

TASCO Berhad
(Company No: 197401003124 (20218-T))



Condensed Consolidated Financial Statements
For The Quarter And Year-To-Date Ended
30 June 2022

Condensed Consolidated Statement of Comprehensive Income
For The Quarter And Year-To-Date Ended 30-June-2022

	Quarter and Year-to-Date Ended	
	30.06.2022	30.06.2021
	RM'000 Unaudited	RM'000 Unaudited
Revenue	453,558	290,050
Cost of sales	(401,559)	(249,408)
Gross profit	51,999	40,642
Other income	3,573	1,408
Administrative and general expenses	(17,958)	(15,926)
Other Expenses	(1,664)	(1,714)
Profit from operations	35,950	24,410
Finance costs	(3,215)	(3,318)
Share of results of associated company and joint venture	182	282
Profit before taxation	32,917	21,374
Tax expense	(8,018)	(5,199)
Profit for the period	24,899	16,175
Profit Attributable to:		
Owners of the Company	24,433	15,766
Non-Controlling Interest	466	409
	24,899	16,175
Earnings per share (sen) - basic	3.05	1.97

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.



**Condensed Consolidated Statement of Comprehensive Income
 For The Quarter And Year-To-Date Ended 30-June-2022**

Profit for the period

Other Comprehensive Income:

Exchange differences on translation foreign operation

Fair Value adjustment on cash flow hedge

Other comprehensive income/(Loss) for the period, net of tax

Total Comprehensive Income

Total Comprehensive Income attributable to:

Owners of the Company

Non-Controlling Interest

Cumulative Ended	
30.06.2022	30.06.2021
RM'000 Unaudited	RM'000 Unaudited
24,899	16,175
=====	=====
-	-
-	-
-----	-----
-	-
-----	-----
24,899	16,175
=====	=====
24,433	15,766
466	409
-----	-----
24,899	16,175
=====	=====

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Financial Position as at 30-June-2022

	As at 30.06.2022 RM'000 Unaudited	As at 31.03.2022 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	527,830	518,089
Right-of-use assets	22,393	26,511
Goodwill	81,864	81,864
Investment in associated company	3,659	3,562
Investment in joint ventures	14,193	14,107
Other assets	962	962
Deferred Tax assets	-	324
Total non-current assets	650,901	645,419
Current assets		
Trade receivables	352,668	338,780
Contract Asset	199,602	211,879
Other receivables, deposits and prepayments	22,731	25,391
Amount owing by immediate holding company	15,242	12,842
Amounts owing by related companies	47,915	50,673
Amounts owing by associated company	51	50
Amount owing by a joint venture company	-	16
Current tax asset	542	554
Cash and bank balances	221,684	87,462
Total current assets	860,435	727,647
TOTAL ASSETS	1,511,336	1,373,066

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Financial Position as at 30-June-2022

	As at 30.06.2022 RM'000 Unaudited	As at 31.03.2022 RM'000 Audited
EQUITY AND LIABILITIES		
Equity		
Share capital	100,801	100,801
Revaluation reserve	1,401	1,401
Fair value reserve	(65)	(65)
Retained profits	427,146	414,713
Equity attributable to owners of the Company	529,283	516,850
Non-controlling interest	68,559	68,093
Total equity	597,842	584,943
Non-current liabilities		
Amounts owing to corporate shareholder of subsidiary company	4,015	4,201
Hire purchase payables	1,271	1,221
Lease liabilities	7,954	12,178
Bank term loans	183,607	147,004
Deferred tax liabilities	22,742	22,595
Total non-current liabilities	219,589	187,199
Current liabilities		
Trade payables	508,129	421,774
Contract liability	1,579	1,661
Other payables, deposits and accruals	62,388	60,077
Amount owing to immediate holding company	2,606	3,070
Amounts owing to related companies	30,795	21,892
Amounts owing to associated company	1,129	940
Hire purchase payables	995	736
Lease liabilities	16,498	16,375
Bank term loans	65,365	70,708
Amounts owing to corporate shareholder of subsidiary company	372	471
Current tax liabilities	4,049	3,220
Total current liabilities	693,905	600,924
Total liabilities	913,494	788,123
TOTAL EQUITY AND LIABILITIES	1,511,336	1,373,066
Net Assets per share (RM)	0.66	0.65

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Changes in Equity For Year-To-Date Ended 30-June-2022

----- A t t r i b u t a b l e t o O w n e r s o f t h e C o m p a n y -----
 ----- Non-distributable ----- -- Distributable --

	Share capital RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance at 1 April 2021	100,801	1,400	(64)	367,463	469,600	66,972	536,572
Total comprehensive income for the period	-	-	-	15,766	15,766	409	16,175
Dividend paid (Note A8)	-	-	-	(10,000)	(10,000)	-	(10,000)
Balance at 30 Jun 2021	100,801	1,400	(64)	373,229	475,366	67,381	542,747
Balance at 1 April 2022	100,801	1,401	(65)	414,713	516,850	68,093	584,943
Total comprehensive income for the period	-	-	-	24,433	24,433	466	24,899
Dividend paid (Note A8)	-	-	-	(12,000)	(12,000)	-	(12,000)
Balance at 30 Jun 2022	100,801	1,401	(65)	427,146	529,283	68,559	597,842

The condensed consolidated statement of change in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Cash Flows For The Year-To-Date Ended 30-June-2022

	Year-To-Date Ended	
	30.06.2022 RM'000 Unaudited	30.06.2021 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	32,917	21,374
Adjustments for:		
Allowance for doubtful debts	265	12
Depreciation of property, plant and equipment	7,470	7,148
Depreciation of right-of-use assets	4,117	3,716
Loss on disposal of property, plant and equipment	-	282
Fair value gain on short term investments	-	(24)
Property, plant and equipment written off	3	-
Share of profits of associated company and joint ventures net of tax	(182)	(282)
Interest income	(499)	(195)
Interest expense	3,215	3,318
Unrealised (gain) / loss on foreign exchange	(1,834)	129
Operating profit before working capital changes	45,472	35,478
Changes in receivables	1,407	(52)
Changes in payables	97,765	(10,800)
Cash generated from operations	144,644	24,626
Net Tax paid	(5,863)	(3,730)
Net Cash generated from operating activities	138,781	20,896
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(16,675)	(2,025)
Proceeds from disposal of property, plant and equipment	126	67
Investment in joint venture company	-	(10,550)
Purchase of other investment	-	(38)
Interest received	499	195
Net cash used in investing activities	(16,050)	(12,350)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	81,800	-
Repayment of term loan	(50,540)	(7,180)
Payment of hire purchase and finance lease liabilities	(207)	-
Interest paid	(3,215)	(3,424)
Payment of lease liabilities	(4,161)	(3,639)
Repayment of amounts owing to corporate shareholder of a subsidiary company	(186)	(186)
Dividend paid	(12,000)	(10,000)
Net cash generated from / (used in) financing activities	11,491	(24,429)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	134,222	(15,883)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	87,462	110,938
EFFECT OF EXCHANGE RATE CHANGES	-	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	221,684	95,055
Represented by:		
Fixed deposits with a licensed bank	-	1,134
Cash and bank balances	221,684	93,921
	221,684	95,055

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2022 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, recoverable value, realisable value and fair value.

These interim financial statements are audited 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 2022. 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 2022.

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 2022.

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.

MFRSs, Amendments to MFRSs and IC Interpretations**Effective Date**

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
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

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.

A3. Audit Report

The Audit Report of the Group's annual financial statements for the financial year ended 31 March 2022 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.

Explanatory Notes In Compliance With Malaysian Financial Reporting Standards 134 ("MFRS 134") Interim Financial Reporting**A8. Dividends paid**

The following dividends were paid during the current and previous corresponding financial periods ended:

<u>Interim /final dividend</u>	As at 30.06.2022 RM'000	As at 30.06.2021 RM'000
Final dividend in respect of the financial year ended 31 March 2021 - 1.25 sen single-tier dividend per ordinary share paid on 03 June 2021	-	10,000
Final dividend in respect of the financial year ended 31 March 2022 - 1.50 sen single-tier dividend per ordinary share paid on 20 June 2022	12,000	-
	12,000	10,000

A9. Segmental Reporting

	Segmental Revenue		Segmental Result (PBT)	
	3 months ended		3 months ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
International Business Solutions				
Air Freight Forwarding Division	155,253	75,344	11,558	6,235
Ocean Freight Forwarding Division	98,704	44,854	6,001	2,094
Supply Chain Solutions Division	7,242	2,909	983	219
	261,199	123,107	18,542	8,548
Domestic Business Solutions				
Contract Logistics Division	135,827	116,264	10,565	13,099
Cold Supply Chain Division	36,712	32,036	2,311	1,722
Trucking Division	19,820	18,643	378	(400)
	192,359	166,943	13,254	14,420
Others	-	-	1,121	(1,594)
Total	453,558	290,050	32,917	21,374

Included in International Business Solutions segment ("IBS"), new business division, Supply Chain Solution Division ("SCS"), which consist of origin cargo management, lead logistics provider and e-commerce business, is reported. These business was previously reported in Ocean Freight Forwarding Division due to its insignificance.

A10. Valuation of Property, Plant and Equipment

There were no revaluations of property, plant and equipment under current period review. As at 30 June 2022, all property, plant and equipment were stated at cost less accumulated depreciation.

A11. Subsequent Events

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

A12. Changes in Composition of the Group

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

Explanatory Notes In Compliance With Malaysian Financial Reporting Standards 134 ("MFRS 134") Interim Financial Reporting**A13. Contingent Assets and Liabilities**

Except for below items, there were no material contingent assets and liabilities since 30 June 2022 to the date of this report:

	As at 30.06.2022 RM'000	As at 30.06.2021 RM'000
Corporate guarantees in favour of suppliers of its joint venture company, YLTC Sdn Bhd for supplying goods and services on credit	3,000	5,400
Corporate guarantee in favour of a licensed bank of its joint venture company, YLTC Sdn Bhd for trade facilities	7,150	7,150
Corporate guarantee in favour of licensed banks of its subsidiary company, Gold Cold Transport Sdn Bhd for repayment of term loan to finance the land and building	39,189	32,713
Corporate guarantee in favour of supplier of its subsidiary company, Maya Kekal Sdn Bhd for supplying of goods on credit	13,000	-
	62,339	45,263

A14. Capital Commitment

	As at 30.06.2022 RM'000	As at 30.06.2021 RM'000
Authorised and contracted for		
- acquisition of property, plant and equipment	23,332	23,050
- construction of warehouse building	117,855	-
	141,187	23,050

A15. Related Party Disclosures

	3 month ended	
	30.06.2022 RM'000	30.06.2021 RM'000
Transaction with subsidiary companies		
Rental of trucks paid and payable to subsidiary company	38	75
Labour charges paid and payable to subsidiary companies	421	10,533
Labour charges received and receivable from subsidiary companies	69	63
Handling fees paid and payable to a subsidiary company	298	53
Handling fees received and receivable from a subsidiary company	234	122
Related logistic services paid and payable to a subsidiary company	152	643
Related logistic services received and receivable from a subsidiary company	1,387	596
Rental of premises paid and payable to a subsidiary company	1,680	1,268
Rental of premises received and receivable from subsidiary companies	675	426
Rental of trucks received and receivable from subsidiary company	307	365
Loan received and receivable from subsidiary companies	674	-
Interest received and receivable from subsidiary companies	251	267
Transaction with immediate holding company		
Related logistic services received and receivable	37,209	18,164
Related logistic services paid and payable	10,710	10,353
Management services fee paid and payable	3,205	4,424
IT fees paid and payable	90	53
Transaction with related companies		
Related logistic services received and receivable	58,791	36,272
Related logistic services paid and payable	80,712	38,784
IT fees paid and payable	592	591
Transaction with associated company		
Rental of premises paid	188	188
Transaction with joint venture company		
Related logistic services received and receivable	47	175
Transaction with corporate shareholder of subsidiary company		
Repayment to corporate shareholder of subsidiary company	186	186
Interest paid and payable	61	66
Transaction with a company related to significant shareholder and directors		
Rental of premises paid and payable	306	306



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

B1. Performance Review : Year-to-date April 2022-June 2022 vs Year-to-date April 2021-June 2021

	3 months ended			
	30.06.2022	30.06.2021	Changes	
	RM'000	RM'000	RM'000	%
Revenue	453,558	290,050	163,508	56.4%
Profit from operations	35,950	24,410	11,540	47.3%
Profit before Interest and tax	36,132	24,692	11,440	46.3%
Profit before taxation	32,917	21,374	11,543	54.0%
Profit after taxation	24,899	16,175	8,724	53.9%
Profit Attributable to Ordinary Equity Holders of the Parent	24,433	15,766	8,667	55.0%

The Group achieved revenue of RM453.6 million for the financial period ended ("FPE") 30 June 2022 as against RM290.1 million a year earlier, an increase of RM163.5 million (56.4% per cent) year-on-year ("y-o-y"). Both International Business Solutions ("IBS") and Domestic Business Solutions ("DBS") segments recorded y-o-y uplifted revenues. IBS showed a RM138.2 million (112.3 per cent) y-o-y jump in revenue from RM123.0 million to RM261.2 million, while DBS segment remained robust to record a 15.2 per cent (RM25.4 million) y-o-y increase in revenue from RM167.0 million to RM192.4 million.

In the IBS segment, Air Freight Forwarding ("AFF") division posted an increase of RM79.9 million (106.1 per cent). Business support from aerospace, automotive parts, business equipment, marker pen manufacturing and E&E customers bolstered revenue of AFF to rise from RM75.3 million to RM155.2 million y-o-y. Meanwhile, revenue of Ocean Freight Forwarding ("OFF") division showed an increase of RM53.9 million (120.1 per cent), from RM44.9 million to RM98.7 million y-o-y. The increase in OFF revenue was largely contributed by solar panels, aerospace, aluminium and glass fibre/electronic glass materials manufacturing customers. A new business division Supply Chain Solutions Division ("SCS") division, consisting origin order management, lead logistic provider and e-commerce businesses, which was previously included in OFF division, is now separately disclosed as SCS division and is reported under IBS segment. Revenue of SCS rose by RM4.3 million (148.9 per cent), from RM2.9 million to RM7.2 million y-o-y on the back of retail logistics and e-commerce businesses.

In the DBS segment, Contract Logistics ("CL") division performed y-o-y increase of RM19.5 million (16.8 per cent), from RM116.3 million to RM135.8 million. Revenue increase in CL was largely contributed from custom clearance and warehouse businesses on the back of increase export shipments and additional storage of solar panel customer and warehouse handling for a semiconductor customer. Custom clearance revenue rose by RM11.9 million (21.0 per cent), from RM56.5 million to RM68.3 million. Revenue of warehouse division hiked from RM34.7 million to RM46.2 million, an increase of RM11.5 million (33.1 per cent). In-Plant division showed an increase of RM0.5 million (7.8 per cent), from RM6.4 million to RM6.9 million. Meanwhile, revenue of haulage division was down by RM4.3 million (22.9 per cent), from RM18.7 million to RM14.4 million, resulting from significant containers reduction of export and import shipments of an E&E customer.

The Cold Supply Chain ("CSC") division contributed revenue to DBS segment by posting an increase of RM4.7 million (14.6 per cent), from RM32.0 million to RM36.7 million on the back of increased businesses from ice cream and convenient retail customers. As for Trucking division, revenue was up from RM18.6 million to RM19.8 million, a y-o-y increase of RM1.2 million (6.3 per cent). The increase was contributed from increase in deliveries for food manufacturing customers and cross-border Thailand and Singapore trucking services.

Profit from operations for the period ended 30 June 2022 rose by RM11.5 million (47.3 per cent) y-o-y from RM24.4 million to RM36.0 million. Profit before taxation ("PBT") for the period ended 30 June 2022 increased from RM21.4 million to RM32.9 million, an increase of RM11.5 million (54.0 per cent), and profit after tax ("PAT") for the period went up from RM16.2 million to RM24.9 million, a y-o-y increase of RM8.7 million (53.9 per cent).

With an increase in revenue and better profit margin in IBS segment, PBT of IBS surged by 117.0 per cent (RM10.0 million), from RM8.5 million to RM18.5 million y-o-y. Within IBS, PBT of AFF division hiked up from RM6.2 million to RM11.6 million, an increase of RM5.3 million (85.4 per cent). Meanwhile PBT of OFF division soared with an increase of RM3.9 million (186.9 per cent), from RM2.1 million to RM6.0 million y-o-y. Besides, SCS showed an increase of RM0.8 million (347.9 per cent), from RM0.2 million to RM1.0 million.

PBT of DBS segment experienced drop of RM1.2 million (8.1 per cent) from RM14.4 million to RM13.3 million y-o-y. The PBT drop was mainly due to custom clearance and haulage businesses within CL division. CL division reported drop in profit by RM2.5 million (19.4 per cent), from RM13.1 million to RM10.6 million. PBT of custom clearance business reduced from RM2.0 million to RM0.6 million, a drop of RM1.4 million (69.3 per cent), mainly resulted from profit drop from custom clearance value added activities and project cargo. PBT of haulage business dropped by RM1.9 million (56.9 per cent) y-o-y, from RM3.4 million to RM1.5 million on the back of reduction in delivery of containers vs last year. Increase in labour cost resulted in in-plant business to post lower PBT from RM0.7 million to RM0.3 million, 51.7 per cent down (RM0.4 million). However, warehouse division posted an increase from RM6.9 million to RM8.1 million, an increase of RM1.2 million (17.0 per cent). The drop in CL division was partially cushioned by PBT increase in CSC and Trucking division. PBT of CSC increased by RM0.6 million (34.2 per cent), whereas Trucking division improved its result from bottomline before loss RM0.4 million to profit RM0.4 million, increased by RM0.8 million (194.4 per cent).

Besides PBT improved from the above business segments, PBT from Support segment contributed an increase of RM2.7 million y-o-y to the Company. The increase was largely attributed to increase in realised and unrealised forex gain resulting from strengthened USD.


B2. Comparison with Preceding Quarter's Results: April 2022 to June 2022 vs January 2022 to March 2022

	3 months ended			
	30.06.2022	31.03.2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue	453,558	420,761	32,797	7.8%
Profit from operations	35,950	33,257	2,693	8.1%
Profit before Interest and tax	36,132	33,594	2,538	7.6%
Profit before taxation	32,917	30,375	2,542	8.4%
Profit after taxation	24,899	25,701	(802)	-3.1%
Profit Attributable to Ordinary Equity Holders of the Parent	24,433	24,985	(552)	-2.2%

The Group's revenue of the first quarter ended 30 June 2022 ("1QFY2023") was registered at RM453.6 million, as against revenue of RM420.8 million of the preceding quarter ended 31 March 2022 ("4QFY2022"). This represents an increase of RM32.8 million (7.8 per cent). IBS segment posted an increase of RM3.9 million (1.5 per cent), from RM257.3 million to RM261.2 million, whilst revenue of DBS segment rose by RM28.9 million (17.7 per cent), from RM163.4 million to RM192.4 million as against 4QFY2022.

With Shanghai gradually returning to normalcy from lockdown, overall market demand was improving and it pushed revenue of AFF division to rise in 1QFY2023 while OFF saw reduction in revenue due to reduced bookings as vessel space and equipment became tight especially for SEA trade lanes comparing with last preceding quarter. AFF division posted an increase revenue from RM149.8 million to RM155.3 million, an increase of RM5.4 million (3.6 per cent). The increase was mainly contributed from continuous business support from automotive parts, business equipment and aerospace, switching power supply unit manufacturing customers. On the other hand, reduced sea shipments of business equipment and insulation solutions manufacturing customers affected revenue of OFF to drop from RM101.5 million to RM98.7 million, a decrease of RM2.8 million (2.7 per cent). Meanwhile, SCS division posted an increase revenue from RM6.0 million to RM7.2 million an increase of RM1.2 million (19.8 per cent), largely contributing from retail logistics and e-commerce business.

Within the DBS segment, revenue of CL division rose by RM31.3 million (29.9 per cent), from RM104.6 million to RM135.8 million. CSC showed an increase of RM1.4 million (3.9 per cent), from RM35.3 million to RM36.7 million, largely contributing from ice cream and fast food chain stores businesses while revenue from Trucking division was down from RM23.5 million to RM19.8 million, a decrease of RM3.7 million (15.8 per cent). Revenue drop in Trucking division was largely attributable to reduction from food manufacturing and F&B customers.

Within the CL, custom clearance business contributed an increase of RM25.9 million (60.9 per cent), from RM42.5 million to RM68.3 million while warehouse business contributed an increase of RM9.7 million (26.6 per cent), from RM36.5 million to RM46.2 million against last preceding quarter. The increase in custom clearance was attributable to increase shipments of solar panel and E&E customers. Increase revenue of warehouse business was contributed from E&E, solar panel, musical instrument and semiconductor customers. On the other hand, revenue of haulage and in-plant businesses encountered decrease of RM2.7 million (15.6 per cent) and RM1.6 million (19.2 per cent) respectively due to shipment reduction of food manufacturing customer.

Profit from operations for Q1FY2023 rose by RM2.7 million (8.1 per cent), from RM33.3 million to RM36.0 million as against last preceding quarter. PBT for Q1FY2023 increased from RM30.4 million to RM32.9 million, an increase of RM2.5 million (8.4 per cent). PAT reduced from RM25.7 million to RM24.9 million, RM0.8 million (3.1 per cent) due to reduction in tax credit of investment tax incentive under the ILS in Q1FY2023 as against Q4FY2022.

IBS segment recorded a decrease in PBT of RM3.4 million (15.5 per cent), from RM21.9 million to RM18.5 million. Whereas DBS segment recorded an increase of RM3.8 million (40.0 per cent), from RM9.5 million to RM13.3 million.

Within IBS segment, AFF experienced a drop in PBT of RM5.1 million (30.6 per cent) from RM16.7 million to RM11.6 million despite increase in revenue. The drop in AFF's PBT was mainly attributable to higher profits recorded in last preceding quarter ("4QFY2022") resulting from recovery of freight surcharge cost from customer for US shipments in 4QFY2022. PBT of OFF, however, was increased by RM1.2 million (24.9 per cent) from RM4.8 million to RM6.0 million. SCS also showed an increase of RM0.5 million (107.6 per cent), from RM0.5 million to RM1.0 million.

PBT from DBS segment rose from RM9.4 million to RM13.3 million, an increase of RM3.8 million (40.0 per cent). PBT of CL division increased by RM3.5 million (49.1 per cent). Within CL, custom clearance business turned a loss to profit from loss RM0.8 million to profit RM0.6 million, an increase of RM1.4 million (182.0 per cent). Warehouse business also showed an increase of RM2.9 million (56.1 per cent) from RM5.2 million to RM8.1 million. However, the decreases in PBT from haulage and in-plant businesses partially offset the PBT improvement in custom clearance and warehouse business. PBT of haulage business reduced from RM2.0 million to RM1.5 million, a decrease of RM0.5 million (25.0 per cent). PBT of in-plant business was down from RM0.7 million to RM 0.3 million, a decrease of RM0.3 million (47.2 per cent). CSC posted higher PBT by RM0.4 million (19.5 per cent), from RM1.9 million to RM2.3 million while Trucking division experienced marginal drop of RM0.07 million (14.8 per cent), from RM0.4 million to RM0.4 million comparing last preceding quarter.

In addition, Support segment contributed an increase in PBT of RM2.1 million, largely arisen from non-operating income of realised and unrealised forex gain as against last preceding quarter.



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

The World Bank in its Global Economic Prospects Report on 7 June 2022 said that global growth is expected to slump from 5.7 percent in 2021 to 2.9 percent in 2022 — significantly lower than the 4.1 percent that it estimated in January 2022. The downgrade is largely due to the surge in energy and food prices, along with the supply and trade disruptions triggered by the war in Ukraine and interest rate normalization now underway. Just over two years after COVID-19 caused the deepest global recession since World War II, the world economy is again facing danger in the form of high inflation and slow growth at the same time. The World Bank warned that even if a global recession is averted, the risk of stagflation could persist for several years. Despite the negative shock to global activity in 2022, the World Bank does not see any rebound in 2023 as many headwinds — in particular, high commodity prices and continued monetary tightening — are expected to persist. The economic outlook is subject to various downside risks, including intensifying geopolitical tensions, growing stagflationary headwinds, rising financial instability, continuing supply strains, and worsening food insecurity. (Source: World Bank's Global Economic Prospects Report dated 7 June 2022)

On the local front, Bank Negara Malaysia ("BNM") has, in its Monetary Policy Statement dated 6 July 2022 said that for the Malaysian economy, economic activity continued to strengthen in recent months. Exports and retail spending indicators affirm the positive growth momentum, supported by the transition to endemicity. In the labour market, the unemployment rate declined further, with higher labour participation and improving income prospects. Looking ahead, while external demand is expected to moderate, weighed by headwinds to global growth, economic growth will be supported by firm domestic demand. Additionally, the reopening of international borders since 1 April 2022 would facilitate the recovery in tourism-related sectors. Investment activity and prospects continue to be supported by the realisation of multi-year projects. However, BNM warned that downside risks to growth continue to stem from a weaker-than-expected global growth, further escalation of geopolitical conflicts, and worsening supply chain disruptions. As for the projected growth rate for the Malaysian economy in 2022, BNM continues to maintain its March 2022 projection of growth rate of between 5.3 percent and 6.3 percent. (Source: BNM's Monetary Policy Statement dated 6 July 2022)

As the health of the logistics industry is closely aligned with the economic activity and international trade, the prospects of the Group are closely tied to the performance of the global as well as Malaysian economy. However the logistics industry in general and our business model in particular has shown resilience against the challenging economic backdrop caused by the pandemic over the course of the last two year. As a provider of end-to-end total logistics solutions, we have consciously well-diversified our activities and customer base over the last decade to cater to various industries and commercial activities. This diversification has mitigated and spread our risk in facing economic challenges as different industries and businesses are impacted differently during economically challenging times. For the quarter under review, we have made a strong start to our new financial year by continuing to register record revenue and strong profits. This strong performance was reflected in both our IBS as well as DBS, comparing against both previous year same quarter, and against immediate preceding quarter ("PQ"). While our IBS continued to maintain its performance in revenue terms vis-a-vis immediate PQ, profitability was lower due to higher profits recorded in immediate PQ as a result of recovery of freight surcharge cost from customer for US shipments in PQ. Our DBS meanwhile has bounced back to register strong results vis-a-vis immediate PQ in both revenue and profits, resulting in the overall record quarterly performance achieved in the quarter under review. Looking into the prospects of the Group for the rest of the financial year, we are cautiously positive about our performance especially in the current 2nd financial quarter. While we are somewhat a net beneficiary of the economic circumstances caused by the pandemic, our good performance thus far is due to our strong business fundamental, our insightful strategies as well as prudent management practices. Moving forward, the world is on the verge of another economic storm due to inflationary pressures, and governments worldwide are tightening monetary policies which may result in slow growth. This is exacerbated by the war in Ukraine which triggered supply and trade disruptions causing surge in energy and food prices. We expect that there will be impact arising from the ongoing economic climate to our business in the form of inflationary pressure on costs as well as operational supply chain issues. However, we anticipate that we will be able to pass on the higher energy costs to our customers as we already have fuel adjustment mechanism in our customer pricing. As for other general cost increase which affects all industries and businesses, we are also able to pass the cost increase to the customers although there may be a time-lag to effect those increases. Downside risks for our Group would be the aforesaid inflationary pressure on operating costs, labour shortages and the risk of recession or stagflation in global or local economy. 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	
	30.06.2022 RM'000	30.06.2021 RM'000
Income tax		
- Current tax	(7,559)	(5,618)
- overprovision in prior years	-	-
Deferred tax		
- Current year	(376)	419
- Overprovision in prior years	(83)	-
	(8,018)	(5,199)

The Group's effective tax rates for the cumulative 3 months ended 30 June 2022 and 30 June 2021 were about the statutory rate of 24% for the current quarter under review.

**B6. Corporate Proposals**

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

B7. Borrowing

As at 1st quarter ended 30.06.2022					
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	1,271	-	995	-	2,266
Lease liabilities	7,954	-	16,498	-	24,452
Bank loan (unsecured)	149,826	-	59,957	-	209,783
Bank loan (secured)	33,781	-	5,408	-	39,189
Amounts owing to corporate shareholder of subsidiary company	4,015	-	372	-	4,387
Total borrowings	196,847	-	83,230	-	280,077

As at 1st quarter ended 30.06.2021					
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 liabilities	-	-	-	-	-
Lease liabilities	21,061	-	13,161	-	34,222
Bank loan (unsecured)	138,783	-	67,800	-	206,583
Bank loan (secured)	27,305	-	5,408	-	32,713
Amounts owing to corporate shareholder of subsidiary company	4,387	-	372	-	4,759
Total borrowings	191,536	-	86,741	-	278,277

The above secured bank loan are secured by legal charge over the freehold land, buildings and warehouse of a subsidiary company and are guaranteed by the Company.

B8. Litigation

There was no material litigation pending since 30 June 2022 to the date of this report.

B9. Dividend Proposed

On 17 May 2022, the Board of Directors declared a single-tier dividend of 1.5 sen per ordinary share amounting to RM12,000,000 in respect of financial year ended 31 March 2022. The dividend paid on 20 June 2022.

B10. Earnings Per Share

	Quarter and Year-to-Date Ended	
	30.06.2022	30.06.2021
PAT after non-controlling interest (RM'000)	24,433	15,766
Weighted average number of ordinary shares in issue ('000)	800,000	800,000
Earnings per share (sen)	3.05	1.97

The Company does not have any dilutive potential ordinary shares outstanding as at 30 June 2022. Accordingly, no diluted earnings per share is presented.

**B11. Derivative Financial Instruments**

There is no derivative financial instrument for the Group as at 30 June 2022 and 30 June 2021.

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. Profit for the period

	Quarter and Year-to-Date Ended	
	30.06.2022 RM'000	30.06.2021 RM'000
Profit for the period is arrived at after crediting:		
Interest income	499	195
Fair value gain on short term investments	-	-
Other income	235	247
Gain on disposal of property, plant and equipment	-	-
Bad debts recovered	-	-
Gain on derecognised lease	-	-
Realised foreign exchange gain	-	-
Unrealised foreign exchange gain	2,839	966
and after charging:		
Interest expenses	3,215	3,318
Property, plant and equipment written off	3	-
Depreciation of property, plant and equipment	7,470	7,148
Amortisation of right-of-use assets	4,117	3,716
Loss on disposal of property, plant and equipment	-	282
Provision for doubtful debt	265	12
Bad debts written off	-	-
Realised foreign exchange loss	392	325
Unrealised foreign exchange loss	1,005	1,095
Loss of derecognition of subsidiary	-	-
Impairment loss of other investment	-	-

Unless otherwise indicated above, there were no gain or loss on disposal of quoted or unquoted investment or real properties, impairment of assets, gain or loss on derivatives or exceptional item for current quarter and financial period ended 30 June 2022.