TASCO Berhad
(Company No: 20218-T)

TASCO NYK GROUP COMPANY

Condensed Consolidated Financial Statements For The Quarter And Year-To-Date Ended 30 June 2018

TASCO Berhad
Company No:20218-T
Incorporated In Malaysia

Condensed Consolidated Statement of Comprehensive Income
For The Quarter And Year-To-Date Ended 30-June-2018

	Quarter and Year-to-Date Ended	
	30.06.2018	30.06.2017
	RM'000	RM'000
	Unaudited	Unaudited (Restated)
Revenue	181,635	156,959
Cost of sales	(154,626)	(132,428)
Gross profit	**27,009**	**24,531**
Other operating income	1,524	752
General and administrative expenses	(18,274)	(15,128)
Profit from operations	**10,259**	**10,155**
Share of profits of associated companies	(64)	7
Finance costs	(3,427)	(660)
Profit before taxation	**6,768**	**9,502**
Tax expense	(1,600)	(2,391)
Profit for the period	**5,168**	**7,111**
Profit Attributable to:		
Owners of the Company	5,071	7,044
Non-Controlling Interests	97	67
	5,168	**7,111**
Earnings per share (sen) - basic	2.54	3.52

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.

TASCO Berhad
Company No:20218-T
Incorporated In Malaysia

Condensed Consolidated Statement of Comprehensive Income
For The Quarter And Year-To-Date Ended 30-June-2018

	Quarter and Year-to-Date Ended	
	30.06.2018	30.06.2017
	RM'000	RM'000
	Unaudited	Unaudited
Profit for the period	**5,168**	**7,111**
Other Comprehensive Income:		
Exchange differences on translation foreign operation	(41)	115
Fair Value adjustment on cash flow hedge	46	489
Other comprehensive income for the period, net of tax	5	604
Total Comprehensive Income	**5,173**	**7,715**
Total Comprehensive Income attributable to:		
Owners of the Company	5,076	7,648
Non-Controlling Interests	97	67
	5,173	**7,715**

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.

TASCO Berhad
Company No:20218-T
Incorporated In Malaysia

Condensed Consolidated Statement of Financial Position as at 30-June-2018

	As at 30.06.2018 RM'000 Unaudited	As at 31.03.2018 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	534,198	386,393
Goodwill	81,864	81,864
Investment in associated company	3,438	3,502
Investment in a joint venture	399	399
Other investments	1,008	1,008
Total non-current assets	**620,907**	**473,166**
Current assets		
Trade receivables	108,090	108,936
Other receivables, deposits and prepayments	27,744	65,412
Amount owing by immediate holding company	4,010	4,699
Amounts owing by related companies	9,070	9,637
Current tax asset	5,962	5,955
Fixed deposits with licensed banks	46,454	45,369
Cash and bank balances	59,627	35,049
Total current assets	**260,957**	**275,057**
Non-current assets classified as held for sale	173	173
TOTAL ASSETS	**882,037**	**748,396**

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.

TASCO Berhad
Company No:20218-T
Incorporated In Malaysia

Condensed Consolidated Statement of Financial Position as at 30-June-2018

	As at 30.06.2018 RM'000 Unaudited	As at 31.03.2018 RM'000 Audited
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company:		
Share capital	100,801	100,801
Revaluation reserve	1,400	1,400
Hedge reserve	(78)	(124)
Exchange translation reserve	(203)	(162)
Retained earnings	260,547	260,476
Equity attributable to owners of the Company	362,467	362,391
Non-controlling interests	1,415	1,318
Total equity	**363,882**	**363,709**
Non-current liabilities		
Hire purchase and finance lease liabilities	554	2,103
Bank term loans	310,444	200,900
Deferred tax liabilities	23,439	23,952
Total non-current liabilities	**334,437**	**226,955**
Current liabilities		
Trade payables	44,670	38,728
Other payables, deposits and accruals	28,456	38,063
Amount owing to immediate holding company	1,973	1,416
Amounts owing to related companies	6,256	5,528
Hire purchase and finance lease liabilities	1,893	812
Dividend payable	5,000	-
Bank term loans	64,375	52,133
Revolving credits	30,000	20,000
Current tax liabilities	1,095	1,052
Total current liabilities	**183,718**	**157,732**
Total liabilities	**518,155**	**384,687**
TOTAL EQUITY AND LIABILITIES	**882,037**	**748,396**
Net Assets per share (RM)	**1.82**	**1.81**

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.

TASCO Berhad
Company No:20218-T
Incorporated In Malaysia

Condensed Consolidated Statement of Changes in Equity For Year-To-Date Ended 30-June-2018

	--- Attributable to Owners of the Company ---								
	--- Non-distributable ---					-- Distributable --			
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Hedge reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance at 1 April 2017	100,000	801	1,400	(847)	(766)	240,077	340,665	1,059	341,724
Total comprehensive income for the period	-	-	-	489	115	7,044	7,648	67	7,715
Dividend declared on 26 May 2017	-	-	-	-	-	(5,000)	(5,000)	-	(5,000)
Balance at 30 June 2017	**100,000**	**801**	**1,400**	**(358)**	**(651)**	**242,121**	**343,313**	**1,126**	**344,439**
Balance at 1 April 2018	100,801	-	1,400	(124)	(162)	260,476	362,392	1,318	363,710
Total comprehensive income/(loss) for the period	-	-	-	46	(41)	5,071	5,076	97	5,173
Dividend declared on 24 May 2018	-	-	-	-	-	(5,000)	(5,000)	-	(5,000)
Balance at 30 June 2018	**100,801**	**-**	**1,400**	**(78)**	**(203)**	**260,547**	**362,467**	**1,415**	**363,882**

The condensed consolidated statement of change in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.

TASCO Berhad
Company No:20218-T
Incorporated In Malaysia

Condensed Consolidated Statement of Cash Flows For The Year-To-Date Ended 30-June-2018

	Year-To-Date Ended	
	30.06.2018	**30.06.2017**
	RM'000	**RM'000**
	Unaudited	**Unaudited**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,768	9,502
Adjustments for:		
Depreciation	6,678	4,472
Negative goodwill	(782)	-
Loss on disposal of property, plant and equipment	-	(67)
Share of loss / profits of associated company, net of tax	64	(7)
Interest income	(233)	(225)
Interest expense	3,427	660
Operating profit before working capital changes	**15,922**	**14,335**
Net Changes in current assets	21,265	12,953
Net Changes in current liabilities	1,708	(45,009)
Cash generated from / (used in) operations	38,895	(17,721)
Tax paid	(2,155)	(2,287)
Net cash generated from / (used in) operating activities	**36,740**	**(20,008)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(119,366)	(6,582)
Proceeds from disposal of property, plant and equipment	-	68
Acquisition of subsidiary company	(9,925)	-
Interest received	233	225
Net cash used in investing activities	**(129,058)**	**(6,289)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	126,000	18,000
Repayment of term loan	(4,214)	(3,163)
Payment of hire purchase and finance lease liabilities	(378)	-
Interest paid	(3,427)	(660)
Net cash generated from financing activities	**117,981**	**14,177**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**25,663**	**(12,120)**
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	80,418	81,700
EFFECT OF EXCHANGE RATE CHANGES	-	(10)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	**106,081**	**69,570**
Represented by:		
Fixed deposits with licensed banks	46,454	45,366
Cash and bank balances	59,627	24,204
	106,081	**69,570**

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attach to the interim financial statements.

Explanatory Notes In Compliance With Malaysian Financial Reporting Standards 134 ("MFRS 134") Interim Financial Reporting

A1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for financial derivative which are stated at fair value.

These interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards 134 ("MFRS 134"), Interim Financial Reporting, International Financial Reporting Standard 134 ("IFRS 134"), Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Company's audited financial statements for the financial year ended 31 March 2018. 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 March 2018.

A2. Adoption of Standards, Amendments and Annual Improvements to Standards

(a) Application of new or revised standards

In the current period, the Group and the Company applied a number of new or revised standards, amendments and interpretations that become effective mandatorily for the financial periods beginning on or after 1 April 2018.

The adoption of these new and revised standards, amendments and/or interpretations does not have significant impact on the financial statements of the Group and of the Company.

(b) Standards issued that are not yet effective

The Group and the Company have not applied the following standards, amendments and IC Interpretation that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective:

MFRSs, Amendments to MFRSs and IC Interpretations		**Effective Date**
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2019
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long-term Interest In Associates and Joint Ventures	1 January 2019
Amendments MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to various MFRS Standards	Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

Except as otherwise indicated below, the adoption of the above new standards, amendments and interpretations are not expect to have significant impact on the financial statements of the Group and of the Company.

MFRS 16 Leases

Currently under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases but not operating leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position, and recording of certain leases as off-balance sheet leases will no longer be allowed except for some limited exemptions. For a lessee that has material operating leases, the application of MFRS 16 may result in significant increase in assets and liabilities reported on its statement of financial position as compared with MFRS 117.

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group and the Company are currently assessing the impact to the financial statements upon adopting MFRS 16, and will adopt MFRS 16 on its mandatory effective date.

Explanatory Notes In Compliance With Malaysian Financial Reporting Standards 134 ("MFRS 134") Interim Financial Reporting

A3. Audit Report

The Audit Report of the Group's annual financial statements for the financial year ended 31 March 2018 was not subjected to any qualification.

A4. Seasonal or Cyclical Factors

The Group's operations are generally affected by festive seasons.

A5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows in the current quarter under review except for the effect arising from the completion of the proposed corporate exercise of Westport acquisition on 1 Jun 2018:

a) Pulau Indah land & building for total cash consideration of RM113,827,400; and

b) 100% equity interest, representing 3,000,000 ordinary shares and 2,800,000 redeemable convertible preference shares in Gold Cold Integrated Logistics Sdn. Bhd. ("GCIL"), formerly known as MILS Cold Chain Logistics Sdn. Bhd. ("MCCL "), for cash consideration of RM9,925,100 as well as RM19,199,906 of the Shareholder's Loan.

A6. Changes In Estimates

There were no changes in estimates that have had a material effect in the current quarter under review.

A7. Issuances, Cancellation, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities in the current quarter under review.

A8. Dividends paid

No dividends was paid in the current quarter under review.

A9. Segmental Reporting

	Revenue		Result (PBT)	
	3 months ended		3 months ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
International Business Solutions				
Air Freight Forwarding Division	43,028	42,976	2,342	1,386
Ocean Freight Forwarding Division	17,147	28,014	(675)	2,442
	60,175	**70,990**	**1,668**	**3,828**
Domestic Business Solutions				
Contract Logistics Division	79,828	63,211	5,086	6,898
Cold Supply Chain Division	21,153	-	3,099	-
Trucking Division	20,479	22,758	734	(688)
	121,460	**85,969**	**8,919**	**6,210**
Others	-	-	(3,818)	(536)
Total	**181,635**	**156,959**	**6,768**	**9,502**

A10. Valuation of Property, Plant and Equipment

The Group did not carry out any valuation on its property, plant and equipment.

A11. Subsequent Events

There was no material event subsequent to the end of the current quarter.

Explanatory Notes In Compliance With Malaysian Financial Reporting Standards 134 ("MFRS 134") Interim Financial Reporting

A12. Changes in Composition of the Group

On 1 June 2018, the Group completed the acquisition of 100% equity interest, representing 3,000,000 ordinary shares and 2,800,000 redeemable convertible preference shares in GCIL, formerly known as MCCL, for cash consideration of RM9,925,100. It became one of the 100% owned subsidiary to the Group within the Cold Supply Chain Logistics ("CSC") segment under the Domestics Business Solutions ("DBS") segment of the Group.

A13. Contingent Assets and Liabilities

There was no material contingent assets and liabilities since the last annual balance sheet date to the date of this report.

A14. Capital Commitment

	As at 30.06.2018 RM'000	As at 30.06.2017 RM'000
Authorised and contracted for		
- acquisition of property, plant and equipment	5,690	109,973
- acquisition in unquoted shares	-	195,941
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A15. Related Party Disclosures

	3 months ended	
	30.06.2018 RM'000	30.06.2017 RM'000
Transactions with subsidiary companies		
Rental of trucks paid and payable	111	107
Labour charges paid and payble	11,186	8,839
Maintenance charges paid and payable	48	1,651
Handling fees paid and payable	-	463
Handling fees received and receivable	-	54
Related logistic services received and receivable	907	835
Rental of premises paid and payable	1,133	1,133
Rental of trucks received and receivable	780	886
Transactions with immediate holding company		
Related logistic services received and receivable	10,648	14,088
Related logistic services paid and payable	3,735	3,698
Transactions with related companies		
Related logistic services received and receivable	16,609	14,196
Related logistic services paid and payable	17,004	18,342
Management fee paid and payable	763	1,099
IT fees paid and payable	254	213
Rental received	-	79
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Disclosure Requirements Pursuant to Part A, Appendix 9B of Bursa Malaysia Securities Berhad Listing Requirements

B1. Performance Review : Year-to-date April 2018-June 2018 vs Year-to-date April 2017-June 2017

	3 months ended			
	30.06.2018	30.06.2017	Changes	
	RM'000	RM'000	RM'000	%
Revenue	181,635	156,959	24,676	15.72%
Profit from operations	10,259	10,155	104	1.02%
Profit before Interest and tax	10,195	10,162	33	0.32%
Profit before taxation	6,768	9,502	(2,734)	-28.77%
Profit after taxation	5,168	7,111	(1,943)	-27.32%
Profit Attributable to Ordinary Equity Holders of the Parent	5,071	7,044	(1,973)	-28.01%

The Group achieved revenue of RM181.6 million for the financial period ended ("FPE") 30 June 2018 as against RM156.9 million a year earlier, an increase of RM24.7 million (15.7 per cent) year-on-year ("y-o-y"). Revenue from Domestics Business Solutions ("DBS") segment remained robust by recording a 41.3 per cent (RM35.4 million) increase in revenue from RM85.9 million to RM121.5 million y-o-y. Revenue from International Business Solutions ("IBS") showed a decrease by RM10.8 million (15.2 per cent) from RM71.0 million to RM60.2 million y-o-y.

In the IBS segment, Air Freight Forwarding ("AFF") division posted marginal increase of RM0.052 million (0.1 per cent). Strong air shipments support from electronic capacitor, aerospace and telecommunication customers sustained AFF revenue while shipments dropped in electronic & electrical ("E&E"), colour pigment and printing customers. Direct sea shipment booking with carrier by existing customer caused revenue of Ocean Freight Forwarding ("OFF") division to drop significantly by RM10.9 million (39.9 per cent), from RM28.0 million to RM17.1 million y-o-y.

With the newly on-board Gold Cold Integrated Logistics Sdn Bhd ("GCIL"), formerly known as MILS Cold Chain Logistics Sdn Bhd ("MCCL"), effective from June 2018, Cold Supply Chain ("CSC") further strengthened by contributing a total post-acquisition revenue of RM21.1 million to DBS segment. Similarly, Contract Logistics ("CL") division performed strongly to contribute an increase in revenue of RM16.6 million (26.3 per cent), from RM63.2 million to RM79.8 million. However, Trucking division recorded a drop of revenue of RM2.3 million (10.0 per cent). Within CL business, custom clearance business was the largest revenue contributor to CL division, with an increase in revenue of RM11.6 million (55.7 per cent), from RM20.8 million to RM32.4 million, on the back of revenue contribution from a solar panel customer, increased import shipments of a paper product manufacturer as well as contribution from project cargo. Newly secured consumer retailing and tobacco customers coupled with increased cargo volume from existing E&E and musical instruments customers boosted revenue of warehouse business from RM27.3 million to RM31.1 million, an increase of RM3.8 million (13.8 per cent). Revenue of in-plant business rose by RM1.4 million (29.5 per cent) as a result of increased production lines of existing E&E customer and a newly secured polyester film manufacturer in Northern Region. Drop in container deliveries especially for export shipment of existing E&E customers resulted in haulage business recording a decrease in revenue by RM0.18 milllion (1.8 per cent). Ceased business of cross border delivery from Thailand for an E&E customer coupled with delivery reduction in domestic distribution of F&B and automotive customers impacted Trucking division to record lower revenue by RM2.3 million (10.0 per cent), from RM22.7 million to RM20.4 million.

Profit from operations for the year-to-date ended 30 June 2018 rose slightly by RM0.1 million (1.0 per cent) from RM10.1 million to RM10.2 million y-o-y. Profit before taxation ("PBT") for the year-to-date ended 30 June 2018 decreased from RM9.5 million to RM6.8 million, a drop of RM2.7 million (28.8 per cent), and profit after tax ("PAT") for the period to-date went down from RM7.1 million to RM5.2 million (27.3 per cent) y-o-y.

With a decrease in revenue in IBS segment, PBT of IBS segment fell 56.4 per cent (RM2.2 million), from RM3.8 million to RM1.7 million y-o-y. Within IBS, PBT generated from AFF division increased from RM1.4 million to RM2.3 million, an increase of RM0.9 million (68.9 per cent). However, the PBT from IBS was largely lowered down by sigificant drop in OFF division due to aforesaid reason, posting a decrease in PBT of RM3.1 million (127.6 per cent) from RM2.4 million to loss of RM0.7 million. As for DBS segment, it posted an increase in PBT of RM2.7 million (43.6 per cent) from RM6.2 million to RM8.9 million y-o-y. The increase in PBT was largely contributed from CSC and Trucking divisions. The new CSC division contributed PBT of RM3.1 million to the Group. Despite Trucking division registering a drop in revenue, continuous cost-down measures lifted PBT by RM1.4 million (206.7 per cent). CL division on the other hand reported a decrease in PBT of RM1.8 million (26.3 per cent) despite higher sales. This is mainly due to PBT of warehouse and in-plant businesses which fell by RM3.7 million (112.3 per cent) and RM0.8 million (58.5 per cent) respectively, mainly resulting from incurrence of pre-operating expenses for newly secured consumer retailing business. Elsewhere in CL business, custom clearance reported an increase in PBT of RM2.2 million (227.6 per cent) on the back of revenue surge whereas PBT of haulage business dropped slightly by RM0.08 million (8 per cent) which was attributable to lower container volume.

Apart from the operating business segments, PBT was further bogged down due to additional costs from support segment. This was largely resulted from increased finance costs of RM2.7 million and stamp duty of RM0.6 million on loan facility agreement of funding for CSC business.

B2. Comparison with Preceding Quarter's Results: April 2018 to June 2018 vs January 2018 to March 2018

	3 months ended			
	30.06.2018	31.03.2018	Changes	
	RM'000	RM'000	RM'000	%
Revenue	181,635	169,501	12,134	7.2%
Profit from operations	10,259	13,174	(2,915)	-22.1%
Profit before Interest and tax	10,195	13,070	(2,875)	-22.0%
Profit before taxation	6,768	9,636	(2,868)	-29.8%
Profit after taxation	5,168	5,100	68	1.3%
Profit Attributable to Ordinary Equity Holders of the Parent	5,071	5,039	32	0.6%

The Group's revenue of the first quarter ended 30 June 2018 ("Q1FY2019") was registered at RM181.6 million, as against revenue of RM169.5 million of the preceding quarter ended 31 March 2018. This represents an increase of RM12.1 million (7.2 per cent). IBS segment posted a decrease of RM0.5 million (0.9 per cent), from RM60.7 million to RM60.2 million while DBS segment recorded better sales result by RM12.7 million (11.6 per cent), from RM108.8 million to RM121.5 million as against preceding quarter.

Within the IBS segment, AFF division posted RM2.8 million (7.1 per cent) increase in revenue from RM40.2 million to RM43.0 million, mainly contribution from significant increased shipments support from electronic capacitor and aerospace customers. Direct shipment booking with carrier by existing customer caused revenue of OFF to fall significantly from RM20.5 million to RM17.1 million, a drop of RM3.4 million (16.5 per cent).

Within the DBS segment, revenue of CL division rose by RM10.9 million (15.8 per cent), from RM68.9 million to RM79.8 million. Revenue of Trucking division rose from RM17.9 million to RM20.5 million and RM2.6 million (14.1 per cent) while CSC showed a drop of RM0.7 million (3.5 per cent). Revenue increase in CL was largely contributed from custom clearance business as a result of increase revenue from a solar panel and project cargo business. Revenue of custom clearance business rose from RM23.3 million to RM32.4 million, an increase of RM9.1 million (39.3 per cent). Revenue of in-plant business rose by RM5.4 million to RM6.3 million, an increase of RM0.9 million (16.4 per cent), resulting from increased production volume of E&E and plastic resin manufacturers. Warehouse business posted an increase of revenue by RM0.6 million (2.0 per cent), from RM30.5 million to RM31.1 million. The increase was mainly contributed from a newly secured custom of consumer retailing business. Increase delivery of export containers boosted haulage business to record higher revenue by RM0.2 million (2.0 per cent). Reduced ice cream cargo from Thailand causing CSC to post lower revenue as against preceding quarter. Revenue increase in Trucking division was largely contributed from a tobacco and E&E customers.

PBT for Q1FY2019 decreased from RM9.6 million to RM6.8 million as against preceding quarter, a decrease of RM3.2 million (33.2 per cent). PAT for Q1FY2019 fell by RM0.1 million (2.5 per cent) from RM5.1 million to RM5.0 million. IBS segment recorded an increase of RM0.3 million (20.0 per cent) from RM1.4 million to RM1.7 million while DBS segment recorded a decrease of RM6.2 million (41.8 per cent) from RM14.8 million to RM8.6 million. However, decreases of PBT from operating segments of IBS and DBS were offset by reduction in general expenses incurred in support segment and reduction in expenses of RM1.8 million from support segment, largely attributable to drop in professional & legal expenses for CSC business.

Within IBS segment, in view of increase revenue and shipments contribution from capacitor customers, AFF posted an increase in PBT of RM2.0 million (622.9 per cent) against last quarter of RM0.3 million. Significant revenue and volume drop caused the PBT of OFF business to drop by RM1.7 million (163.3 per cent) from RM1.1 million to a loss of RM0.7 million.

Within the DBS segment, Trucking division reported an increase in PBT of RM0.3 million (74.8 per cent) whereas PBT of CL business dropped from RM11.1 million to RM5.1 million, a drop of RM6.0 million (54.2 per cent). The result is further burdened by the decrease in CSC PBT of RM0.5 million (14.4 per cent) against preceding quarter underpinned by its lower sales revenue. Drastic drop in PBT of CL business was mainly bogged down by lower PBT recorded in warehouse business. Low warehouse occupany in Southern Region, especially in Port of Tanjong Pelepas coupled with pre-operating warehouse setup expenses incurred for newly secured retailing business and reduced revenue from a Regional Distribution Centre in KLIA caused PBT of Warehouse division to drop by RM6.7 million (95.2 per cent). On the other hand, increase in revenue and project cargo in custom clearance business boosted PBT of custom clearance business to rise by RM1.5 million (86.5 per cent).

B3. Prospects for the Remaining Period to the End of the Financial Year

In the latest World Economic Outlook report ("WEO") released in July 2018, the International Monetary Fund ("IMF") maintained its global growth projection of 3.9 percent for 2018 and 2019. However, the IMF noted that the expansion is becoming less even, and appears to have peaked in some major economies. Growth projections have been revised downwards in the Euro area, Japan and the United Kingdom while growth in the emerging market and developing economies are also becoming more uneven amid rising oil prices, higher yields in the US, escalating trade tensions and market pressures on the currencies of some economies with weaker fundamentals. Growth projections have been revised down for Argentina, Brazil, and India, while the outlook for some oil exporters has strengthened. The IMF also opined that the balance of risks has shifted further to the downside, including in the short term. In particular, the tariff increases by the US and retaliatory measures by trading partners have increased the likelihood of escalating and sustained trade actions, and these could derail the recovery and depress medium-term growth prospects.
(Source: WEO dated July 2018)

B3. Prospects for the Remaining Period to the End of the Financial Year (continue)

In Malaysia, the Malaysian Institute of Economic Research ("MIER") in its Malaysia Economic Outlook report ("MEO") released in July 2018 expected the local economy to grow at a more moderate pace of 5.5 percent in 2018, after better-than-expected growth of 5.9 percent last year. The MIER expects domestic demand to continue to be the engine of growth, and further reinforced by upbeat export demand. The growth in domestic demand, in turn, is largely attributed to private consumption, while public spending as well as investment growth for this year are expected to moderate. This is partly due to the government commitment to address the issue of high public debt amid a reduction in revenues caused by the decision to zero-rate goods and services tax (GST). The new elected government has also decided to review selected big-ticket investments in its effort to reduce public debt. Nonetheless, a growing US-China trade war poses a somewhat fuzzy outlook, and in the near term could impact our external trade either way, upside or downside. For example, Malaysia could benefit from the increase in demand for palm oil at least in the near term following China's retaliation of imposing an equivalent tariff on US soybean thus pushing up the latter's prices. However, a sustained and escalating trade war would result in a reduction of global trade, and would impact an open economy, such as Malaysia, negatively.
(Source: MEO dated July 2018)

The prospects of the Group are closely tied to the performance of the global as well as the Malaysian economy, as our businesses in logistics are directly affected by the health of the economic activities and international trade. In that respect, we would be susceptible to the impact of the growing US-China trade war, either positively or negatively. For example, a positive impact (at least in the short term) would be Malaysia could be one of the preferred locations for US and Chinese companies to relocate their investments. Nonetheless, any reduction in global trade as a result of the trade wars would be a negative for our industry. Result-wise, we are beginning to see the returns from our investments into cold-chain logistics business. This quarter marks the maiden inclusion of the results of GCIL, formerly known as MCCL, which we completed the acquisition recently on 1 June 2018. As highlighted in the last quarter commentary, we continue to bear markedly higher finance costs due to our M&A of cold-chain logistics businesses which was fully financed via bank borrowings. While our gross gearing is still very much within the sustainable ratio, we would be evaluating the various available options in order to mitigate this situation in the medium term. Going forward into FY2019, other than our core traditional logistics and cold supply chain businesses, we anticipate to build strongly into retail logistics business. Downside risks for the Group would include rising operational costs (in particular labour costs and impact from new Sales and Service Tax), higher interest costs and keen competition for cargo in our traditional core businesses. We will continue to maintain our strategy to focus on servicing our customers with innovative logistics solutions and expand our logistics capacity when it is beneficial to our shareholders' value.

B4. Profit Forecast

Not applicable as there is no forecast / profit guarantee.

B5. Tax Expense

	Quarter and Year-To-Date Ended	
	30.06.2018	**30.06.2017**
	RM'000	**RM'000**
Income tax		
- Current tax	(2,797)	(2,486)
- overprovision in prior years	-	-
Deferred tax		
- Current year	1,197	95
- underprovision in prior years	-	-
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	(1,600)	(2,391)
	===========	=========

The Group's effective tax rate for the cumulative 3 months ended 30 June 2018 was about the statutory rate of 24% for the current quarter under review.

B6. Corporate Proposals

The Company's proposal for the Westport acquisition was completed on 1 June 2018:

a) Pulau Indah land & building for total cash consideration of RM113,827,400; and

b) 100% equity interest, representing 3,000,000 ordinary shares and 2,800,000 redeemable convertible preference shares in GCIL ,formerly known as MCCL, for cash consideration of RM9,925,100 as well as RM19,199,906 of the Shareholder’s Loan.

B7. Borrowing

	As at 1st quarter ended 30.06.2018					
	Long term		Short term		Total borrowing	
	Denomination in		Denomination in		Denomination in	
	Foreign ('000)	RM ('000)	Foreign ('000)	RM ('000)	Foreign ('000)	RM ('000)
Hire purchase and finance lease liabilities	-	554	-	1,893	-	2,447
Bank loan (Synthetic Foreign currency and unsecured) - USD *	2,079	-	10,152	-	12,231	-
Bank loan (unsecured)		267,767		50,939		318,706
Bank loan (secured)	-	40,598	-	3,284	-	43,882
Revolving credit facilities	-	-	-	30,000	-	30,000
Total borrowings	2,079	308,919	10,152	86,116	12,231	395,035

	As at 1st quarter ended 30.06.2017					
	Long term		Short term		Total borrowing	
	Denomination in		Denomination in		Denomination in	
	Foreign ('000)	RM ('000)	Foreign ('000)	RM ('000)	Foreign ('000)	RM ('000)
Hire purchase and finance lease liabilities	-	-	-	-	-	-
Bank loan (Synthetic Foreign currency and unsecured) - USD **	44,393	-	17,099	-	61,492	-
Bank loan (secured)	-	-	-	-	-	-
Revolving credit facilities	-	-	-	-	-	-
Total borrowings	44,393	-	17,099	-	61,492	-

* USD denomination at average exchange rate of USD$1:RM4.04
** USD denomination at average exchange rate of of USD$1:RM4.29

The increase in hire purchase and finance lease liabilities and secured bank loan in RM denomination was effected into the Group from the completion of acquisition of Gold Cold Transport Sdn. Bhd. ("GCT") on 12 July 2017.

The increase in unsecured bank loan was a result of:

i) RM180,000,000 for acquisition of 100% equity interest in 2,000,000 ordinary shares in GCT; and

ii) RM140,000,000 for acquisition of Pulah Indah land and building and 100% equity interest in GCIL, formerly known as MCCL.

B8. Litigation

There was no material litigation pending since 31 March 2018 to the date of this report.

B9. Dividend Proposed

On 24 May 2018, the Board of Director declared a single tier dividend of 2.5 sen per ordinary share amounting to RM5,000,000 in respect of financial year ended 31 March 2018. The dividend was paid on 13 July 2018.

B10. Earnings Per Share

	Quarter and Year-To-Date Ended	
	30.06.2018	30.06.2017
PAT after non-controlling interest (RM'000)	5,071	7,044
Weighted average number of ordinary shares in issue ('000)	200,000	200,000
Earnings per share (sen)	2.54	3.52

The Company does not have any dilutive potential ordinary shares outstanding as at 30 June 2018. Accordingly, no diluted earnings per share is presented.

B11. Derivative Financial Instruments

As at 30 June 2018, the Group has the following outstanding derivative financial instruments:

Derivatives	Contract or Notional amount as at 30.06.2018 RM'000	Contract or Notional amount as at 30.06.2017 RM'000	Fair value net gains or (loses) 30.06.2018 RM'000	Fair value net gains or (loses) 30.06.2017 RM'000	Purpose
1. Cross currency swap Contracts:					
- More than 3 years	12,231	61,492	2,260	6,001	For hedging currency risk in bank term loan
2. Forward currency contracts:					
- Less than 1 year	-	-	-	-	For hedging currency risk in payables

For the current quarter under review, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objective, policies and processes since the previous financial year end.

B12. Comparatives

The following comparative figures have been reclassified to conform with current year's presentation as of 30 June 2018:

	Quarter Ended 30.06.2017		
	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Statement of Comprehensive Income			
Cost of sales	119,392	13,036	132,428
General and administrative expenses	28,164	(13,036)	15,128
	========	===========	=========
Statement of Changes in Equity			
Retained earnings as at 1 April 2017	240,077	-	240,077
Total comprehensive income for the period	7,044	-	7,044
Dividend declared on 26 May 2017	-	(5,000)	(5,000)
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Retained earnings as at 30 June 2017	247,121	(5,000)	242,121
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B13. Profit for the period

	Quarter and Year-To-Date Ended 30.06.2018 RM'000	Quarter and Year-To-Date Ended 30.06.2017 RM'000
Profit for the period is arrived at after crediting:		
Interest income	233	225
Other income	1,291	444
Gain on disposal of land and building	-	-
Foreign exchange gain	-	83
Unrealised foreign exchange gain	-	-
and after charging:		
Interest expenses	3,427	660
Depreciation	6,678	4,472
Provision for/write off receivables	-	-
Provision for/write off inventories	-	-
Foreign exchange loss	87	-
Unrealised foreign exchange loss	-	-
Impairment loss of other investment	-	-

Except for negative goodwill of RM782,323, arising from 100% equity acquisition in GCIL, formerly known as MCCL, which was included in other income, there were no gain or loss on disposal of quoted or unquoted investment or real properties, impairment of assets, gain or loss on derivaties or exceptional item for current quarter and financial period ended 30 June 2018 (30 June 2017: Nil).