# TASCO Berhad
(Company No: 20218-T)

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

| | 3 months ended | | Cumulative 6 months ended | |
|---|---|---|---|---|
| | 30.09.2018 | 30.09.2017 | 30.09.2018 | 30.09.2017 |
| | RM'000 Unaudited | RM'000 Unaudited | RM'000 Unaudited | RM'000 Unaudited |
| Revenue | 191,098 | 192,089 | 372,733 | 349,048 |
| Cost of sales | (166,748) | (163,372) | (321,374) | (295,800) |
| **Gross profit** | **24,350** | **28,717** | **51,359** | **53,248** |
| Other operating income | 1,422 | 687 | 2,946 | 1,439 |
| General and administrative expenses | (16,147) | (14,708) | (34,421) | (29,836) |
| **Profit from operations** | **9,625** | **14,696** | **19,884** | **24,851** |
| Share of losses of associated companies | (94) | (64) | (158) | (57) |
| Finance costs | (5,884) | (2,727) | (9,311) | (3,387) |
| **Profit before taxation** | **3,647** | **11,905** | **10,415** | **21,407** |
| Tax expense | (858) | (2,708) | (2,458) | (5,099) |
| **Profit for the period** | **2,789** | **9,197** | **7,957** | **16,308** |
| **Profit Attributable to:** | | | | |
| Owners of the Company | 2,714 | 9,142 | 7,785 | 16,186 |
| Non-Controlling Interest | 75 | 55 | 172 | 122 |
| | **2,789** | **9,197** | **7,957** | **16,308** |
| Earnings per share (sen) - basic | 1.36 | 4.57 | 3.89 | 8.09 |

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-September-2018

| | 3 months ended | | Cumulative 6 months ended | |
|---|---|---|---|---|
| | 30.09.2018 | 30.09.2017 | 30.09.2018 | 30.09.2017 |
| | RM'000 Unaudited | RM'000 Unaudited | RM'000 Unaudited | RM'000 Unaudited |
| **Profit for the period** | **2,789** | **9,197** | **7,957** | **16,308** |
| **Other Comprehensive Income:** | | | | |
| Exchange differences on translation foreign operation | (211) | 16 | (252) | 131 |
| Fair Value adjustment on cash flow hedge | 27 | 77 | 73 | 566 |
| Other comprehensive (loss)/income for the period, net of tax | (184) | 93 | (179) | 697 |
| **Total Comprehensive Income** | **2,605** | **9,290** | **7,778** | **17,005** |
| **Total Comprehensive Income attributable to:** | | | | |
| Owners of the Company | 2,530 | 9,235 | 7,606 | 16,883 |
| Non-Controlling Interest | 75 | 55 | 172 | 122 |
| | **2,605** | **9,290** | **7,778** | **17,005** |

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.

## Condensed Consolidated Statement of Financial Position as at 30-September-2018

| | As at 30.09.2018 RM'000 Unaudited | As at 31.03.2018 RM'000 Audited |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 533,610 | 386,393 |
| Goodwill | 81,864 | 81,864 |
| Investment in associated company | 3,343 | 3,502 |
| Investment in a joint venture | 399 | 399 |
| Other investments | 1,008 | 1,008 |
| **Total non-current assets** | **620,224** | **473,166** |
| **Current assets** | | |
| Trade receivables | 112,887 | 108,936 |
| Other receivables, deposits and prepayments | 21,225 | 65,412 |
| Amount owing by immediate holding company | 3,839 | 4,699 |
| Amounts owing by related companies | 7,306 | 9,637 |
| Current tax asset | 5,940 | 5,955 |
| Fixed deposits with licensed banks | 45,962 | 45,369 |
| Cash and bank balances | 39,679 | 35,049 |
| Short-term investments | 5,045 | - |
| **Total current assets** | **241,883** | **275,057** |
| Non-current assets classified as held for sale | - | 173 |
| **TOTAL ASSETS** | **862,107** | **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-September-2018

| | As at 30.09.2018 RM'000 Unaudited | As at 31.03.2018 RM'000 Audited |
|---|---|---|
| **EQUITY AND LIABILITIES** | | |
| **Equity attributable to owners of the Parent:** | | |
| Share capital | 100,801 | 100,801 |
| Revaluation reserve | 1,400 | 1,400 |
| Hedge reserve | (51) | (124) |
| Exchange translation reserve | (414) | (162) |
| Retained profits | 263,261 | 260,476 |
| Equity attributable to owners of the Company | 364,997 | 362,391 |
| Non-controlling interest | 1,490 | 1,318 |
| **Total equity** | **366,487** | **363,709** |
| **Non-current liabilities** | | |
| Hire purchase and finance lease liabilities | 475 | 2,103 |
| Long term bank loan | 301,175 | 200,900 |
| Deferred tax liabilities | 23,561 | 23,952 |
| **Total non-current liabilities** | **325,211** | **226,955** |
| **Current liabilities** | | |
| Trade payables | 51,996 | 38,728 |
| Other payables, deposits and accruals | 26,971 | 38,063 |
| Amount owing to immediate holding company | 2,286 | 1,416 |
| Amounts owing to related companies | 5,258 | 5,528 |
| Hire purchase and finance lease liabilities | 2,038 | 812 |
| Bank term loans | 65,305 | 52,133 |
| Revolving credits | 15,000 | 20,000 |
| Current tax liabilities | 1,555 | 1,052 |
| **Total current liabilities** | **170,409** | **157,732** |
| **Total liabilities** | **495,620** | **384,687** |
| **TOTAL EQUITY AND LIABILITIES** | **862,107** | **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-September-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 | - | - | - | 566 | 131 | 16,186 | 16,883 | 122 | 17,005 |
| Dividend | - | - | - | - | - | (5,000) | (5,000) | - | (5,000) |
| **Balance at 30 Sep 2017** | **100,000** | **801** | **1,400** | **(281)** | **(635)** | **251,263** | **352,548** | **1,181** | **353,729** |
| **Balance at 1 April 2018** | 100,801 | - | 1,400 | (124) | (162) | 260,476 | 362,391 | 1,318 | 363,709 |
| Total comprehensive income for the period | - | - | - | 73 | (252) | 7,785 | 7,606 | 172 | 7,778 |
| Dividend | - | - | - | - | - | (5,000) | (5,000) | - | (5,000) |
| **Balance at 30 Sep 2018** | **100,801** | **-** | **1,400** | **(51)** | **(414)** | **263,261** | **364,997** | **1,490** | **366,487** |

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.

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

| | Year-To-Date Ended | |
|---|---|---|
| | **30.09.2018** | **30.09.2017** |
| | **RM'000** | **RM'000** |
| | **Unaudited** | **Unaudited** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | 10,415 | 21,407 |
| Adjustments for: | | |
| Allowance for doubtful debts | - | (50) |
| Depreciation | 14,835 | 11,063 |
| Negative goodwill | (782) | - |
| Gain on disposal of property, plant and equipment | (760) | (84) |
| Share of profits of associated company, net of tax | 158 | 57 |
| Interest income | (717) | (618) |
| Interest expense | 9,311 | 3,387 |
| **Operating profit before working capital changes** | **32,460** | **35,162** |
| Net Changes in current assets | 33,038 | 32,902 |
| Net Changes in current liabilities | (2,529) | (46,851) |
| Cash generated from operations | 62,969 | 21,213 |
| Tax paid | (4,495) | (4,863) |
| **Net Cash generated from operating activities** | **58,474** | **16,350** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment | (136,841) | (13,738) |
| Proceeds from disposal of property, plant and equipment | 680 | 157 |
| Acquisition of subsidiary company | (9,925) | (176,153) |
| Interest received | 541 | 618 |
| **Net cash used in investing activities** | **(145,545)** | **(189,116)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Drawdown of term loan | 126,000 | 190,000 |
| Repayment of term loan | (8,267) | (7,318) |
| Repayment of revolving credits | (5,000) | - |
| Payment of hire purchase and finance lease liabilities | (1,088) | (750) |
| Interest paid | (9,311) | (3,387) |
| Dividend paid | (5,000) | (5,000) |
| **Net cash generated from financing activities** | **97,334** | **173,545** |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | **10,263** | **779** |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD | 80,418 | 81,700 |
| EFFECT OF EXCHANGE RATE CHANGES | 5 | (10) |
| **CASH AND CASH EQUIVALENTS CARRIED FORWARD** | **90,686** | **82,469** |
| **Represented by:** | | |
| Fixed deposits with a licensed bank | 45,962 | 48,143 |
| Cash and bank balances | 39,679 | 34,326 |
| Short-term investments | 5,045 | - |
| | **90,686** | **82,469** |

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.

**Notes to the Interim Financial Report**

**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.

**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**

On 13 July 2018, the Company paid a dividend of 2.50 sen per ordinary share amounting to RM5,000,000 in respect of financial year ended 31 March 2018. No interim or final dividends were paid in the current quarter under review.

**A9. Segmental Reporting**

| | Segmental Revenue | | Segmental Result (PBT) | |
|---|---|---|---|---|
| | 6 months ended | | 6 months ended | |
| | 30.09.2018 RM'000 | 30.09.2017 RM'000 | 30.09.2018 RM'000 | 30.09.2017 RM'000 |
| **International Business Solutions** | | | | |
| Air Freight Forwarding Division | 84,961 | 85,872 | 4,156 | 2,417 |
| Ocean Freight Forwarding Division | 34,853 | 60,026 | (922) | 6,030 |
| | **119,814** | **145,898** | **3,234** | **8,447** |
| **Domestic Business Solutions** | | | | |
| Contract Logistics Division | 164,720 | 139,294 | 8,665 | 16,087 |
| Cold Supply Chain Division | 46,334 | 18,341 | 5,754 | 1,349 |
| Trucking Division | 41,864 | 45,515 | 738 | (1,600) |
| | **252,919** | **203,150** | **15,157** | **15,836** |
| Others | - | - | (7,976) | (2,876) |
| **Total** | **372,733** | **349,048** | **10,415** | **21,407** |

**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

There were no changes in the composition of the Group in the current quarter under review.

## 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 except for the debts contracted by Company's joint venture company, YLTC Sdn Bhd with one of its vendors in respect of such goods and services supplied, up to a maximum of RM1,500,000 for principal debt only. This letter of guarantee provided by the company shall expire on 31 July 2020.

## A14. Capital Commitment

| | As at 30.09.2018 RM'000 | As at 30.09.2017 RM'000 |
|---|---|---|
| Authorised and contracted for | | |
| - acquisition of property, plant and equipment | 2,142 | 102,828 |
| - acquisition in unquoted shares | - | 44,932 |
| | ======== | ======== |

## A15. Related Party Disclosures

| | 6 months ended | |
|---|---|---|
| | 30.09.2018 RM'000 | 30.09.2017 RM'000 |
| **Transaction with subsidiary companies** | | |
| Rental of trucks paid and payable to subsidiary company | 220 | 225 |
| Labour charges paid and payble to subsidiary companies | 20,705 | 16,703 |
| Labour charges received and receivable from a subsidiary company | 654 | - |
| Maintenance charges paid and payable to a subsidiary company | 48 | 3,320 |
| Handling fees paid and payable to a subsidiary company | - | 867 |
| Handling fees received and receivable from a subsidiary company | - | 107 |
| Related logistic services paid and payable to a subsidiary company | 126 | - |
| Related logistic services received and receivable from a subsidiary company | 993 | 1,678 |
| Rental of premises received from a subsidiary company | - | - |
| Rental of premises paid and payable to a subsidiary company | 2,078 | 2,267 |
| Rental of trucks received and receivable from subsidiary company | 1,963 | 1,980 |
| | ======== | ======== |
| **Transaction with immediate holding company** | | |
| Related logistic services received and receivable | 20,607 | 25,931 |
| Related logistic services paid and payable | 8,248 | 8,063 |
| **Transaction with related companies** | | |
| Related logistic services received and receivable | 31,444 | 29,803 |
| Related logistic services paid and payable | 32,746 | 36,547 |
| Management fee paid and payable | 4,424 | 1,488 |
| IT fees paid and payable | 798 | 576 |
| Rental received | - | 150 |
| Repair and maintenance services | - | 235 |
| Rental of trucks paid and payable | 1,451 | - |
| Handling fees paid and payable | 70 | - |
| | ======== | ======== |
| **Transaction with associated company** | | |
| Rental of premises paid | - | 94 |
| Accounting fee paid to an associated company | - | 10 |
| | ======== | ======== |

**Disclosure Requirements Pursuant to Part A, Appendix 9B of Bursa Malaysia Securities Berhad Listing Requirements**

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

| | 6 months ended | | | |
|---|---|---|---|---|
| | 30.09.2018 | 30.09.2017 | Changes | |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 372,733 | 349,048 | 23,685 | 6.79% |
| Profit from operations | 19,884 | 24,851 | (4,967) | -19.99% |
| Profit before Interest and tax | 19,726 | 24,794 | (5,068) | -20.44% |
| Profit before taxation | 10,415 | 21,407 | (10,992) | -51.35% |
| Profit after taxation | 7,957 | 16,308 | (8,351) | -51.21% |
| Profit Attributable to Ordinary Equity Holders of the Parent | 7,785 | 16,186 | (8,401) | -51.90% |

The Group achieved revenue of RM372.7 million for the financial period ended ("FPE") 30 September 2018 as against RM349.0 million a year earlier, an increase of RM23.7 million (6.8 percent) year-on-year ("y-o-y"). Revenue of Domestics Business Solutions ("DBS") segment remained robust by recording an increase of 24.5 percent (RM49.8 million), from RM203.1 million to RM252.9 million y-o-y, whereas revenue from International Business Solutions ("IBS") showed a decline of RM26.1 million (17.9 percent) from RM145.9 million to RM119.8 million y-o-y.

In the IBS segment, Air Freight Forwarding ("AFF") division posted marginal decrease of RM0.09 million (1.1 percent). Drop in export shipments to Europe, due to discontinuation of business with a major electronic & electrical ("E&E") customer who contributed significant volume, impacted sales to AFF business but it was partially offset by revenue increases from electronic capacitor & aerospace customers. Direct sea shipment booking with carrier by existing solar panel customer coupled with drop in export shipment of aerospace and musical instrument customers caused revenue of Ocean Freight Forwarding ("OFF") division to drop significantly by RM25.2 million (41.9 percent), from RM60.0 million to RM34.8 million y-o-y.

Revenue of DBS segment was strengthened from Cold Supply Chain ("CSC") division, by contributing an increase of RM28.0 million (152.6 per cent), from RM18.3 million to RM46.3 million y-o-y to DBS segment. Similarly, Contract Logistics ("CL") division performed strongly to contribute an increase in revenue of RM25.4 million (18.3 percent), from RM139.3 million to RM164.7 million. However, Trucking division recorded a drop of revenue of RM3.6 million (8.0 percent). Within CL business, custom clearance business was the largest revenue contributor to CL division, with an increase in revenue of RM20.1 million (44.5 percent), from RM45.1 million to RM65.2 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 convenience retail and tobacco customers coupled with increased cargo volume from musical instruments customer uplifted revenue of warehouse business from RM62.9 million to RM65.2 million, an increase of RM2.2 million (3.6 percent). Revenue of in-plant business rose by RM2.3 million (22.6 percent) as a result of increased production volume of existing E&E customer and a newly secured polyester film manufacturer in Northern Region. Increase in container deliveries especially for export shipment of existing and new customers resulted in haulage business recording a slight increase in revenue by RM0.8 million (3.7 percent). 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 RM3.6 million (8.0 percent), from RM45.5 million to RM41.9 million.

Profit from operations for the year-to-date ended 30 September 2019 declined by RM5.0 million (20.0 per cent) from RM24.9 million to RM19.9 million year-on-year. Profit before taxation ("PBT") for the year-to-date ended 30 September 2019 decreased from RM21.4 million to RM10.4 million, a drop of RM11.0 million (51.4 per cent), and profit after tax ("PAT") for the period to-date went down from RM16.3 million to RM7.9 million (51.2 per cent) y-o-y.

With decrease in revenue in IBS segment, PBT of IBS segment fell 61.7 percent (RM5.2 million), from RM8.4 million to RM3.2 million y-o-y. Within IBS, discontinuation of loss making export business with an E&E customer coupled with shipments contribution from aerospace business uplifted PBT from AFF division from RM2.4 million to RM4.1 million, an increase of RM1.7 million (71.9 percent) despite marginal drop in revenue y-o-y. However, the increase in PBT of AFF was bogged down by significant drop in OFF division due to aforesaid reason, posting a decrease in PBT of RM7.0 million (115.3 percent) from RM6.0 million to loss of RM0.9 million. As for DBS segment, it posted a decrease in PBT of RM0.7 million (4.3 percent) from RM15.8 million to RM15.1 million y-o-y. The increase in PBT was largely contributed from CSC and Trucking divisions. CSC division contributed an increase in PBT of RM4.4 million (326.6 percent), from RM1.3 million to RM5.7 million. Despite Trucking division registering a drop in revenue, continuous cost-down measures improved PBT by RM2.3 million (146.2 percent). CL division on the other hand reported a decrease in PBT of RM7.4 million (46.1 percent) despite higher sales. This is mainly due to PBT of warehouse and in-plant businesses which fell by RM7.8 million (108.8 percent) and RM1.5 million (52.5 percent) respectively, mainly resulting from incurrence of pre-operating and startup expenses for newly secured convenience retail business. Elsewhere in CL business, custom clearance reported an increase in PBT of RM3.0 million (123.1 percent) on the back of revenue surge whereas PBT of haulage business dropped by RM1.1 million (31.9 percent) which was mainly attributable to increased fleet maintenance expenses.

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 RM5.9 million on loan and stamp duty of RM0.6 million on loan facility of funding for CSC business and the recent acquisition of land and warehouses at Pulau Indah ("Westports Logistics Centre" or "WPLC").

**B2. Comparison with Previous Year Corresponding Quarter's Results : July 2018 to September 2018 vs July 2017 to September 2017**

| | 3 months ended | | | |
|---|---|---|---|---|
| | 30.09.2018 | 30.09.2017 | Changes | |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 191,098 | 192,089 | (991) | -0.5% |
| Profit from operations | 9,625 | 14,696 | (5,071) | -34.5% |
| Profit before Interest and tax | 9,531 | 14,632 | (5,101) | -34.9% |
| Profit before taxation | 3,647 | 11,905 | (8,258) | -69.4% |
| Profit after taxation | 2,789 | 9,197 | (6,408) | -69.7% |
| Profit Attributable to Ordinary Equity Holders of the Parent | 2,714 | 9,142 | (6,428) | -70.3% |

The Group's revenue of the second quarter ended 30 September 2018 ("Q2FY2019") was registered at RM191.1 million, as against revenue of RM192.1 million of the preceding quarter ended 30 September 2017. This represents a decrease of RM0.9 million (0.5 percent) quarter-on-quarter ("q-o-q"). IBS segment posted a decrease of RM15.3 million (20.4 percent), from RM74.9 million to RM59.6 million while DBS segment recorded better sales result by RM14.3 million (12.2 percent), from RM117.2 million to RM131.5 million q-o-q.

Within the IBS segment, AFF division posted RM1.0 million (2.2 percent) down in revenue from RM42.9 million to RM41.9 million. Business discontinuation with a major E&E customer, low shipments from aerospace and solar panel customers affected revenue of AFF to fall significantly but it was partially offset by increased revenue from strong support of electronic capacitor and chemical customers. Direct shipment booking with carrier by existing customer caused revenue of OFF fell significantly from RM32.0 million to RM17.7 million, a drop of RM14.3 million (44.7 percent).

Within the DBS segment, revenue of CL division rose by RM8.8 million (11.6 percent), from RM76.1 million to RM84.9 million. Revenue of Trucking division was down from RM22.7 million to RM21.4 million, a drop of RM1.4 million (6.0 per cent). CSC's revenue rose from RM18.3 million to RM25.2 million, an increase of RM6.8 million (37.7 percent) q-o-q, largely contributed from a newly acquired business under CSC effective from June 2018. Revenue increase in CL was largely contributed from custom clearance business as a result of increase revenue from a solar panel, music instrument manufacturer and project cargo business. Revenue of custom clearance business rose from RM24.3 million to RM32.8 million, an increase of RM8.5 million (34.9 percent). Revenue of in-plant business rose by RM0.9 million (16.4 percent) from RM5.4 million to RM6.3 million resulting from increased production volume of E&E and plastic resin manufacturers. However, warehouse business posted a decrease of revenue by RM1.5 million (4.3 percent), from RM35.6 million to RM34.1 million. Decline in warehousing volume of E&E and semiconductor customers impacted lower revenue to warehouse business despite revenue contribution from a newly secured convenience retail customer. Meanwhile, ceased business of cross border delivery from Thailand for an E&E customer coupled with delivery reduction in domestic distribution of F&B resulted in Trucking business recorded a decrease from RM22.7 million to RM21.4 million, a drop by RM1.4 million (6.0 percent).

PBT for Q2FY2019 decreased from RM11.9 million to RM3.6 million q-o-q, a decrease of RM8.2 million (69.4 percent). PAT for Q2FY2019 fell by RM6.4 million (69.7 percent) from RM9.2 million to RM2.8 million. IBS segment recorded a decrease in PBT by RM3.0 million (66.1 percent) from RM4.6 million to RM1.6 million while DBS segment recorded a decrease of RM3.4 million (35.2 percent) from RM9.6 million to RM6.2 million.

Within IBS segment, discontinuation of non-profit making export business with an E&E customer largely uplifted PBT of AFF division from RM1.0 million to RM1.8 million, an increase of RM0.8 million (76.0 percent) despite revenue drop q-o-q. Significant revenue and volume drop, especially from a solar panel customer, caused the PBT of OFF business to drop by RM3.8 million (106.9 percent) from RM3.6 million to a loss of RM0.2 million.

Within the DBS segment, CSC division contributed PBT of RM2.6 million, an increase of RM1.3 million (96.8 percent) q-o-q. PBT of Trucking division improved by RM0.9 million (100.5 percent) from loss RM0.9 million to profit RM0.01million whereas PBT of CL division dropped from RM9.2 million to RM3.6 million, a drop of RM5.6 million (61.1 percent). Significant drop in PBT of CL business was mainly caused by lower PBT recorded in warehouse & in-plant business. PBT of warehouse and in-plant business declined by RM1.04 million (42.1 percent) and RM0.8 million (47.5 percent) respectively. Low warehouse occupancy in Southern Region coupled with high operating expenses incurred for newly secured convenience retail business and reduced revenue from a Regional Distribution Centre in KLIA caused PBT of warehouse business to drop significantly. Haulage business also showed a decrease of RM1.0 million (42.1 percent), mainly attributable to increase fleet maintenance expenses. On the other hand, increase in revenue and project cargo in custom clearance business boosted PBT of custom clearance business to rise by RM0.8 million (53.5 percent).

The reduction of PBT from IBS & DBS segments of the group were further offset by RM1.8 million decline in PBT from support segment which mainly resulted from increase in finance cost of funding for new acquired CSC business and WPLC.

**B3. Comparison with Preceding Quarter's Results: July 2018 to September 2018 vs Apr 2018 to June 2018**

| | 3 months ended | | Changes | |
|---|---|---|---|---|
| | 30.09.2018 | 30.06.2018 | | |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 191,098 | 181,635 | 9,463 | 5.2% |
| Profit from operations | 9,625 | 10,259 | (634) | -6.2% |
| Profit before Interest and tax | 9,531 | 10,195 | (664) | -6.5% |
| Profit before taxation | 3,647 | 6,768 | (3,121) | -46.1% |
| Profit after taxation | 2,789 | 5,168 | (2,379) | -46.0% |
| Profit Attributable to Ordinary Equity Holders of the Parent | 2,714 | 5,071 | (2,357) | -46.5% |

The Group's revenue of the second quarter ended 30 September 2019 ("Q2FY2019") was registered at RM191.1 million, as against revenue of RM181.6 million of the preceding quarter ended 30 June 2018. This represents an increase of RM9.5 million (5.2 percent). IBS segment posted a slight decrease of RM0.5 million (0.9 percent), from RM60.2 million to RM59.7 million while DBS segment recorded better sales result by RM10.0 million (8.2 percent), from RM121.5 million to RM131.5 million as against preceding quarter.

Within the IBS segment, AFF division posted lower revenue from RM43.0 million to RM41.9 million, a decrease of RM1.1 million (2.5 percent). Decrease in export shipments to UK & Spain as well as electronic parts and aerospace customers in the second quarter resulted in AFF recording lower revenue in Q2FY2019. On the other hand, revenue of OFF increase from RM17.1 million to RM17.7 million, an increase of RM0.6 million (3.3 percent), main contribution from increased shipment booking from a solar panel manufacturer.

Within the DBS segment, CL division posted an increase of RM5.1 million (6.3 percent), from RM79.8 million to RM84.9 million. Revenue of Trucking division rose from RM20.5 million to RM21.4 million, an increase of RM0.9 million (4.4 percent) while CSC also contributed an increase of RM4.0 million (19.0 percent), from RM21.1 million to RM25.1 million. Revenue increase in CL was largely contributed from warehouse and haulage as a result of newly secured convenience retail customer & increased container delivery volume contributed from E&E and musical instrument manufacturers customer in Central region. Revenue of warehouse rose from RM31.1 million to RM34.1 million, an increase of RM3.0 million (9.5 percent). Revenue of haulage business rose by RM1.7 million. Increase export shipments of music instrument manufacturers largely lifted revenue of custom clearance business but the increase was partially offset by revenue reduction of a solar panel manufacturer as well as reduced project cargo. Increased revenue from CSC division was largely contributed from a newly acquired business in June 2018 as against preceding quarter. Revenue increase in Trucking division was largely contributed from a convenience retail & E&E customers.

PBT for Q2FY2019 dropped from RM6.8 million to RM3.6 million as against preceding quarter, a decrease of RM3.1 million (46.1 percent). PAT for Q2FY2019 fell by RM2.4 million (46.6 percent) from RM5.2 million to RM2.8 million. IBS segment recorded a decrease of RM0.1 million (6.1 percent) from RM1.7 million to RM1.6 million. DBS segment recorded a decrease of RM2.7 million (30.0 percent) from RM8.9 million to RM6.2 million. PBT from operating segments of IBS and DBS were further impacted by increase in expenses of RM0.3 million from Support segment, largely attributable to increased finance costs of funding for newly acquired business under CSC division.

Within IBS segment, AFF experienced drop in PBT of RM0.5 million (22.6 percent) against preceding quarter underpinned by its lower sales revenue coupled with thin profit margin resulting from higher market buying costs against customer bid price. Increase in revenue in Q2FY2019 resulted loss before tax of OFF business improved by RM0.4 million (63.3 percent) from loss RM0.6 million to RM0.2 million.

Within the DBS segment, CL division recorded drop in PBT from RM5.1 million to RM3.6 million, a drop of RM1.5 million (29.7 percent). PBT of Trucking and CSC divisions also dropped by RM0.7 million and RM0.4 million respectively. Drop in PBT of CL business was mainly caused by lower PBT recorded in warehouse and custom clearance business. PBT of warehouse business dropped by RM1.3 million (381.8 percent), mainly attributable to high operating costs incurred in a new warehousing operation of a newly secured convenience retail customer. PBT of customer clearance business declined by RM0.9 million (29.5 percent), largely due to reduction in volume of project cargo and a solar panel manufacturer. Haulage business reported higher PBT by RM0.5 million (48.6 percent) at the back of increased revenue. Increase production lines of a E&E customer in Central region boosted PBT of in-plant business rose by RM0.3 million (49.9 percent).

**B4. Prospects for the Remaining Period to the End of the Financial Year**

In the latest World Economic Outlook report ("WEO") released in October 2018, the International Monetary Fund ("IMF") downgraded its global growth projection for both 2018 and 2019 to 3.7 percent, which is 0.2 percent lower than its projections in April. The downgrade reflects surprises that suppressed activity in early 2018 in some major advanced economies, the negative effects of the trade restrictive measures implemented or approved between April and mid-September, as well as a weaker outlook for some key emerging market and developing economies. In the United States, momentum is still strong as fiscal stimulus continues to increase, but the forecast for 2019 has been revised downwards due to recently announced trade measures, including the tariffs imposed on $200 billion of US imports from China. Growth projections have been marked down for the euro area due to lower domestic demand and exports, and for the United Kingdom due to low business confidence stemming from uncertainties from ongoing Brexit negotiations. Among emerging market and developing economies, the growth prospects of many energy exporters have been lifted by higher oil prices, but growth was revised down for Argentina, Brazil, Iran, and Turkey, among others, reflecting country-specific factors. China and a number of Asian economies are also projected to experience somewhat weaker growth in 2019 in the aftermath of the recently announced trade measures. Downside risks to global growth have risen in the past six months and the potential for upside surprises has receded. The IMF opined that escalating trade tensions and the potential shift away from a multilateral, rules-based trading system are key threats to the global outlook.
(Source: WEO dated October 2018)

### B4. Prospects for the Remaining Period to the End of the Financial Year (continue)

In Malaysia, similar to the global economy, the government in its Economic Outlook 2019 report ("EO 2019") has revised downwards its growth forecast in 2018 and 2019. The EO 2019 forecasted the local economy to grow by 4.8 percent this year and 4.9 percent in 2019, well below the 5.9 percent growth in 2017 when the country saw double-digit export growth. The economic growth is expected to be primarily supported by domestic demand while public expenditure will grow only marginally following the lower capital outlays by public corporations. The EO 2019 noted that while the country's economic performance has remained resilient, risks to growth are tilted to the downside, emanating from heightening uncertainties in the global environment, including rising trade conflict, volatility in global financial markets and oil prices as well as geopolitical tension. Gross exports are estimated to grow by 4.4 percent in 2018, and taper down to 3.9 percent in 2019, much lower that the 18.8 percent export growth in 2017. Import-wise, gross imports are estimated to grow by 4 percent in 2018 compared to 19.7 percent a year earlier. On the assessment of the potential US-China tariff war on Malaysia, the EO 2019 noted that almost 50 percent of Malaysia's exports are incorporated into China's final products, which are then exported to the US. Hence, the concern is about Malaysia's exports that will be indirectly impacted by the US' tariff on China. (Source: EO 2019) Nevertheless, the actual impact of the US-China trade war is still been unraveled, and may be felt only one or two years down the road. According to a recent report from the Economist Intelligence Unit, Malaysia could be one of the beneficiaries from the trade war in the area of manufacturing of technology products, such as intermediate components and manufacturing of consumer goods like mobile phones and laptops. This is because major electronic companies have existing operations in the country which would make redeployment of investment and production relatively smoother.

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 regard, the generally slowing global and local economies are a negative for the Group. In spite of the slowing economy, we have managed to continue to grow our topline in the current financial year ("FY") by a respectable 6.8 percent. This is due to our continued diversification strategy which the Group has undertaken since the past year in order to build a stronger business base for the long term. The said strategy includes the M&A of CSC logistics business, our foray into trading business (via an equity in a joint-venture with Yee Lee Corporation Berhad) and lately, our diversification into convenience retail logistics business. These projects have resulted in short and medium term increase in our operating costs, which has directly impacted our bottom line, but we believe that the long term impact will be beneficial. For example, our M&A of CSC logistics businesses were financed fully by bank borrowings, and this has resulted in higher finance costs for the Group. Nevertheless, this move has proven to result in immediate returns for the Group, by contributing immediately to our performance and making our business base more solid and stable. Similarly, the Group has identified convenience and kiosk retail logistics business as a growth area for our industry, as our country moves higher up the value chain. Our foray into convenience retail logistics is a conscious strategy by the Group to venture into this growth area, and to diversify from our traditional base of factory logistics. In the short term, this move has impacted our bottom line negatively, due to high pre-operating and start-up costs as well as costs associated with learning curve as the skill set required in this new area is substantially different from our traditional industries. While this move has resulted in a lower bottom line for our Group in the short term, we believe we are on the right track to build a stronger business base for the long term, in order to bring our Group to the next growth level. Going forward in FY2019, the downside risks for the Group would continue to 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.

### B5. Profit Forecast

Not applicable as there is no forecast / profit guarantee.

### B6. Tax Expense

| | 3 months ended | | Cumulative 6 months ended | |
|---|---|---|---|---|
| | **30.09.2018** | **30.09.2017** | **30.09.2018** | **30.09.2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Income tax | | | | |
| - Current tax | (1,331) | (3,677) | (4,128) | (6,163) |
| - overprovision in prior years | - | - | - | - |
| Deferred tax | | | | |
| - Current year | 473 | 969 | 1,670 | 1,064 |
| - underprovision in prior years | - | - | - | - |
| | (858) | (2,708) | (2,458) | (5,099) |

The Group's effective tax rate for the cumulative 6 months ended 30 September 2018 was about the statutory rate of 24% for the current quarter under review.

## B7. Corporate Proposals

There were no new proposals made for the quarter under review.

## B8. Borrowing

| | As at 2nd quarter ended 30.09.2018 | | | | | |
|---|---|---|---|---|---|---|
| | 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 | - | 475 | - | 2,038 | - | 2,513 |
| Bank loan (Synthetic Foreign currency and unsecured) - USD * | 1,094 | - | 10,357 | - | 11,451 | - |
| Bank loan (unsecured) | | 262,435 | | 49,533 | - | 311,969 |
| Bank loan (secured) | - | 37,646 | - | 5,415 | - | 43,061 |
| Revolving credit facilities | - | - | - | 15,000 | - | 15,000 |
| Total borrowings | 1,094 | 300,556 | 10,357 | 71,986 | 11,451 | 372,542 |

| | As at 2nd quarter ended 30.09.2017 | | | | | |
|---|---|---|---|---|---|---|
| | 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 | - | 2,055 | - | 1,631 | - | 3,686 |
| Bank loan (Synthetic Foreign currency and unsecured) - USD ** | 199,638 | - | 19,006 | - | 218,644 | - |
| Bank loan (secured) | - | 40,408 | - | 5,878 | - | 46,286 |
| Revolving credit facilities | - | - | - | 10,000 | - | 10,000 |
| Total borrowings | 199,638 | 42,463 | 19,006 | 17,509 | 218,644 | 59,972 |

* USD denomination at average exchange rate of USD$1:RM4.14
** USD denomination at average exchange rate of of USD$1:RM4.28

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.

## B9. Litigation

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

## B10. Dividend Proposed

No interim dividend was proposed or declared in the current quarter under review.

### B11. Earnings Per Share

| | 3 months ended | | Cumulative 6 months ended | |
|---|---|---|---|---|
| | **30.09.2018** | **30.09.2017** | **30.09.2018** | **30.09.2017** |
| PAT after non-controlling interest (RM'000) | 2,714 | 9,142 | 7,785 | 16,186 |
| Weighted average number of ordinary shares in issue ('000) | 200,000 | 200,000 | 200,000 | 200,000 |
| Earnings per share (sen) | 1.36 | 4.57 | 3.89 | 8.09 |
| | ======== | ========= | ======== | ======== |

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

### B12. Derivative Financial Instruments

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

| Derivatives | Contract or Notional amount as at 30.09.2018 RM'000 | Contract or Notional amount as at 30.09.2017 RM'000 | Fair value net gains or (loses) 30.09.2018 RM'000 | Fair value net gains or (loses) 30.09.2017 RM'000 | Purpose |
|---|---|---|---|---|---|
| 1. Cross currency swap Contracts: | | | | | |
| - More than 3 years | 11,451 | 218,644 | 1,981 | 4,860 | 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.

### B13. Comparatives

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

| | Quarter Ended 30.09.2017 | | |
|---|---|---|---|
| | **As previously stated RM'000** | **Reclassify RM'000** | **As restated RM'000** |
| **Statement of Comprehensive Income** | | | |
| Cost of sales | 265,061 | 30,739 | 295,800 |
| General and administrative expenses | 60,575 | (30,739) | 29,836 |
| | ========= | ======== | ======== |

**B14. Profit for the period**

| | 3 months ended | | Cumulative 6 months ended | |
|---|---|---|---|---|
| | **30.09.2018** | **30.09.2017** | **30.09.2018** | **30.09.2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Profit for the period is arrived at after crediting:** | | | | |
| Interest income | 484 | 393 | 717 | 618 |
| Other income | 430 | 377 | 1,721 | 821 |
| Gain on disposal of land and building | 508 | - | 508 | - |
| Foreign exchange gain | - | - | - | - |
| Unrealised foreign exchange gain | - | - | - | - |
| **and after charging:** | | | | |
| Interest expenses | 5,884 | 2,727 | 9,311 | 3,387 |
| Depreciation | 8,157 | 6,586 | 14,835 | 11,063 |
| Provision for/write off receivables | - | 50 | - | 50 |
| Provision for/write off inventories | - | - | - | - |
| Foreign exchange loss | 326 | 95 | 413 | 12 |
| 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, impairment of assets, gain or loss on derivaties or exceptional item for current quarter and financial period ended 30 September 2018 (30 September 2017: Nil).