



傅長春儲運有限公司 Poh Tiong Choon Logistics Limited

(Company Registration No. 196900049H)
(Incorporated in the Republic of Singapore)

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

1(a) An income statement (for the group) together with a comprehensive statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT

	GROUP Third quarter ended			GROUP Nine months ended		
	30.9.2017 \$'000	30.9.2016 \$'000	% Change	30.9.2017 \$'000	30.9.2016 \$'000	% Change
Revenue	36,717	34,816	5	105,845	105,386	0
Other income	31	53	(42)	114	162	(30)
Other gains – net	86	61	41	454	479	(5)
Expenses						
- Cost of inventories sold	(718)	(481)	49	(2,086)	(1,307)	60
- Depreciation of property, plant & equipment	(3,807)	(2,758)	38	(10,915)	(8,061)	35
- Depreciation of investment properties	(180)	(180)	0	(539)	(539)	0
- Employee compensation	(15,711)	(14,970)	5	(45,761)	(44,094)	4
- Insurance	(652)	(584)	12	(1,835)	(1,986)	(8)
- Rental on operating leases	(1,479)	(2,191)	(32)	(3,608)	(7,567)	(52)
- Sub-contractors charges	(3,901)	(3,401)	15	(10,420)	(10,488)	(1)
- Travelling and transportation	(201)	(232)	(13)	(612)	(789)	(22)
- Upkeep of commercial vehicles & barges	(3,326)	(3,206)	4	(10,066)	(9,541)	6
- Finance	(487)	(468)	4	(1,390)	(1,059)	31
- Other	(2,943)	(3,010)	(2)	(8,585)	(7,526)	14
Total expenses	(33,405)	(31,481)	6	(95,817)	(92,957)	3
Share of loss of joint venture	(6)	(30)	(80)	(97)	(12)	708
Profit before income tax	3,423	3,419	0	10,499	13,058	(20)
Income tax expense	(468)	(331)	41	(1,502)	(1,851)	(19)
Total profit	2,955	3,088	(4)	8,997	11,207	(20)
Profit attributable to:						
Equity holders of the Company	2,692	2,779	(3)	8,178	10,147	(19)
Non-controlling interests	263	309	(15)	819	1,060	(23)
	2,955	3,088	(4)	8,997	11,207	(20)

STATEMENT OF COMPREHENSIVE INCOME

	GROUP Third quarter ended			GROUP Nine months ended		
	30.9.2017 \$'000	30.9.2016 \$'000	% Change	30.9.2017 \$'000	30.9.2016 \$'000	% Change
Total profit for the period	2,955	3,088	(4)	8,997	11,207	(20)
<u>Other comprehensive income/(loss):</u>						
Item that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation	3	-	N.M.	9	(29)	131
Total comprehensive income for the period	2,958	3,088	(4)	9,006	11,178	(19)
Total comprehensive income attributable to:						
Equity holders of the Company	2,695	2,779	(3)	8,187	10,118	(19)
Non-controlling interests	263	309	(15)	819	1,060	(23)
	2,958	3,088	(4)	9,006	11,178	(19)

NOTES TO INCOME STATEMENT

(i) Profit before tax is arrived at after crediting/(charging):

	GROUP Third quarter ended			GROUP Nine months ended		
	30.9.2017 \$'000	30.9.2016 \$'000	% Change	30.9.2017 \$'000	30.9.2016 \$'000	% Change
Interest income	31	53	(42)	114	162	(30)
Interest expense	(487)	(468)	4	(1,390)	(1,059)	31
Currency exchange (loss)/gain - net	(1)	1	(200)	(31)	(16)	94
Gain on disposal of property, plant & equipment	85	18	372	436	416	5

N.M denotes Not Meaningful

(ii) Adjustment for under or overprovision of tax of previous years

There is no material adjustment for under or overprovision of tax in respect of prior years.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	21,038	24,788	16,887	19,970
Trade and other receivables	27,841	24,389	23,929	21,258
Inventories	50	105	-	-
Other current assets	3,599	3,484	2,051	2,073
Current income tax recoverable	1,555	1,565	1,555	1,565
	54,083	54,331	44,422	44,866
Non-current assets				
Trade and other receivables	2,015	2,082	2,849	2,658
Investments in joint ventures	883	980	788	788
Investments in subsidiaries	-	-	8,158	2,658
Property, plant and equipment	175,957	139,020	159,893	124,362
Investment properties	19,591	20,130	4,135	4,353
Intangible assets	226	226	-	-
Other non-current assets	398	368	208	162
	199,070	162,806	176,031	134,981
Total assets	253,153	217,137	220,453	179,847
LIABILITIES				
Current liabilities				
Trade and other payables	32,514	27,526	40,322	29,132
Current income tax liabilities	496	814	0	-
Borrowings	99,824	74,662	97,501	71,192
	132,834	103,002	137,823	100,324
Non-current liabilities				
Trade and other payables	5,398	5,820	3,385	3,807
Borrowings	7,949	6,711	6,339	4,852
Deferred income tax liabilities	10,683	9,902	8,063	7,188
Provision	380	380	380	380
	24,410	22,813	18,167	16,227
Total liabilities	157,244	125,815	155,990	116,551
NET ASSETS	95,909	91,322	64,463	63,296
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	30,244	30,244	30,244	30,244
Currency translation reserve	217	208	-	-
Retained profits	61,147	57,208	34,219	33,052
	91,608	87,660	64,463	63,296
Non-controlling interests	4,301	3,662	-	-
Total equity	95,909	91,322	64,463	63,296

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount payable in one year or less, or on demand

As at 30.09.2017		As at 31.12.2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
4,307	95,517	4,621	70,041

Amount repayable after one year

As at 30.09.2017		As at 31.12.2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
7,949	-	6,711	-

Details of any collateral

Secured borrowings of the Group relate to the finance lease liabilities for commercial vehicles and equipment where the rights to the leased commercial vehicles and equipment revert to the lessor in the event of default by the Group.

The net book value of these commercial vehicles and equipment amounted to \$16,434,000 (31 December 2016 - \$13,283,000).

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	GROUP Third quarter ended		GROUP Nine months ended	
	30.9.2017 \$'000	30.9.2016 \$'000	30.9.2017 \$'000	30.9.2016 \$'000
Cash flows from operating activities				
Total profit	2,955	3,088	8,997	11,207
Adjustments for:				
- Depreciation of property, plant and equipment	3,807	2,758	10,915	8,061
- Depreciation of investment properties	180	180	539	539
- Gain on disposal of property, plant and equipment	(85)	(18)	(436)	(416)
- Income tax expense	468	331	1,502	1,851
- Interest expense	487	468	1,390	1,059
- Interest income	(31)	(53)	(114)	(162)
- Share of loss of joint venture	6	30	97	12
	7,787	6,784	22,890	22,151
Changes in working capital				
- Trade and other receivables	(2,901)	(4,378)	(3,385)	(2,636)
- Inventories	(14)	6	55	93
- Other current and non-current assets	949	895	(145)	1,592
- Trade and other payables	(10)	4,477	(1,006)	(1,132)
Cash generated from operations	5,811	7,784	18,409	20,068
Income tax paid	(514)	(1,216)	(1,029)	(2,578)
Net cash provided by operating activities	5,297	6,568	17,380	17,490
Cash flows from investing activities				
Interest received	31	53	114	162
Proceeds from disposal of property, plant and equipment	330	326	908	933
Additions to property, plant and equipment	(15,672)	(6,701)	(37,804)	(28,839)
Net cash used in investing activities	(15,311)	(6,322)	(36,782)	(27,744)
Cash flows from financing activities				
Dividends paid to equity holders of the Company	-	(1,589)	(4,239)	(6,373)
Dividends paid to non-controlling interests	-	(180)	(180)	(180)
Proceeds from borrowings	11,500	1,800	31,500	21,000
Repayments of borrowings	(3,372)	(3,050)	(6,972)	(6,150)
Repayments of lease liabilities	(1,150)	(880)	(3,105)	(2,326)
Interest paid	(458)	(453)	(1,347)	(1,015)
Share repurchased and cancelled	-	(338)	-	(978)
Net cash provided by/(used in) financing activities	6,520	(4,690)	15,657	3,978
Net decrease in cash and cash equivalents	(3,494)	(4,444)	(3,745)	(6,276)
Cash and cash equivalents at beginning of financial period	24,529	26,871	24,788	28,773
Effect of currency translation on cash and cash equivalents	3	7	(5)	(63)
Cash and cash equivalents at end of financial period	21,038	22,434	21,038	22,434

1(d)(i) A statement (for the issuer and group) showing (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	← Attributable to equity holders of the Company →					
	Share capital	Currency translation reserves	Retained profits	Total	Non-controlling Interests	Total equity
GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2017						
Beginning of financial year	30,244	208	57,208	87,660	3,662	91,322
Total comprehensive income for the period	-	11	3,617	3,628	299	3,927
Balance at 31 Mar and 1 Apr 2017	30,244	219	60,825	91,288	3,961	95,249
Dividend paid	-	-	(4,239)	(4,239)	(180)	(4,419)
Total comprehensive (loss)/income for the period	-	(5)	1,869	1,864	257	2,121
Balance at 30 Jun and 1 Jul 2017	30,244	214	58,455	88,913	4,038	92,951
Total comprehensive income for the period	-	3	2,692	2,695	263	2,958
Balance at 30 Sep and 1 Oct 2017	30,244	217	61,147	91,608	4,301	95,909
2016						
Beginning of financial year	30,244	239	50,692	81,175	3,220	84,395
Share repurchased and cancelled	-	-	(453)	(453)	-	(453)
Total comprehensive (loss)/income for the period	-	(21)	4,570	4,549	361	4,910
Balance at 31 Mar and 1 Apr 2016	30,244	218	54,809	85,271	3,581	88,852
Share repurchased and cancelled	-	-	(187)	(187)	-	(187)
Dividend paid	-	-	(4,784)	(4,784)	-	(4,784)
Total comprehensive (loss)/income for the period	-	(8)	2,798	2,790	390	3,180
Balance at 30 Jun and 1 Jul 2016	30,244	210	52,636	83,090	3,971	87,061
Share repurchased and cancelled	-	-	(338)	(338)	-	(338)
Dividend paid	-	-	(1,589)	(1,589)	(180)	(1,769)
Total comprehensive income for the period	-	-	2,779	2,779	309	3,088
Balance at 30 Sep and 1 Oct 2016	30,244	210	53,488	83,942	4,100	88,042

	Share capital \$'000	Retained profits \$'000	Total \$'000
<u>COMPANY</u>			
2017			
Beginning of financial year	30,244	33,052	63,296
Total comprehensive income for the period	-	1,722	1,722
Balance at 31 Mar and 1 Apr 2017	30,244	34,774	65,018
Dividend paid	-	(4,239)	(4,239)
Total comprehensive income for the period	-	2,229	2,229
Balance at 30 Jun and 1 Jul 2017	30,244	32,764	63,008
Total comprehensive income for the period	-	1,455	1,455
Balance at 30 Sep and 1 Oct 2017	30,244	34,219	64,463

2016			
Beginning of financial year	30,244	31,644	61,888
Share repurchased and cancelled	-	(453)	(453)
Total comprehensive income for the period	-	1,873	1,873
Balance at 31 Mar and 1 Apr 2016	30,244	33,064	63,308
Share repurchased and cancelled	-	(187)	(187)
Dividend paid	-	(4,784)	(4,784)
Total comprehensive income for the period	-	1,335	1,335
Balance at 30 Jun and 1 Jul 2016	30,244	29,428	59,672
Share repurchased and cancelled	-	(338)	(338)
Dividend paid	-	(1,589)	(1,589)
Total comprehensive income for the period	-	1,332	1,332
Balance at 30 Sep and 1 Oct 2016	30,244	28,833	59,077

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

During the period from 1 July 2017 to 30 September 2017, the Company did not repurchase any of its share.

- 1(d)(iii) Total number of issued shares excluding Treasury Shares at the end of 30 September 2017 as compared to 31 December 2016**

As at	30.09.2017	31.12.2016
No. of Ordinary Share	211,940,800	211,940,800

1(d)(iv) Movement of Treasury Shares

Not applicable as the Company has no Treasury Shares.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the Company's auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The accounting policies and methods of computation applied by the Group and the Company are consistent with those used in its most recently audited financial statements which have been prepared in accordance with the Singapore Financial Reporting Standards.

5. If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The effect of the adoption of the new or revised FRS and interpretations do not have a material impact on the Company's financial statements.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings per share

	Third quarter ended		Nine months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:				
(i) Based on weighted average number of shares	1.27 cents	1.31 cents	3.86 cents	4.77 cents
(ii) On a fully-diluted basis	1.27 cents	1.31 cents	3.86 cents	4.77 cents

The computation of earnings per ordinary share on the weighted average number of shares and fully diluted basis is based on 211,940,800 shares (3Q16: 212,012,167).

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
Net asset value per ordinary share based on issued share capital at the end of the financial period	43.22 cents	41.36 cents	30.42 cents	29.86 cents

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Income Statement Review – Third Quarter 2017 ("3Q17") vs Third Quarter 2016 ("3Q16")

Group revenue in 3Q17 was \$36.72m representing an increase of 5% or \$1.90m compared to 3Q16. The higher revenue was mainly attributed to higher volume handled by both Warehousing and Transportation Operations.

Total expenses increased by 6% from \$31.48m in 3Q16 to \$33.41m in 3Q17, mainly due to increase in depreciation of property, plant and equipment, employee compensation, sub-contractors charges, cost of inventories sold and upkeep of commercial vehicles and barges; offset by a decrease in rental on operating leases.

Depreciation of property, plant and equipment increased by 38% or \$1.05m, from \$2.76m in 3Q16 to \$3.81m in 3Q17, mainly due to greater depreciation on the completion of the redevelopment of Phase 1, 48 Pandan Road premises.

Employee compensation increased by 5% or \$0.74m, from \$14.97m in 3Q16 to \$15.71m in 3Q17. This was mainly due to the increase in volume of business.

Sub-contractor charges increased by 15% or \$0.50m, from \$3.40m in 3Q16 to \$3.90m in 3Q17. The increase was mainly due to higher volume of business handled by the Transportation Operations.

Cost of inventories sold increased by 49% or \$0.24m, from \$0.48m in 3Q16 to \$0.72m in 3Q17. The increase was mainly caused by higher diesel prices.

Upkeep of commercial vehicles and barges increased by 4% or \$0.12m, from \$3.21m in 3Q16 to \$3.33m in 3Q17 mainly caused by higher diesel prices.

Rental on operating leases decreased by 32% or \$0.71m, from \$2.19m in 3Q16 to \$1.48m in 3Q17. This was mainly due to non-renewal of expired leases for third party warehouse premises after the migration of customers' cargo to Phase 1, 48 Pandan Road premises after TOP was obtained towards end of 2Q16.

Income tax expense increased by 41% or \$0.14m, from \$0.33m in 3Q16 to \$0.47m in 3Q17. The increase in income tax expense despite a lower profit, was mainly attributed to lower tax savings enjoyed under the PIC (Productivity & Innovation Credit) Scheme in 3Q17.

Consequently, the Group's total profit after tax decreased by 4% or \$0.13m, from \$3.09m in 3Q16 to \$2.96m in 3Q17.

Income Statement Review – nine months ended 30 September 2017 (“9M17”) vs nine months ended 30 September 2016 (“9M16”)

Group revenue in 9M17 was \$105.85m, slightly higher than \$105.39m in 9M16.

Overall expenses increased by 3% or \$2.86m, from \$92.96m in 9M16 to \$95.82m in 9M17, mainly due to increase in depreciation of property, plant and equipment, employee compensation, other operating expenses, cost of inventories sold, upkeep of commercial vehicles and barges, and finance cost; offset by a decrease in rental on operating leases. The reasons for the fluctuations are similar to those cited for 3Q17 vs 3Q16.

The Group’s income tax expense decreased by 19% or \$0.35m, from \$1.85m in 9M16 to \$1.50m in 9M17, mainly due to lower profit.

The Group’s total profit after tax decreased by 20% or \$2.21m, from \$11.21m in 9M16 to \$9.00m in 9M17.

Statement of financial position for the Group

Property, Plant and Equipment increased by 27% or \$36.94m, from \$139.02m as at 31 December 2016 to \$175.96m as at 30 September 2017, mainly related to costs capitalized for Phase 2 of the redevelopment of the Pandan premises.

Trade and other receivables increased by 13% or \$3.39m, from \$26.47m as at 31 December 2016 to \$29.86m as at 30 September 2017, mainly due to different payment terms of new customers.

Trade and other payables increased by 14% or \$4.56m, from \$33.35m as at 31 December 2016 to \$37.91m as at 30 September 2017, mainly due to increase in payables for the redevelopment of the Pandan premises.

Total bank borrowings increased by 32% or \$26.40m, from \$81.37m as at 31 December 2016 to \$107.77m as at 30 September 2017. Proceeds from borrowings were utilized to finance the purchase of additional property, plant and equipment which included the progress payments for the redevelopment of the Phase 2, 48 Pandan Road premises.

Statement of Cashflow

The Group continues to generate positive cashflows from its operations. Cash provided by operating activities and additional borrowings from banks were utilized mainly to finance the purchase of additional property, plant and equipment.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable as there has been no forecast or prospect statement disclosed to shareholders previously.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Despite the challenging business environment, the Group continues to obtain new business opportunities. The performance of the Group will continue to be affected by diesel prices, tightening of the labour market, pressure on wage costs and interest rate fluctuations.

The Group will continue to be prudent with costs and look for synergistic opportunities to increase its competitiveness.

The Company has started Phase 2 of the redevelopment project to construct a single-user general warehouse comprising a block of ramp-up warehouse building with office space and ancillary facilities. The entire project when completed in 2018 is expected to contribute positively to the Group's results.

On 20 September 2017, Respond Logistics Pte. Ltd. (the "Offeror") made a voluntary conditional cash offer of S\$1.30 per share for all the issued and paid-up ordinary shares of Poh Tiong Choon Logistics Limited (the "Company"). The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No dividend has been declared for 3Q 2017.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared or recommended in the current reporting period.

13. Interested Person Transactions

The Company has not obtained a general mandate from shareholders for interested person transactions.

There are no interested person transactions (excluding transaction less than \$100,000) for the third quarter financial period ended 30 September 2017.

14. Negative assurance confirmation by Directors pursuant to the SGX Listing Rule 705(5) of the Listing Manual

We, Poh Key Boon and Poh Kay Yong, hereby confirm on behalf of the Board of Directors of the Company that, to the best of its knowledge, nothing material has come to the attention of the Board of Directors of the Company which may render the third quarter and nine months unaudited results for the financial period ended 30 September 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Poh Key Boon
Director

Poh Kay Yong
Director

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the revised format set out in Appendix 7.7) under Rule 720 (1).

The Company has procured undertakings from all its directors and executive officers (in the revised format set out in Appendix 7.7) under Rule 720 (1).

BY ORDER OF THE BOARD

Poh Khim Hong (Ms)
Finance Director & CFO
14 November 2017