



CENTURY LOGISTICS HOLDINGS BERHAD (424341-A)

Interim report on unaudited consolidated results for the financial period ended 30 June 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2015

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2015 RM'000	Preceding year corresponding quarter 30.06.2014 RM'000	Current year to date 30.06.2015 RM'000	Preceding year corresponding period 30.06.2014 RM'000
Revenue	76,287	71,045	148,204	140,112
Direct operating expenses	<u>(56,726)</u>	<u>(51,173)</u>	<u>(107,604)</u>	<u>(100,910)</u>
Gross profit	19,561	19,872	40,600	39,202
Net other operating expenses	<u>(3,763)</u>	<u>(10,736)</u>	<u>(14,327)</u>	<u>(20,821)</u>
Results from operating activities	15,798	9,136	26,273	18,381
Net finance costs	<u>(294)</u>	<u>(794)</u>	<u>(1,097)</u>	<u>(1,582)</u>
Profit before taxation	15,504	8,342	25,176	16,799
Taxation	<u>(3,547)</u>	<u>(3,521)</u>	<u>(5,710)</u>	<u>(5,615)</u>
Profit for the period	<u>11,957</u>	<u>4,821</u>	<u>19,466</u>	<u>11,184</u>
Other comprehensive income				
Foreign currency translation differences for foreign operations	<u>(97)</u>	<u>(60)</u>	<u>250</u>	<u>(130)</u>
Other comprehensive income for the period	<u>(97)</u>	<u>(60)</u>	<u>250</u>	<u>(130)</u>
Total comprehensive income for the period	<u>11,860</u>	<u>4,761</u>	<u>19,716</u>	<u>11,054</u>
Profit attributable to:				
Equity holders of the Company	11,988	4,797	19,461	11,121
Non-controlling interests	<u>(31)</u>	<u>24</u>	<u>5</u>	<u>63</u>
Profit for the period	<u>11,957</u>	<u>4,821</u>	<u>19,466</u>	<u>11,184</u>
Total comprehensive income attributable to:				
Equity holders of the Company	11,891	4,737	19,711	10,991
Non-controlling interests	<u>(31)</u>	<u>24</u>	<u>5</u>	<u>63</u>
Total comprehensive income for the period	<u>11,860</u>	<u>4,761</u>	<u>19,716</u>	<u>11,054</u>
Earnings per share attributable to equity holders of the Company:				
Basic (sen)	<u>3.25</u>	<u>1.32</u>	<u>5.30</u>	<u>3.06</u>
Diluted (sen)	<u>3.20</u>	<u>Not applicable</u>	<u>5.22</u>	<u>Not applicable</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2014.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	As at end of current quarter 30.06.2015 RM'000	As at preceding financial year end 31.12.2014 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	188,756	158,665
Investment property	83,500	83,500
Other investments	339	352
Goodwill on consolidation	1,443	1,443
	<u>274,038</u>	<u>243,960</u>
Current Assets		
Inventories	4,064	913
Receivables	127,042	93,450
Cash and bank balances	49,116	71,044
	<u>180,222</u>	<u>165,407</u>
TOTAL ASSETS	<u><u>454,260</u></u>	<u><u>409,367</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	184,715	183,096
Reserves	101,081	87,418
	<u>285,796</u>	<u>270,514</u>
Non-controlling Interests	938	933
Total Equity	<u>286,734</u>	<u>271,447</u>
Non-current Liabilities		
Borrowings	72,753	49,771
Deferred taxation	8,763	9,299
	<u>81,516</u>	<u>59,070</u>
Current Liabilities		
Borrowings	18,946	20,901
Payables	67,064	57,949
	<u>86,010</u>	<u>78,850</u>
Total Liabilities	<u>167,526</u>	<u>137,920</u>
TOTAL EQUITY AND LIABILITIES	<u><u>454,260</u></u>	<u><u>409,367</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.77	0.74

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2014.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2015

	Current year to date 30.06.2015 RM'000	Preceding year corresponding period 30.06.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	19,466	11,184
Adjustments:		
Non-Cash Items	12,299	12,526
Non-Operating Items	(9,751)	(3,794)
Operating profit before working capital changes	22,014	19,916
Movement in working capital:		
Net change in current assets	(17,865)	24,453
Net change in current liabilities	7,212	(29,228)
Cash generated from operations	11,361	15,141
Tax Paid	(4,382)	(3,834)
Net cash generated from operating activities	6,979	11,307
CASH FLOWS (USED IN) / FROM INVESTING ACTIVITIES		
Interest received	980	562
Disposal of property, plant and equipment	846	30,975
Disposal of investment	30	1,861
Purchase of property, plant and equipment	(42,404)	(4,255)
Net cash (used in) / from investing activities	(40,548)	29,143
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Net proceeds from issuance of shares pursuant to Employees' Share Option Scheme	1,943	-
Dividend paid to equity holders	(7,372)	(4,839)
Proceeds from borrowings	32,854	5,168
Repayment of borrowings	(13,707)	(18,835)
Interest paid	(2,077)	(2,144)
Net cash from / (used in) financing activities	11,641	(20,650)
Net (decrease) / increase in cash and cash equivalents	(21,928)	19,800
Cash and cash equivalents at beginning of the period	71,044	38,086
Cash and cash equivalents at end of the period	49,116	57,886
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	15,833	4,634
Deposits with financial institutions	33,283	53,252
	49,116	57,886

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2014.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2015

	← Attributable to Equity Holders of the Company →				Non-controlling Total Interests RM'000	Total Equity RM'000	
	← Non-distributable Share Premium Reserve RM'000	→ Other Reserves RM'000	Retained Earnings RM'000	→			
	Issued Capital RM'000						
As at end of current quarter							
As at 1 January 2015	183,096	-	442	86,976	270,514	933	271,447
Issue of shares pursuant to Employees' Share Option Scheme ("ESOS")	1,619	324	-	-	1,943	-	1,943
Share-based payment under ESOS	-	-	1,000	-	1,000	-	1,000
Total comprehensive income for the period	-	-	250	19,461	19,711	5	19,716
Dividends paid	-	-	-	(7,372)	(7,372)	-	(7,372)
As at 30 June 2015	184,715	324	1,692	99,065	285,796	938	286,734
As at preceding year corresponding quarter							
As at 1 January 2014	122,064	-	(1,809)	132,323	252,578	1,190	253,768
Disposal of subsidiary company	-	-	-	-	-	(406)	(406)
Total comprehensive income for the period	-	-	(130)	11,121	10,991	63	11,054
Dividends paid	-	-	-	(4,839)	(4,839)	-	(4,839)
As at 30 June 2014	122,064	-	(1,939)	138,605	258,730	847	259,577

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2014.

Notes To The Financial Statements

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2014.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

2. Significant Accounting Policies

The Group has adopted the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia for accounting period beginning on 1 January 2015. As disclosed in the Group's annual financial statements for the financial year ended 31 December 2014, the following are new/revised accounting standards effective for annual periods beginning on or after 1 January 2015.

Amendments to MFRS 119	Defined Benefit Plan: Employee Contribution
Amendments to MFRSs	Annual Improvements to MFRSs 2010 - 2012 Cycle
Amendments to MFRSs	Annual Improvements to MFRSs 2011 - 2013 Cycle

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2014 was not qualified.

4. Seasonal or Cyclical Factors

The business operations of the Group are not significantly affected by any seasonal or cyclical factors.

5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows in the financial quarter under review.

6. Changes in Estimates

There was no change in estimates of amounts reported in prior interim periods that had a material effect in the current reporting quarter.

7. Changes in Debt and Equity Securities

There was no issuance or repayment of debt or equity securities, share cancellations and resale of treasury shares during the financial quarter under review, except that the Company issued 3,050,000 new ordinary shares of RM0.50 each at exercise price of RM0.60 per share for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company.

8. Dividend Paid

On 27 May 2015, the Company paid a single tier final dividend of 1.0 sen per share in respect of the financial year ending 31 December 2014, amounting to RM3.681 million. Subsequently on 17 June 2015, the Company paid a single tier interim dividend of 1.0 sen per share in respect of the financial year ending 31 December 2015, amounting to RM3.690 million.

9. Segmental Reporting

Analysis of the Group's revenue and results for the 6 months period ended 30 June 2015 is as follows:

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
Revenue				
External sales	120,350	27,854	-	148,204
Inter-segment sales	<u>1,531</u>	<u>-</u>	<u>(1,531)</u>	<u>-</u>
Total revenue	<u>121,881</u>	<u>27,854</u>	<u>(1,531)</u>	<u>148,204</u>
Profit				
Segment results	21,527	4,746	-	26,273
Net finance costs				<u>(1,097)</u>
Profit from ordinary activities before taxation				25,176
Taxation				<u>(5,710)</u>
Profit from ordinary activities after taxation				19,466
Non-controlling interests				<u>(5)</u>
Net profit for the period				<u>19,461</u>

Analysis of the Group's revenue and results for the 6 months period ended 30 June 2014 is as follows:

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
Revenue				
External sales	127,726	12,386	-	140,112
Inter-segment sales	<u>851</u>	<u>-</u>	<u>(851)</u>	<u>-</u>
Total revenue	<u>128,577</u>	<u>12,386</u>	<u>(851)</u>	<u>140,112</u>
Profit				
Segment results	16,782	1,609	(10)	18,381
Net finance costs				<u>(1,582)</u>
Profit from ordinary activities before taxation				16,799
Taxation				<u>(5,615)</u>
Profit from ordinary activities after taxation				11,184
Non-controlling interests				<u>(63)</u>
Net profit for the period				<u>11,121</u>

10. Valuation of Property, Plant and Equipment

The Group's property, plant and equipment are stated at cost. There is no policy of regular revaluation of its property, plant and equipment as at the end of the financial period under review.

11. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the interim period.

12. Changes in Composition of the Group

There were no major changes in the composition of the Group during the current financial period under review.

13. Capital Commitments

As at the end of the reporting quarter, the Group has approved and contracted for capital commitments of RM7.527 million in respect of property, plant and equipment.

14. Changes in Contingent Liabilities

There were no changes in contingent liabilities since the last annual balance sheet as at 31 December 2014.

15. Review of Performance

For the financial quarter ended 30 June 2015, the Group's revenue and pre-tax profit were RM76.287 million and RM15.504 million respectively, compared to revenue and pre-tax profit of RM71.045 million and RM8.342 million respectively for the corresponding period in the previous financial year. The increase in revenue by 7.4% was mainly due to the higher activities of the procurement logistics services segment. The increase in pre-tax profit by 85.9% includes the gain on disposal of a commercial land amounting to RM10.784 million.

The increase in the Group's receivables during the current reporting quarter were mainly due to the sale proceeds from the disposal of a commercial land which was received subsequent to 30 June 2015 as well as the increase in revenue of the Group's procurement logistics services segment.

16. Comparison with Immediate Preceding Quarter's Results

For the financial quarter ended 30 June 2015, the Group reported revenue and pre-tax profit of RM76.287 million and RM15.504 million respectively, compared to revenue and pre-tax profit of RM71.917 million and RM9.672 million respectively for the preceding quarter. The increase in revenue and pre-tax profit by 6.1% and 60.3% respectively were mainly due to the reasons mentioned in Note 15 above.

17. Prospects for the Current Financial Year

Despite the weaker global and uncertain economic climate, the Group remains confident of its performance in the current financial year. This confidence stems from the successful business model which the Group has put in place that focuses on providing value added logistics solutions, while maintaining cost efficiencies. The Group's exposure to the movements in the United States Dollar ("USD") is minimal as the Group hedges a majority of USD denominated purchase transactions by foreign currency forward contracts as well as matching of USD denominated receivables against USD denominated payables.

18. Profit Forecast

There was no profit forecast announced in relation to the financial quarter under review.

19. Taxation

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2015 RM'000	Preceding year corresponding quarter 30.06.2014 RM'000	Current year to date 30.06.2015 RM'000	Preceding year corresponding period 30.06.2014 RM'000
Provision for taxation	3,629	3,521	6,246	5,615
Deferred taxation	(82)	-	(536)	-
	<u>3,547</u>	<u>3,521</u>	<u>5,710</u>	<u>5,615</u>

20. Note to the Statement of Comprehensive Income

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2015 RM'000	Preceding year corresponding quarter 30.06.2014 RM'000	Current year to date 30.06.2015 RM'000	Preceding year corresponding period 30.06.2014 RM'000
Interest income	698	323	980	562
Interest expenses	(992)	(1,117)	(2,077)	(2,144)
Depreciation and amortisation	(2,444)	(2,820)	(4,952)	(5,600)
Provision for and write off of receivables	(480)	463	(540)	338
Foreign exchange gain / (loss)	900	(124)	2,225	87
Gain on disposal of quoted or unquoted investments or properties	10,815	2,431	10,988	3,952
Reversal / (Impairment) of assets	17	(165)	20	(203)
Settlement of claim	(1,650)	-	(1,650)	-
Share-based payment under ESOS	(1,000)	-	(1,000)	-
Other income including investment income (excluding items disclosed above)	113	196	186	323

There were no other exceptional items or derivatives during the period under review.

21. Status of Corporate Proposal

There was no corporate proposal announced but not completed as at the date of this report.

22. Group's Borrowings and Debt Securities

	As at 30.06.2015 RM'000	As at 31.12.2014 RM'000
Short Term - Secured		
- Term Loans	16,337	18,547
- Hire Purchase	<u>2,609</u>	<u>2,354</u>
	<u>18,946</u>	<u>20,901</u>
Long Term - Secured		
- Term Loans	67,417	44,655
- Hire Purchase	<u>5,336</u>	<u>5,116</u>
	<u>72,753</u>	<u>49,771</u>
	<u><u>91,699</u></u>	<u><u>70,672</u></u>

23. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

24. Material Litigation

Save as disclosed below, the Group is not presently engaged in any material litigation, claim or arbitration, either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group or any fact likely to give rise to any proceedings which may materially affect the financial position or business of the Group.

On 5 August 2015, Century Total Logistics Sdn Bhd ("CTL") received a Letter of Demand amounting to RM21,649,381.64 from Nestle Products Sdn Bhd ("Nestle") for purported losses and damages. The Group is of the opinion that the demand is baseless and unsubstantiated. CTL intends to counterclaim against Nestle for, but not limited to, damages, expenses incurred, loss of profit and outstanding amounts.

25. Realised and unrealised earnings or losses disclosure

	As at 30.06.2015 RM'000	As at 31.12.2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	93,245	85,059
- Unrealised	7,054	3,146
Add: Consolidation adjustments	<u>(1,234)</u>	<u>(1,229)</u>
Total group retained earnings as per consolidated accounts	<u><u>99,065</u></u>	<u><u>86,976</u></u>

26. Dividend

The Board of Directors declares a single tier interim dividend of 2.0 sen per ordinary share in respect of the financial year ending 31 December 2015.

27. Earnings Per Share

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2015 RM'000	Preceding year corresponding quarter 30.06.2014 RM'000	Current year to date 30.06.2015 RM'000	Preceding year corresponding period 30.06.2014 RM'000
Net profit attributable to equity holders of the Company	11,988	4,797	19,461	11,121
Add : After tax effect of interest on ESOS	<u>8</u>	<u>-</u>	<u>44</u>	<u>-</u>
	<u>11,996</u>	<u>4,797</u>	<u>19,505</u>	<u>11,121</u>
Weighted average number of ordinary shares in issue	368,364	364,025	367,294	364,025
Effect on dilution of ESOS	<u>6,444</u>	<u>-</u>	<u>6,444</u>	<u>-</u>
Weighted average number of ordinary shares (diluted)	<u>374,807</u>	<u>364,025</u>	<u>373,737</u>	<u>364,025</u>
Basic earnings per share (sen)	3.25	1.32	5.30	3.06
Diluted earnings per share (sen)	3.20	Not applicable	5.22	Not applicable

The weighted average number of ordinary shares in issue during the financial period ended 30 June 2014 has been adjusted as if the proportionate change in the number of ordinary shares arising from the bonus issue and share split exercises in October 2014 had taken place at the beginning of the earliest period for which the earnings per share is presented.

By Order of the Board of Directors

Company Secretary

Kuala Lumpur
17 August 2015