
Marketing and distribution costs		(160)	(158)	(516)	(502)
Administration expenses		(1,111)	(1,092)	(3,860)	(4,070)
Other expenses		(684)	(1,270)	(2,235)	(2,512)
Finance costs		(363)	(190)	(1,010)	(608)
Profit before tax		4,567	4,065	10,064	11,742
Tax expense	18	(1,401)	(575)	(3,011)	(2,329)
Profit for the period		3,166	3,490	7,053	9,413
Other comprehensive income		-	-	-	-
Total comprehensive income		3,166	3,490	7,053	9,413
Profit attributable to:					
Owners of the Company		3,172	3,505	7,075	9,430
Non-controlling interest		(6)	(15)	(22)	(17)
Profit for the period		3,166	3,490	7,053	9,413
Total comprehensive income attributable to:					
Owners of the Company		3,172	3,505	7,075	9,430
Non-controlling interest		(6)	(15)	(22)	(17)
		3,166	3,490	7,053	9,413
Earnings per share attributable to owners of the Company:					
Basic (sen)	24	2.5	2.8	5.6	7.6
Diluted (sen)	24	2.4	2.8	5.5	7.6

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

COMPLETE LOGISTIC SERVICES BERHAD (716241-X)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

(These figures have not been audited)

RM'000	Attributable to owners of the Company					Total	Non-controlling interest	Total equity
	Non-Distributable		Distributable					
	Share capital	Treasury shares	Share option reserve	Retained earnings				
At 1 April 2019	68,850	(131)	1,028	81,245	150,992	791	151,783	
Total comprehensive income	-	-	-	7,075	7,075	(22)	7,053	
Issuance of shares	1,627	-	(658)	-	969	-	969	
Dividend	-	-	-	(20,268)	(20,268)	-	(20,268)	
Share option expenses	-	-	338	-	338	-	338	
At 31 December 2019	70,477	(131)	708	68,052	139,106	769	139,875	
At 1 April 2018	67,464	(131)	578	70,488	138,399	807	139,206	
Total comprehensive income	-	-	-	9,430	9,430	(17)	9,413	
Issuance of shares	414	-	(142)	-	272	-	272	
Share option expenses	-	-	942	-	942	-	942	
At 31 December 2018	67,878	(131)	1,378	79,918	149,043	790	149,833	

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

COMPLETE LOGISTIC SERVICES BERHAD (716241-X)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

(These figures have not been audited)

RM'000	9 months ended	
	31.12.2019	31.12.2018
Operating activities		
Profit before tax	10,064	11,742
Adjustments for:		
Non-cash items	5,990	6,319
Non-operating items	(681)	(567)
Interest income	(317)	(214)
Interest expense	1,010	608
Operating profit before working capital changes	16,066	17,888
Changes in working capital:		
Inventories	206	351
Receivables	(7,518)	1,004
Payables	693	318
Cash generated from operations	9,447	19,561
Net tax paid	(1,986)	(1,261)
Net cash from operating activities	7,461	18,300
Investing activities		
Interest received	317	214
Purchase of property, plant and equipment	(10,387)	(7,659)
Proceeds from disposal of property, plant and equipment	1,015	1,428
Proceeds from issuance of shares	969	272
Net cash used in investing activities	(8,086)	(5,745)
Financing activities		
Drawdown of term loan	5,608	-
Dividend paid	(20,268)	-
Interest paid	(1,010)	(608)
Repayment of lease liabilities	(152)	-
Net repayment of borrowings	(3,238)	(3,669)
Advances from/(Repayment to) a director	1,205	(1,500)
Net cash used in financing activities	(17,855)	(5,777)
Net changes in cash and cash equivalents	(18,480)	6,778
Cash and cash equivalents at the beginning of financial year	24,895	11,533
Cash and cash equivalents at the end of financial year	6,415	18,311
Analysis of cash and cash equivalents		
Fixed deposits	165	165
Cash and bank balances	7,613	18,311
	7,778	18,476
Bank overdraft	(1,198)	-
Fixed deposits pledged to licensed bank	(165)	(165)
	6,415	18,311

The above condensed consolidated statement of cash flow should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS134

1 Basis of preparation

This unaudited interim financial report has been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 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

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 March 2019 except for the following new MFRS, Amendments to MFRS, IC Interpretations and Amendments to IC Interpretations to be applied by the Group for the financial periods beginning on or after 1 April 2019:

MFRS 16 Leases

IC Interpretations 23 Uncertainty over Income Tax Treatments

Amendments to MFRS 9 - Prepayment Features with Negative Compensation

Amendments to MFRS 119 - Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128 - Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 - 2017 Cycle

The adoption of the above pronouncements did not have any significant effects on this interim financial report upon their initial application.

The Group has not adopted the following pronouncements that have been issued but not yet effective:

MFRS 17 Insurance Contracts

Amendments to MFRS 3 - Definition of a Business

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 101 and MFRS 108 - Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any significant effects to the Group upon their initial application.

2 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.

3 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 December 2019.

4 Significant estimates and changes in estimates

There were no changes in estimates that had any material effects during the quarter ended 31 December 2019.

5 Debt And equity securities

There were no issuances, repurchases or repayments of debt and equity securities during the quarter ended 31 December 2019.

6 Dividends paid

There were no dividends paid during the current and previous corresponding quarter.

7 Segmental information

The Group's operations comprise the following business segments:

- Logistics : Total logistic services provider including trading of freight, haulage, lorry and trucking, custom clearance and Inland Port operation
- Warehousing : Provision of storage of goods and other related handling services
- Marine : Provision of marine transportation services
- Others : Trading of goods, insurance agency and investment holding

RM'000	Ware-	Logistics	housing	Marine	Others	Total	Elimination	Group
Results for 3 months ended								
31 December 2019								
External revenue		26,188	2,152	2,570	956	31,866	-	31,866
Intersegment revenue		899	-	901	1,269	3,069	(3,069)	-
Total revenue		27,087	2,152	3,471	2,225	34,935	(3,069)	31,866
Segment profit		4,351	1,775	473	1,289	7,888	(1,251)	6,637
Depreciation		(1,164)	(300)	(83)	(104)	(1,651)	(118)	(1,769)
Interest income		54	-	1	7	62	-	62
Finance costs		(47)	(191)	-	(125)	(363)	-	(363)
Profit before tax		3,194	1,284	391	1,067	5,936	(1,369)	4,567
Tax expense		(959)	(376)	-	(74)	(1,409)	8	(1,401)
Profit after tax		2,235	908	391	993	4,527	(1,361)	3,166
31 December 2018								
External revenue		26,764	2,176	3,909	674	33,523	-	33,523
Intersegment revenue		1,031	-	878	23,787	25,696	(25,696)	-
Total revenue		27,795	2,176	4,787	24,461	59,219	(25,696)	33,523
Segment profit		4,843	1,750	711	22,965	30,269	(24,249)	6,020
Depreciation		(1,253)	(240)	(87)	(120)	(1,700)	(124)	(1,824)
Interest income		10	-	-	49	59	-	59
Finance costs		(42)	(44)	-	(104)	(190)	-	(190)
Profit before tax		3,558	1,466	624	22,790	28,438	(24,373)	4,065
Tax expense		(408)	(113)	-	(64)	(585)	10	(575)
Profit after tax		3,150	1,353	624	22,726	27,853	(24,363)	3,490

7 Segmental information (continued)

RM'000	Logistics	Ware- housing	Marine	Others	Total	Elimination	Group
Results For 9 Months Ended							
31 December 2019							
External revenue	73,270	6,454	8,753	2,933	91,410	-	91,410
Intersegment revenue	4,462	-	1,021	5,262	10,745	(10,745)	-
Total revenue	77,732	6,454	9,774	8,195	102,155	(10,745)	91,410
Segment profit	9,934	5,223	939	4,922	21,018	(4,906)	16,112
Depreciation	(3,559)	(862)	(253)	(323)	(4,997)	(358)	(5,355)
Interest income	111	-	1	205	317	-	317
Finance costs	(123)	(493)	-	(394)	(1,010)	-	(1,010)
Profit before tax	6,363	3,868	687	4,410	15,328	(5,264)	10,064
Tax expense	(1,833)	(1,051)	-	(153)	(3,037)	26	(3,011)
Profit after tax	4,530	2,817	687	4,257	12,291	(5,238)	7,053
31 December 2018							
External revenue	75,477	6,035	11,664	2,030	95,206	-	95,206
Intersegment revenue	4,821	-	2,243	25,424	32,488	(32,488)	-
Total revenue	80,298	6,035	13,907	27,454	127,694	(32,488)	95,206
Segment profit	11,463	4,566	2,661	23,243	41,933	(24,249)	17,684
Depreciation	(3,834)	(715)	(262)	(365)	(5,176)	(372)	(5,548)
Interest income	32	-	-	181	213	-	213
Finance costs	(137)	(140)	-	(331)	(608)	-	(608)
Profit before tax	7,524	3,711	2,399	22,728	36,362	(24,621)	11,741
Tax expense	(1,464)	(703)	-	(180)	(2,347)	18	(2,329)
Profit after tax	6,060	3,008	2,399	22,548	34,015	(24,603)	9,412

8 Related party disclosures

Significant recurrent related party transactions are as follows:

RM'000	3 months ended		9 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Companies in which certain Directors have interests:				
Revenue from services rendered	1,579	2,082	4,964	5,310
Forwarding service charges payable	352	157	931	1,213
Fuel payable	1,345	865	3,651	2,289
Spare parts payable	328	73	941	140
Rental income receivable	6	6	18	18
Warehouse expense payable	28	69	62	184

The Directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

9 Valuation of property, plant and equipment

There was no valuation on property, plant and equipment during the current and previous corresponding quarter.

10 Capital commitments

As at the end of the reporting quarter, the Group has approved and contracted for capital commitments of RM0.98 million in respect of property, plant and equipment.

11 Contingent assets and liabilities

There were no changes in contingent liabilities and contingent assets since the end of last financial year.

12 Changes in composition of the Group

Pengangkutan Sekata Sdn Bhd, a wholly-owned subsidiary of the Company had on 16 December 2019 transferred its investment in Sin Hiap Hoe Trading & Transport Sdn Bhd ("SHH") to the Company. In consequent thereof, SHH became a wholly-owned subsidiary of the Company.

Save as disclosed above, there were no other changes in the composition of the Group during the current quarter.

13 Events after the reporting period

The Company had on 13 August 2019 entered into a conditional share purchase agreement ("SPA") with SH Cogent Logistics Pte. Ltd ("Purchaser") for the proposed disposals of 80% equity interests in Dolphin Shipping Agency Sdn Bhd, Guper Integrated Logistics Sdn Bhd and Gems Logistics Sdn Bhd (collectively referred to as the "Subject Companies"), together with the Included Lands but without the Excluded Lands as defined in the SPA, to the Purchaser for a total cash consideration of RM85,600,000, and three (3) shareholders' agreements to regulate the relationship of both parties as shareholders in the conduct of the business operations of the Subject Companies following the completion of the proposed disposals. Following the completion of the disposal on 14 February 2020, the Subject Companies became associates of the Company.

The Company had on 16 December 2019 entered into a Sale and Purchase Agreement ("SPA") for the acquisition of 50% equity interest in Channel Legion Sdn Bhd ("Channel") consisting of 250,000 ordinary shares for a total consideration of RM280,000.00. Following the completion of the acquisition on 10 January 2020, Channel became a subsidiary of the Company by virtue of the Company's controlling power over the Board of Directors ("Board") of Channel where a majority of the Board are to be nominated by the Company.

Sin Hiap Hoe Trading & Transport Sdn Bhd, a wholly-owned subsidiary of the Company had on 16 January 2020 entered into a Sale and Purchase Agreement with Bun Seng Hardware Sdn Bhd for the acquisition of a parcel of vacant leasehold industrial land held under H.S.(D) 119778, PT No. 121658, Mukim Klang, District of Klang, Selangor measuring approximately 9,712 square metres for a cash consideration of RM7,840,500.00.

Save as disclosed above, there were no other material events subsequent to the end of the current quarter.

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**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

14 Analysis of performance - Comparison with preceding year corresponding quarter

RM'000	3 months ended			9 months ended		
	31.12.2019	31.12.2018	Changes	31.12.2019	31.12.2018	Changes
Revenue	31,866	33,523	(1,657)	91,410	95,206	(3,796)
Profit before tax	4,567	4,065	502	10,064	11,741	(1,677)

During the quarter under review, the Group recorded a decrease in revenue of RM1.66 million as compared to the preceding year corresponding quarter ("corresponding quarter"), which is mainly due to lower revenue in all segments. However, the Group reported a higher pre-tax profit of RM4.57 million as compared to the corresponding quarter of RM4.07 million.

For the 9 months cumulative period, the Group recorded a decrease in revenue of RM3.80 million as compared to the preceding year corresponding period ("corresponding period") mainly due to decline in revenue from the logistics and marine segments. In line with the decrease, the pre-tax profit dropped by RM1.68 million as compared to the corresponding period.

(a) Logistics

RM'000	3 months ended			9 months ended		
	31.12.2019	31.12.2018	Changes	31.12.2019	31.12.2018	Changes
External revenue	26,188	26,764	(576)	73,270	75,477	(2,207)
Profit before tax	3,194	3,558	(364)	6,363	7,524	(1,161)

Revenue of the logistics segment decreased by RM0.58 million as compared to the corresponding quarter as there was a drop in business volume particularly the cement transportation business. In line with the decrease in revenue, this segment also recorded a lower pre-tax profit by RM0.36 million as compared to the corresponding quarter.

For the 9 months cumulative period, revenue of the logistics segment decreased by RM2.21 million as compared to the corresponding period. Pre-tax profit also decreased by RM1.16 million as compared to the corresponding period mainly caused by lower revenue in haulage and freight businesses.

(b) Warehousing

RM'000	3 months ended			9 months ended		
	31.12.2019	31.12.2018	Changes	31.12.2019	31.12.2018	Changes
External revenue	2,152	2,176	(24)	6,454	6,035	419
Profit before tax	1,284	1,466	(182)	3,868	3,711	157

Revenue of the warehousing segment reduced by RM0.02 million as compared to the corresponding quarter. Pre-tax profit also declined by RM0.18 million as compared to the corresponding quarter mainly due to higher finance costs during the current quarter.

For 9 months cumulative period, both revenue and pre-tax profit of the warehousing segment increased by RM0.42 million and RM0.16 million respectively as compared to the corresponding period mainly contributed by newly completed warehouses during the period.

14 Analysis of performance - Comparison with preceding year corresponding quarter (continued)

(c) Marine

RM'000	3 months ended			9 months ended		
	31.12.2019	31.12.2018	Changes	31.12.2019	31.12.2018	Changes
External revenue	2,570	3,909	(1,339)	8,753	11,664	(2,911)
Profit before tax	391	624	(233)	687	2,399	(1,712)

Revenue and pre-tax profit for the current quarter and the cumulative period have decreased as compared to the corresponding quarter and period mainly due to lower cargo volume during the current quarter and cumulative period.

15 Comparison with immediate preceding quarter

RM'000	3 months ended		
	31.12.2019	30.09.2019	Changes
Revenue	31,866	31,341	525
Profit before tax	4,567	3,117	1,450

Revenue of the Group in the current quarter has increased by RM0.53 million mainly arising from the business improvement in the logistics segment. The Group's pre-tax profit also increased by RM1.45 million mainly due to improved performance in the logistics businesses.

16 Commentary on prospects

In view of the impact from business slowdown in the industry, the Board foresees decline in business activities of the Group in the next quarter. With the ongoing corporate exercise and plan, the Board will be focusing on developing the existing vacant lands of the Group by constructing warehouses or factories for rent. In the meantime, the Board will continue to explore new business opportunities and is optimistic that barring any unforeseen circumstances, the financial performance of the Group for financial year will remain positive.

17 Profit forecast

Not applicable.

18 Tax expense

RM'000	3 months ended		9 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Income tax	1,409	560	3,037	1,249
Deferred tax	(8)	160	(26)	297
Total tax expense	1,401	720	3,011	1,546

Income tax is calculated at the statutory tax rate of 24% of the estimated assessable profit for the period.

The overall effective tax rate of the Group is higher than the statutory tax rate due to certain expenses not allowed as tax deduction.

19 Retained earnings

RM'000	As at 31.12.2019	As at 31.03.2019
Realised	113,158	115,507
Unrealised	(6,108)	(5,691)
	107,050	109,816
Consolidation adjustments	(38,998)	(39,328)
Total retained earnings	68,052	70,488

20 Corporate proposals

There were no corporate proposals announced but not completed as at the reporting date.

21 Borrowings (secured)

RM'000	As at 31.12.2019	As at 31.12.2018
Bank overdraft	1,198	418
Hire purchase	-	142
Term loans	4,230	5,071
Short term borrowings	5,428	5,631
	16,376	14,148
Term loans	16,376	14,148
Long term borrowings	16,376	14,148
Total borrowings	21,804	19,779

All borrowings are denominated in Ringgit Malaysia.

Overall, the total borrowings of the Group increased by RM2.03 million, mainly due to the drawdown of term loan and repayment of term loans which amounted to RM5.61 million and RM4.22 million respectively.

As at the end of the reporting quarter, all borrowings are at floating rate. Weighted average interest rate for floating rate borrowings is 4.84% per annum.

22 Changes in material litigation

There was no material litigation against the Group as at the reporting date.

23 Proposed dividend

No dividend has been proposed during the current quarter.

24 Earnings per share ("EPS")

	3 months ended		9 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Profit attributable to Owners of the Company (RM'000)	3,172	3,551	7,075	7,397
Weighted average number of ordinary shares in issue ('000)	126,214	123,442	126,214	123,442
Effect of dilution ('000)	673	-	673	-
Adjusted weighted average number of ordinary shares in issue ('000)	126,887	123,442	126,887	123,442
Basic EPS (sen)	2.5	2.9	5.6	6.0
Diluted EPS (sen)	2.4	2.9	5.6	6.0

25 Financial instruments

The Group has not entered into any derivatives and accounted for any financial liabilities carried at fair value as at the reporting date.

26 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 March 2019 was unqualified.

27 Profit before tax

RM'000	3 months ended		9 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Profit before tax is arrived at after crediting/(charging):				
Interest income	62	59	317	213
Other income including investment income	210	319	1,167	958
Interest expense	(363)	(190)	(1,010)	(608)
Depreciation	(1,769)	(1,824)	(5,355)	(5,548)
Provision for and write off of receivables	-	-	(45)	-
Realised (loss)/gain in foreign exchange	(7)	(4)	12	38
Unrealised (loss)/gain in foreign exchange	(3)	55	(21)	149

Save as disclosed above, there were no other material provision for and write off of inventories, gain or loss on disposal of quoted investment or properties, impairment of assets, gain or loss on derivatives or exceptional items for current quarter under review.