



**CENTURY LOGISTICS HOLDINGS BERHAD (424341-A)**

Interim report on unaudited consolidated results for the financial period ended 30 June 2016

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2016**

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2016 RM'000	Preceding year corresponding quarter 30.06.2015 RM'000	Current year to date 30.06.2016 RM'000	Preceding year corresponding period 30.06.2015 RM'000
Revenue	82,578	76,287	152,117	148,204
Direct operating expenses	<u>(59,980)</u>	<u>(56,726)</u>	<u>(109,868)</u>	<u>(107,604)</u>
Gross profit	22,598	19,561	42,249	40,600
Gain on disposal of property	-	10,785	-	10,785
Net other operating expenses	<u>(14,660)</u>	<u>(14,548)</u>	<u>(27,969)</u>	<u>(25,112)</u>
Results from operating activities	7,938	15,798	14,280	26,273
Net finance costs	<u>99</u>	<u>(294)</u>	<u>(566)</u>	<u>(1,097)</u>
Profit before taxation	8,037	15,504	13,714	25,176
Taxation	<u>(2,602)</u>	<u>(3,547)</u>	<u>(3,802)</u>	<u>(5,710)</u>
Profit for the period	<u>5,435</u>	<u>11,957</u>	<u>9,912</u>	<u>19,466</u>
Other comprehensive income				
Foreign currency translation differences for foreign operations	<u>3</u>	<u>(97)</u>	<u>30</u>	<u>250</u>
Other comprehensive income for the period	<u>3</u>	<u>(97)</u>	<u>30</u>	<u>250</u>
Total comprehensive income for the period	<u><u>5,438</u></u>	<u><u>11,860</u></u>	<u><u>9,942</u></u>	<u><u>19,716</u></u>
Profit attributable to:				
Equity holders of the Company	5,419	11,988	9,883	19,461
Non-controlling interests	<u>16</u>	<u>(31)</u>	<u>29</u>	<u>5</u>
Profit for the period	<u><u>5,435</u></u>	<u><u>11,957</u></u>	<u><u>9,912</u></u>	<u><u>19,466</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	5,422	11,891	9,913	19,711
Non-controlling interests	<u>16</u>	<u>(31)</u>	<u>29</u>	<u>5</u>
Total comprehensive income for the period	<u><u>5,438</u></u>	<u><u>11,860</u></u>	<u><u>9,942</u></u>	<u><u>19,716</u></u>
Earnings per share attributable to equity holders of the Company:				
Basic (sen)	<u>1.42</u>	<u>3.25</u>	<u>2.62</u>	<u>5.30</u>
Diluted (sen)	<u>1.40</u>	<u>3.20</u>	<u>2.58</u>	<u>5.22</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016**

	As at end of current quarter 30.06.2016 RM'000	As at preceding financial year end 31.12.2015 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	262,267	267,211
Goodwill on consolidation	1,443	1,443
	<u>263,710</u>	<u>268,654</u>
<b>Current Assets</b>		
Inventories	4,400	3,552
Receivables	80,242	76,955
Deposits, cash and bank balances	76,628	89,453
	<u>161,270</u>	<u>169,960</u>
<b>TOTAL ASSETS</b>	<u><u>424,980</u></u>	<u><u>438,614</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	191,188	186,818
Reserves	106,200	101,950
	<u>297,388</u>	<u>288,768</u>
<b>Non-controlling Interests</b>	993	964
<b>Total Equity</b>	<u>298,381</u>	<u>289,732</u>
<b>Non-current Liabilities</b>		
Borrowings	60,627	69,433
Deferred taxation	6,917	7,179
	<u>67,544</u>	<u>76,612</u>
<b>Current Liabilities</b>		
Borrowings	18,348	18,755
Payables	40,707	53,515
	<u>59,055</u>	<u>72,270</u>
<b>Total Liabilities</b>	<u>126,599</u>	<u>148,882</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>424,980</u></u>	<u><u>438,614</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.78	0.77

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2016**

	Current year to date 30.06.2016 RM'000	Preceding year corresponding period 30.06.2015 RM'000
<b>CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES</b>		
Profit for the year	9,912	19,466
Adjustments:		
Non-Cash Items	10,020	12,299
Non-Operating Items	979	(9,751)
Operating profit before working capital changes	20,911	22,014
Movement in working capital:		
Net change in current assets	(4,634)	(17,865)
Net change in current liabilities	(13,691)	7,212
Cash generated from operations	2,586	11,361
Tax Paid	(2,746)	(4,382)
Net cash (used in) / from operating activities	(160)	6,979
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Interest received	1,502	980
Disposal of property, plant and equipment	42	846
Disposal of investment	-	30
(Increase)/decrease in investment in money market funds	(5,024)	5,043
Purchase of property, plant and equipment	(635)	(42,404)
Net cash used in investing activities	(4,115)	(35,505)
<b>CASH FLOWS (USED IN) / FROM FINANCING ACTIVITIES</b>		
Net proceeds from issuance of shares	5,353	1,943
Dividend paid	(7,646)	(7,372)
Proceeds from borrowings	-	32,854
Repayment of hire purchase payables	(1,678)	-
Repayment of borrowings	(7,534)	(13,707)
Interest paid	(2,068)	(2,077)
Net cash (used in) / from financing activities	(13,573)	11,641
Net decrease in cash and cash equivalents	(17,848)	(16,885)
Cash and cash equivalents at beginning of the period	41,170	44,925
Cash and cash equivalents at end of the period	23,322	28,040
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	14,720	15,833
Investment in money market funds	53,221	20,996
Deposits with licensed banks	8,687	12,287
	76,628	49,116
Less: Investment in money market funds	(53,221)	(20,996)
Deposits with maturities in excess of 3 months	(85)	(80)
	23,322	28,040

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

	← Attributable to Equity Holders of the Company →				Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Issued Capital RM'000	Share Premium Reserve RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000			
<b>As at end of current quarter</b>							
As at 1 January 2016	186,818	748	1,366	99,836	288,768	964	289,732
Issue of shares pursuant to exercise of Employees' Share Option Scheme ("ESOS")	4,370	964	19	-	5,353	-	5,353
Share-based payment under ESOS	-	-	1,000	-	1,000	-	1,000
Total comprehensive income for the period	-	-	30	9,883	9,913	29	9,942
Dividends paid	-	-	-	(7,646)	(7,646)	-	(7,646)
As at 30 June 2016	191,188	1,712	2,415	102,073	297,388	993	298,381
<b>As at preceding year corresponding quarter</b>							
As at 1 January 2015	183,096	-	442	86,976	270,514	933	271,447
Issue of shares pursuant to exercise of 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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015.

**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 2015.

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 2015.

**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 2016. As disclosed in the Group's annual financial statements for the financial year ended 31 December 2015, the following are new/revised accounting standards effective for annual periods beginning on or after 1 January 2016.

MFRS 9	Financial Instruments
MFRS 14	Regulatory Deferral Account
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 11	Accounting for Acquisition of Interests in Joint Ventures
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exemption
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2012 - 2014 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 2015 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 6,086,000 new ordinary shares of RM0.50 each at exercise price of RM0.60 per share and 720,000 new ordinary shares of RM0.50 each at exercise price of RM0.73 per share for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company.

**8. Dividend Paid**

On 27 May 2016, the Company paid a single tier final dividend of 1.0 sen per share in respect of the financial year ended 31 December 2015, amounting to RM3.823 million. Subsequently on 17 June 2016, the Company paid a single tier interim dividend of 1.0 sen per share in respect of the financial year ending 31 December 2016, amounting to RM3.823 million.

**9. Segmental Reporting**

Analysis of the Group's revenue and results for the 6 months period ended 30 June 2016 is as follows:

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
<b>Revenue</b>				
External sales	126,910	25,207	-	152,117
Inter-segment sales	<u>754</u>	<u>-</u>	<u>(754)</u>	<u>-</u>
Total revenue	<u><u>127,664</u></u>	<u><u>25,207</u></u>	<u><u>(754)</u></u>	<u><u>152,117</u></u>
<b>Profit</b>				
Segment results	11,192	3,088	-	14,280
Net finance costs				<u>(566)</u>
Profit from ordinary activities before taxation				13,714
Taxation				<u>(3,802)</u>
Profit from ordinary activities after taxation				9,912
Non-controlling interests				<u>(29)</u>
Net profit for the period				<u><u>9,883</u></u>

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
<b>Revenue</b>				
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><u>121,881</u></u>	<u><u>27,854</u></u>	<u><u>(1,531)</u></u>	<u><u>148,204</u></u>
<b>Profit</b>				
Segment results	10,742	4,746	-	15,488
Gain on disposal of property				10,785
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><u>19,461</u></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 RM2.940 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 2015.

**15. Review of Performance**

For the financial quarter ended 30 June 2016, the Group's revenue and pre-tax profit were RM82.578 million and RM8.037 million respectively, compared to revenue and pre-tax profit of RM76.287 million and RM15.504 million respectively for the corresponding period in the previous financial year. The increase in revenue was mainly due to the higher activities of the Total Logistics Services segment but the decrease in pre-tax profit by 48% was mainly due to the gain on disposal of a commercial land recorded in the corresponding period in the previous financial year amounting to RM10.785 million. If the effect on the gain on disposal was excluded, the pre-tax profit would have increased by RM3.318 million or 70%.

**16. Comparison with Immediate Preceding Quarter's Results**

For the financial quarter ended 30 June 2016, the Group reported revenue and pre-tax profit of RM82.578 million and RM8.037 million respectively, compared to revenue and pre-tax profit of RM69.539 million and RM5.677 million respectively for the preceding quarter. The increase in revenue and pre-tax profit were due to the generally higher activities of both the Total Logistics Services and Procurement Logistics Services segments.

**17. Prospects for the Current Financial Year**

In the face of uncertain global economic climate, the logistics sector is similarly expected to remain challenging in 2016. In view of the increasingly competitive landscape, the Group will leverage on its extensive customer network and internal strength which the Group has put in place that focuses on providing value added logistics solutions, while maintaining cost efficiencies.

**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 30.06.2016 RM'000	Preceding year corresponding quarter 30.06.2015 RM'000	Current year to date 30.06.2016 RM'000	Preceding year corresponding period 30.06.2015 RM'000
Provision for taxation	2,454	3,629	4,064	6,246
Deferred taxation	148	(82)	(262)	(536)
	<u>2,602</u>	<u>3,547</u>	<u>3,802</u>	<u>5,710</u>

**20. Note to the Statement of Comprehensive Income**

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2016 RM'000	Preceding year corresponding quarter 30.06.2015 RM'000	Current year to date 30.06.2016 RM'000	Preceding year corresponding period 30.06.2015 RM'000
Interest income	1,111	698	1,502	980
Interest expenses	(1,012)	(992)	(2,068)	(2,077)
Depreciation and amortisation	(2,740)	(2,444)	(5,579)	(4,952)
Provision for and write off of receivables	(81)	(480)	(73)	(540)
Foreign exchange (loss)/gain	(324)	900	(831)	2,225
Gain on disposal of quoted or unquoted investments or properties	42	10,815	42	10,988
Reversal of unquoted investment	-	17	-	20
Settlement of claim	-	(1,650)	-	(1,650)
Share-based payment under ESOS	(500)	(1,000)	(1,000)	(1,000)
Other income including investment income (excluding items disclosed above)	67	113	141	186

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

**21. Status of Corporate Proposal**

There was no corporate proposal announced as at the date of this report.

**22. Group's Borrowings and Debt Securities**

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
Short Term - Secured		
- Term Loans	15,576	15,808
- Hire Purchase	2,772	2,947
	<u>18,348</u>	<u>18,755</u>
Long Term - Secured		
- Term Loans	56,141	63,445
- Hire Purchase	4,486	5,988
	<u>60,627</u>	<u>69,433</u>
	<u>78,975</u>	<u>88,188</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.

Century Total Logistics Sdn Bhd ("CTL" or "Defendant"), a wholly owned subsidiary of Century, was served with a Writ of Summons together with the Statement of Claim on 15 October 2015 in relation to a claim filed by Nestlé Products Sdn Bhd ("NP" or "Plaintiff") through a firm of lawyers acting on its behalf. CTL's claim was filed at the Kuala Lumpur High Court ("KLHC").

NP alleges that it had engaged CTL as its logistics and supply chain service provider and that CTL had failed and/or neglected to exercise due care, diligence and skill in undertaking the scope of work for outbound logistics services as set out in NP's request for quotation.

NP alleges that as a result of the alleged failure and/or breach, it had suffered losses totaling RM21,649,381.64.

NP seeks against CTL the following:

- a) The sum of RM21,649,381.64;
- b) In addition to and/or in the alternative to (a) above, CTL do pay the Plaintiff general damages to be assessed by the Court;
- c) Interest on the sums adjudged to be payable by the Defendant to the Plaintiff at the rate of 5% per annum from the date of the filing of the Writ to the date of full payment;
- d) Costs; and
- e) Such further or other relief as the Court may deem fit and proper to grant.

Meanwhile, CTL has filed 4 claims in Shah Alam Magistrates Court, Shah Alam Sessions Court and Shah Alam High Court ("SAHC") respectively against NP, Nestlé Manufacturing (Malaysia) Sdn Bhd ("NM"), Nestlé Asean (Malaysia) Sdn Bhd ("NA") and Cereal Partners (Malaysia) Sdn Bhd ("CP") for outstanding sums totaling RM853,997.95 payable for services rendered for interim assignments that had been undertaken by CTL. CTL has also claimed against NP for the sum of RM8,443,384.75 being damages and loss of profit resulting from misrepresentation by NP.

Pursuant to an order of the KLHC dated 2 December 2015, NP's KLHC claim was transferred to the SAHC and consolidated with CTL's claim against NP at the SAHC. At the case management on 21 June 2016 and 22 August 2016, the Court has given case management directions to be complied with before the next case management date on 21 October 2016.

NP has filed an application to transfer and consolidate the CTL's claims against NP at the SAHC with CTL's claims against NM, NA and CP ("consolidation application"). SAHC had dismissed the consolidation application with costs. NP then appealed against the decision of the consolidation application to the Court of Appeal, where the hearing was fixed for 22 September 2016.

CTL's position remains that the Plaintiff's case is baseless and unsubstantiated.

**25. Realised and unrealised earnings or losses disclosure**

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	95,303	92,088
- Unrealised	7,933	9,013
Add: Consolidation adjustments	<u>(1,163)</u>	<u>(1,265)</u>
Total group retained earnings as per consolidated accounts	<u><u>102,073</u></u>	<u><u>99,836</u></u>

**26. Dividend**

The Board of Directors declares a single tier interim dividend of 1.5 sen per ordinary share in respect of the financial year ending 31 December 2016.

**27. Earnings Per Share**

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2016 RM'000	Preceding year corresponding quarter 30.06.2015 RM'000	Current year to date 30.06.2016 RM'000	Preceding year corresponding period 30.06.2015 RM'000
Net profit attributable to equity holders of the Company	<u>5,419</u>	<u>11,988</u>	<u>9,883</u>	<u>19,461</u>
Weighted average number of ordinary shares in issue	381,136	368,364	377,678	367,294
Effect on dilution of ESOS	<u>5,171</u>	<u>6,444</u>	<u>5,171</u>	<u>6,444</u>
Weighted average number of ordinary shares (diluted)	<u>386,307</u>	<u>374,808</u>	<u>382,849</u>	<u>373,738</u>
Basic earnings per share (sen)	1.42	3.25	2.62	5.30
Diluted earnings per share (sen)	1.40	3.20	2.58	5.22

By Order of the Board of Directors

Company Secretaries

Kuala Lumpur  
23 August 2016