



SWIFT HAULAGE BERHAD

200001030627 (533234-V)

INTERIM FINANCIAL REPORT

30 SEPTEMBER 2022

14 NOVEMBER 2022



SWIFT HAULAGE BERHAD (Registration No. 200001030627 (533234-V))

Interim report on unaudited consolidated results for the financial period ended 30 September 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2022 ^(a)

	Quarter ended		Period to date	
	30.9.2022 Unaudited RM'000	30.9.2021 Unaudited RM'000	30.9.2022 Unaudited RM'000	30.9.2021 Unaudited RM'000
Revenue	159,254	133,544	479,672	430,863
Cost of sales and services	(110,599)	(91,210)	(330,160)	(294,130)
Gross profit	48,655	42,334	149,512	136,733
Other income	2,444	3,375	8,501	13,569
Net gain on impairment of financial instruments	(34)	(1,230)	333	(2,807)
Administrative and operating expenses	(28,762)	(23,001)	(89,607)	(80,908)
Finance costs	(6,686)	(6,677)	(19,254)	(19,916)
	15,617	14,801	49,485	46,671
Share of results of associates	(282)	(241)	(655)	(1,343)
Share of results of a joint venture	(16)	156	261	186
Profit before tax	15,319	14,716	49,091	45,514
Tax expense	(3,307)	(2,788)	(9,485)	(10,124)
Profit for the financial period	12,012	11,928	39,606	35,390
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translations	37	315	21	390
Total comprehensive income for the financial period	12,049	12,243	39,627	35,780
Profit attributable to:				
Owners of the Company	11,716	11,358	39,217	33,640
Non-controlling interests	296	570	389	1,750
	12,012	11,928	39,606	35,390
Total comprehensive income attributable to:				
Owners of the Company	11,753	11,673	39,238	34,030
Non-controlling interests	296	570	389	1,750
	12,049	12,243	39,627	35,780
Earnings per share attributable to owners of the Company (Sen)				
Basic	1.32	1.92	4.42	5.68
Diluted	1.32	1.92	4.42	5.68

Notes:

- (a) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note 1 of the notes to this interim financial report and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021.



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Interim report on unaudited consolidated results for the financial period ended 30 September 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 ^(a)

	As at 30.9.2022	As at 31.12.2021
	Unaudited	Audited
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	554,579	471,606
Investment properties	78,001	78,719
Right-of-use assets	379,198	436,764
Other investments	1,044	1,341
Investments in associates	28,661	24,450
Investment in a joint venture	11,215	10,954
Goodwill	68,813	68,813
Intangible assets	736	576
Deferred tax assets	9,996	10,033
	1,132,243	1,103,256
Current assets		
Inventories	13,937	15,808
Trade and other receivables	214,281	248,210
Current tax assets	3,270	8,010
Derivative financial asset	4,365	1,284
Cash and bank balances	23,771	64,731
	259,624	338,043
Non-current assets held for sale	35,796	17,194
TOTAL ASSETS	1,427,663	1,458,493
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	384,714	384,714
Treasury shares	(2,069)	-
Retained earnings	273,240	250,039
Exchange translation reserve	127	106
	656,012	634,859
Non-controlling interests	803	414
TOTAL EQUITY	656,815	635,273
LIABILITIES		
Non-current liabilities		
Borrowings	372,528	396,771
Lease liabilities	59,256	56,589
Deferred tax liabilities	49,976	55,446
	481,760	508,806



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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022
(CONT'D)^(a)**

	As at 30.9.2022	As at 31.12.2021
	Unaudited	Audited
	RM'000	RM'000
LIABILITIES (continued)		
Current liabilities		
Trade and other payables	113,278	102,059
Borrowings	152,832	178,976
Lease liabilities	20,401	32,090
Current tax liabilities	2,577	1,289
	289,088	314,414
TOTAL LIABILITIES	770,848	823,220
TOTAL EQUITY AND LIABILITIES	1,427,663	1,458,493
NET ASSET PER SHARE (Sen)^(b)	73.97	71.39

Notes:

- (a) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position is disclosed in Note 1 of the notes to this interim financial report and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021.
- (b) The net asset per share attributable to owners of the Company is calculated based on net asset divided by the number of shares as of 30 September 2022 of 887,895,625 (31 December 2021: 889,804,502 shares).



SWIFT HAULAGE BERHAD (Registration No. 200001030627 (533234-V))

Interim report on unaudited consolidated results for the financial period ended 30 September 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022 ^(a)

	<i>(-----Non-distributable-----)</i>				<i>Distributable</i>		Total	Non-	Total
	Ordinary	Convertible	Preference	Exchange	Treasury	Retained	attributable	controlling	Total
	Share	redeemable	shares	translation	shares	earnings	owners of	interests	equity
	capital	loan stock	RM'000	reserve	RM'000	RM'000	company	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2022	384,714	-	-	106	-	250,039	634,859	414	635,273
Profit for the financial period	-	-	-	-	-	39,217	39,217	389	39,606
Other comprehensive income, net of tax	-	-	-	21	-	-	21	-	21
Total comprehensive income	-	-	-	21	-	39,217	39,238	389	39,627
Transactions with owners									
Repurchase of treasury shares of the Company	-	-	-	-	(2,069)	-	(2,069)	-	(2,069)
Dividend paid	-	-	-	-	-	(16,016)	(16,016)	-	(16,016)
Total transactions with owners	-	-	-	-	(2,069)	(16,016)	(18,085)	-	(18,085)
Balance as at 30 September 2022	384,714	-	-	127	(2,069)	273,240	656,012	803	656,815

Notes:

(a) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note 1 of the notes to this interim financial report and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2021 ^(a)

	-----Non-distributable-----				Distributable		Total attributable owners of company RM'000	Non- controlling interests RM'000	Total equity RM'000
	Ordinary Share capital RM'000	Convertible redeemable loan stock RM'000	Preference shares RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
Balance as at 1 January 2021	102,785	106,863	18,395	(565)	-	202,920	430,398	(349)	430,049
Profit for the financial period	-	-	-	-	-	33,640	33,640	1,750	35,390
Other comprehensive income, net of tax	-	-	-	390	-	-	390	-	390
Total comprehensive income	-	-	-	390	-	33,640	34,030	1,750	35,780
Transactions with owners									
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	(289)	(289)
Conversion of shares	125,257	(106,863)	(18,394)	-	-	-	-	-	-
Redemption of shares	-	-	(1)	-	-	-	(1)	-	(1)
Total transactions with owners	125,257	(106,863)	(18,395)	-	-	-	(1)	(289)	(290)
Balance as at 30 September 2021	228,042	-	-	(175)	-	236,560	464,427	1,112	465,539

Notes:

(a) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note 1 of the notes to this interim financial report and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021.



SWIFT HAULAGE BERHAD (Registration No. 200001030627 (533234-V))

Interim report on unaudited consolidated results for the financial period ended 30 September 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2022^(a)

	Period to date	
	30.9.2022	30.9.2021
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	49,091	45,514
Adjustments for:		
Bad debts written off:		
- trade receivables	-	81
- other receivables	-	5
Depreciation of:		
- property, plant and equipment	28,176	24,767
- right-of-use assets	16,104	15,375
- investment properties	717	684
Dividend from other investment	(41)	(11)
Fair value gain on derivative	(3,081)	(2,062)
Fair value gain on short term fund	(62)	-
Fair value loss on other investment	345	68
Gain on disposal of property, plant and equipment	(1,395)	(3,127)
Gain on disposal of other investment	(69)	(278)
Gain on disposal of non-current assets held for sale	(680)	(2,436)
Impairment losses on:		
- trade receivables	1,134	4,689
- other receivables	-	63
- inventories	3	-
Income distribution from short term fund	(7)	(18)
Interest expense	19,254	19,916
Interest income	(269)	(226)
Inventories written off	13	-
Net unrealised loss on foreign exchange	2,453	1,283
Property, plant and equipment written off	1	19
Reversal of impairment losses on:		
- trade receivables	(1,467)	(1,619)
- other receivables	-	(326)
Share of results of associates	655	1,343
Share of results of a joint venture	(261)	(186)
Operating profit before changes in working capital	110,614	103,518
<u>Changes in working capital:</u>		
Inventories	1,856	(1,866)
Trade and other receivables	34,421	(41,808)
Trade and other payables	11,219	(20,183)
Net cash generated from operations	158,110	39,661
Net of (tax paid)/tax refunded	(8,890)	(8,474)
Net cash flows from operating activities	149,220	31,187
Cash flows from investing activities		
Purchase of property, plant and equipment	(107,020)	(53,655)
Purchase of right-of-use assets	-	(8,522)
Purchase of other investments	(387)	(2,271)
Withdrawal of deposits with licensed banks and restricted cash	628	2,655



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2022 ^(a) (CONT'D)

	Period to date	
	30.9.2022	30.9.2021
	<u>Unaudited</u> RM'000	<u>Unaudited</u> RM'000
Deposit paid on purchase of property, plant and equipment	-	(25,943)
Withdrawal of short term fund	69	2,027
Acquisition of joint ventures	-	(10,550)
Repurchase of treasury shares of the Company	(2,069)	-
Advances to associate	(4,866)	(1,249)
Proceeds from:		
- disposal of property, plant and equipment	2,445	3,615
- disposal of non-current assets held for sale	18,200	-
- disposal of other investments	449	1,460
Interest received	269	226
Net cash flows used in investing activities	<u>(92,282)</u>	<u>(92,207)</u>
Cash flows from financing activities		
Dividend paid	(16,016)	-
Dividend paid to non-controlling interest of a subsidiary	-	(289)
Net drawdown of trade financing	(38,908)	122,008
Net repayment of term loans	(14,036)	30,769
Net repayment of lease liabilities	(9,021)	(69,851)
Redemption of redeemable preference shares	-	(1)
Interest paid	(19,254)	(19,312)
Net cash flows (used in)/ from financing activities	<u>(97,235)</u>	<u>63,324</u>
Net (decrease)/ increase in cash and cash equivalents	(40,297)	2,304
Effect of exchange rate changes on cash and cash equivalents	21	390
Cash and cash equivalents at the beginning of the financial period	<u>61,302</u>	<u>18,353</u>
Cash and cash equivalents at the end of the financial period	<u>21,026</u>	<u>21,047</u>
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	23,771	25,461
Bank overdrafts	-	(712)
Deposits with licensed banks with maturity of over 3 months	(2,695)	(2,039)
Restricted cash	(50)	(1,663)
Cash and cash equivalents included in the condensed consolidated statement of cash flows	<u>21,026</u>	<u>21,047</u>

Notes:

- (a) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows is disclosed in Note 1 of the notes to this interim financial report and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021.



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Interim report on unaudited consolidated results for the financial period ended 30 September 2022

Notes to the Interim Financial Report

1. Basis of Preparation

The interim financial report of Swift Haulage Berhad (“the Company”) and its subsidiaries (collectively, the “Group”) is unaudited and has been prepared in accordance with the requirements of MFRS 134: *Interim Financial Reporting* and paragraph 9.22 as well as Appendix 9B of the Main Market Listing Requirements of Bursa Securities.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021.

2. Significant Accounting Policies

The significant accounting policies and presentations adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements of the Group for the financial year ended 31 December 2021 except for the newly-issued Malaysian Financial Reporting Standards (“MFRS”) and amendments to the standards to be applied by all Entities Other Than Private Entities for the financial period beginning on or after 1 January 2022:

Amendments to MFRSs	Effective Date
Annual improvements to MFRS Standards 2018 -2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2022

The adoption of the above amendments to MFRSs did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group’s existing accounting policies.

At the date of authorization of these interim financial statements, the following MFRS were issued but not yet effective and have not been applied by the Group:

MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 – Comparative Information (Amendment to MFRS 17 Insurance Contracts)</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture</i>	Deferred

3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2021.



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Notes to the Interim Financial Report (Cont'd)

4. Seasonal or Cyclical Factors

The business operations of the Group during the current quarter under review have not been materially affected by any seasonal or cyclical factors.

5. Material Unusual Items

There were no unusual items or incidence which may or has substantially affect the value of assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review.

6. Material Changes in Estimates

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

7. Debt and Equity Securities

Save as disclosed below, there were no issuance, cancellations, repurchases, resale and repayment of debt or equity securities during the financial period.

During the financial period, the Company repurchased 4,214,400 of its issued ordinary shares from open market at an average price of RM0.50. The total transaction paid for the repurchase including transaction costs was RM2,069,167. Of the total 889,804,502 issued ordinary shares, 4,214,400 shares are held as treasury shares by the Company.

8. Dividend Paid

- a) A first single-tier dividend of 1.8 sen per ordinary shares amounting to RM16.02 million in respect of the financial year ended 31 December 2021 was paid on 24 March 2022.
- b) A first interim single tier dividend of 1.0 sen per ordinary share amounting to RM8.85 million, in respect of the six months financial period ending 30 June 2022 was paid on 21 October 2022.



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Notes to the Interim Financial Report (Cont'd)

9. Segmental Information

The Group is mainly involved in provision of integrated logistics services comprising container haulage, land transportation, warehousing and container depot, and freight forwarding.

Analysis of the Group's revenue and results for the 9 months financial period ended 30 September 2022 is as follows:

	Container haulage RM'000	Land transportation RM'000	Warehousing and container depot RM'000	Freight forwarding RM'000	Others RM'000	Elimination RM'000	Group Results RM'000
<u>Revenue</u>							
External sales	210,086	157,358	60,606	50,557	1,065	-	479,672
Inter-segment sales	56,456	30,747	4,719	-	16,081	(108,003)	-
Total revenue	<u>266,542</u>	<u>188,105</u>	<u>65,325</u>	<u>50,557</u>	<u>17,146</u>	<u>(108,003)</u>	<u>479,672</u>
Interest income	34	18	12	67	138		269
Depreciation of property, plant and equipment	(15,145)	(8,102)	(3,661)	(781)	(487)		(28,176)
Depreciation of right-of-use assets	(4,171)	(2,503)	(8,391)	(371)	(668)		(16,104)
Depreciation of investment properties			(692)		(25)		(717)
Finance costs	(2,785)	(2,307)	(3,887)	(751)	(9,524)		(19,254)
Share of loss of associates					(655)		(655)
Share of profit of a joint venture					261		261
Profit /(loss) before tax	20,189	12,412	7,019	26,205	(16,325)	(409)	49,091



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Notes to the Interim Financial Report (Cont'd)

9. Segmental Information (Cont'd)

The Group is mainly involved in provision of integrated logistics services comprising container haulage, land transportation, warehousing and container depot and freight forwarding.

Analysis of the Group's revenue and results for the 9 months financial period ended 30 September 2021 is as follows:

	Container haulage RM'000	Land transportation RM'000	Warehousing and container depot RM'000	Freight forwarding RM'000	Others RM'000	Elimination RM'000	Group Results RM'000
<u>Revenue</u>							
External sales	203,157	127,989	55,579	43,623	515	-	430,863
Inter-segment sales	34,364	19,622	5,709	-	10,591	(70,286)	-
Total revenue	237,521	147,611	61,288	43,623	11,106	(70,286)	430,863
Interest income	63	16	12	68	67		226
Depreciation of property, plant and equipment	(13,901)	(7,415)	(2,308)	(736)	(407)		(24,767)
Depreciation of right-of-use assets	(4,406)	(2,325)	(7,693)	(348)	(603)		(15,375)
Depreciation of investment properties			(667)		(17)		(684)
Finance costs	(3,543)	(2,317)	(3,161)	(1,576)	(9,319)		(19,916)
Share of loss of associates					(1,343)		(1,343)
Share of profit of joint ventures					186		186
Profit /(loss) before tax	23,344	10,085	7,776	16,582	(12,097)	(176)	45,514



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Notes to the Interim Financial Report (Cont'd)

10. Significant Events Subsequent to the End of the Interim Financial Period

There were no material events subsequent to the end of current quarter that have not been reflected in the interim financial report.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group that have not been reflected in the interim financial report.

12. Contingent liabilities

	As at 30.9.2022 RM'000
Secured Guarantees	
Bank guarantees utilised ^(a)	<u>14,032</u>

Note:

(a) Arrangement between our Group and our customers and suppliers (inclusive of port authorities and Customs).

As part of the contractual obligation with our customers mainly from oil, gas and petrochemical industry and government agencies, we are required to provide performance guarantee to our customers to ensure that we fulfil the contractual obligation.

Bank guarantee is provided to our suppliers to ensure that our Group will fulfil the obligation of paying for services rendered by our suppliers.

13. Capital Commitments

Capital commitments for the purchase of property, plant and equipment not provided for at the end of the reporting period are as follows: -

	As at 30.9.2022 RM'000	As at 31.12.2021 RM'000
Approved but not contracted for	-	4,155
Contracted but not provided for	<u>31,153</u>	<u>41,276</u>
	<u>31,153</u>	<u>45,431</u>



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Notes to the Interim Financial Report (Cont'd)

14. Significant related party transactions

	Quarter ended		Period to date	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	RM'000	RM'000	RM'000	RM'000
With holding company, Persada Bina Sdn. Bhd.				
Management fee paid/payable	-	-	-	175
With related party, Kaypi Technologies Sdn. Bhd.				
Purchase of office equipment	-	-	-	83
Rental of office equipment	1	-	5	7
With related party, Pelikan Asia Sdn. Bhd.				
Purchase of stationery	39	35	195	325
Forwarding income	-	33	5	55
Warehouse income	44	50	136	148
Transport income	3	-	9	-
With related party, SM Security (M) Sdn. Bhd.				
Security services	57	57	172	172
With associate, BLG Swift Logistics Sdn. Bhd.				
Rental income	18	18	54	54
Warehouse income	280	250	838	924
With associate, Swift Mega Carriers Sdn. Bhd.				
Rental income	15	15	45	45
Repair and maintenance	5	14	28	76
Truck management fee	1	-	4	-



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Notes to the Interim Financial Report (Cont'd)

15. Group Performance Review

The Group recorded revenue of RM159.2 million, gross profit of RM48.7 million and profit before tax of RM15.3 million for the current financial quarter ended 30 September 2022 (“**3Q2022**”). The 3Q2022 revenue is primarily contributed by container haulage of RM69.5 million and land transportation of RM51.3 million which represents 75.8% of our Group’s revenue for 3Q2022. Other business segments namely warehousing and container depot and freight forwarding business contributed RM21.2 million and RM16.4 million respectively for 3Q2022.

The Group’s revenue for the financial period-to-date ended 30 September 2022 (“**YTD2022**”) of RM479.7 million, gross profit of RM149.5 million and profit before tax of RM49.1 million is mainly contributed by container haulage of RM210.1 million and land transportation of RM157.4 million which represents 76.6% of our Group’s total revenue. Whilst our warehousing and container depot and freight forwarding business contributed RM60.6 million and RM50.6 million respectively to the total Group’s revenue for YTD2022.

In comparison to the preceding year corresponding period-to-date i.e 30 September 2021 (“**YTD2021**”), the Group’s revenue increased by RM48.81 million from RM430.9 million in YTD2021 to RM479.7 million in YTD2022, the improved revenue was mainly driven by easing of Covid-19 restrictions and recovery of business activities. In line with the higher revenue recorded in YTD2022 as compared to YTD2021, it was translated into higher gross profit by RM12.8 million and profit before tax by RM3.6 million from RM136.7 million and RM45.5 million to RM149.5 million and RM49.1 million respectively.

16. Comparison with Immediate Preceding Quarter's Results

	Current quarter 30.9.2022 ("3Q2022") RM'000	Immediate preceding quarter 30.6.2022 ("2Q2022") RM'000	Variance	
			RM'000	%
Revenue	159,254	160,118	(864)	(0.5)
Profit before tax	15,319	16,680	(1,361)	(8.2)

The Group’s revenue for the current quarter (“**3Q2022**”) recorded at RM159.3 million in comparison to 2Q2022 revenue is slightly lower by RM0.9 million or 0.5% from the immediate preceding quarter 30 June 2022 (“**2Q2022**”). The slight decrease in revenue is mainly contributed by the land transportation and freight forwarding segment. However, this was offset with higher revenue from warehouse and container depot business segments and container haulage segment.

The Group’s recorded profit before tax of RM15.3 million in the 3Q2022 which shown decrease of RM1.4 million or 8.2% from RM16.7 million in 2Q2022. The decrease in profit before tax was due to lower revenue from land transportation and freight forwarding segment. The drop in land transportation is attributed to lack of festive peak season in 2Q2022 from fast moving consumer goods customers whereas for freight forwarding segment the decrease is due to reducing freight rates in the overall freight market.



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Notes to the Interim Financial Report (Cont'd)

17. Prospects for the Group for the financial year ending 31 December 2022

Logistics is crucial factor in Malaysia's trade and economic growth and Its importance as an enabler of the nation's trade-dependent and export-oriented economy. Thus, the growth of the logistics sector in Malaysia will continue to be in correlation with the growth in Malaysia economic activities as well as international trade. These are supported by the increase in port throughput for the 5 major ports of Malaysia for the nine-month period to-date September 2022 against same period last year .

Although International ocean freight and shipping charges have weakened significantly as compared to year 2021, however domestics shipping between East and West Malaysia are more stable with consistent cargo volume and favorable freight rates, supported by higher throughput in 2022. As the domestic markets activities have restored to normal from pandemic, all sectors are increasing their production capacities which are benefiting our business.

Notwithstanding the impact caused by geopolitical circumstances and the pandemic, the Group will continue to focus on expanding its customer base domestically and regionally. The expansion of our warehouse capacity has been completed in third quarter of FY2022 ("3Q2022") which increased our capacity by approximately 46.0%. This will ultimately improve our financial performance as we continue on our growth journey. We will continue to maintain our strategy to focus on servicing our customers with innovative logistics solutions and expand our logistics capacity which includes merger and acquisition when it is beneficial to enhance shareholders' value.

In this regard, barring any unforeseen surprises, we are cautiously confident of our financial performance for this financial year. Despite the foreseeable hurdles, we aim to continue leveraging on all possible opportunities to drive another year of solid and resilient results, whilst making meaningful progress in our ESG agenda to contribute to Malaysia's sustainable progress.

18. Profit Forecast

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement in relation to the financial quarter under review and the financial period to date.



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Notes to the Interim Financial Report (Cont'd)

19. Note to the Profit Before Tax

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

	Quarter ended		Period to date	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	RM'000	RM'000	RM'000	RM'000
Depreciation of:				
- property, plant and equipment	9,928	9,391	28,176	24,767
- right-of-use assets	5,028	3,950	16,104	15,375
- investment properties	238	678	717	684
Bad debts written off:				
- trade receivables	-	-	-	81
- other receivables	-	-	-	5
Fair value loss on other investment	92	76	345	68
Loss on disposal of property, plant and equipment	-	-	-	36
Loss on foreign exchange:				
- realised	(18)	-	212	128
- unrealised	1,138	317	2,453	1,302
Interest expense	6,686	6,677	19,254	19,916
Property, plant and equipment written off	-	-	1	19
Impairment losses on:				
- trade receivables	1,134	230	1,134	4,689
- other receivables	-	-	-	63
- inventories	3	-	3	-
Inventories written off	13	-	13	-
Dividend from other investment	(10)	(11)	(41)	(11)
Gain on foreign exchange :				
- realised	-	(2)	-	(10)
- unrealised	-	-	-	(19)
Gain on disposal of property, plant and equipment	(721)	(116)	(1,395)	(3,163)
Gain on disposal of non-current assets held for sale	-	(2,436)	(680)	(2,436)
Gain on disposal of other investment	-	(98)	(69)	(278)
Fair value gain on short term fund	-	-	(62)	-
Fair value gain on derivative	(1,231)	(634)	(3,081)	(2,062)
Fair value gain on other investment				
Interest income	(84)	(73)	(269)	(226)
Income distribution from short term fund	-	-	(7)	(18)
Reversal of impairment losses on:				
- trade receivables	(1,100)	-	(1,467)	(1,619)
- other receivables	-	-	-	(326)



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Notes to the Interim Financial Report (Cont'd)

20. Taxation

	Quarter ended		Period to date	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	RM'000	RM'000	RM'000	RM'000
Income tax current period	2,206	2,119	7,069	6,554
Deferred taxation	1,101	669	1,458	3,570
Real property gains tax	-	-	958	-
Total income tax expense	<u>3,307</u>	<u>2,788</u>	<u>9,485</u>	<u>10,124</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial period. The effective tax rate of the Group for the current and previous corresponding periods were lower than the statutory tax rate of the respective periods mainly due to the qualifying capital expenditure claimed under the Investment Tax Allowance claimed during the financial period and reversal of deferred tax liability due to disposal of property.

21. Status of Corporate Proposals

There were no corporate proposals announced but not completed in the interval from the date of last report and the date of this announcement.

22. Utilisation of proceeds from the Public Issue

As at the date of this interim report, the utilisation of proceeds from IPO is as follows:

	Proposed utilisation	Actual utilisation	Balance unutilised	Estimated time frame for utilisation upon Listing
	RM'000	RM'000	RM'000	
Capital expenditure:				
- Construction of a new warehouse	28,565	28,565	-	Within 18 months
- Purchase of land	41,560	41,560	-	Within 18 months
- Purchase of prime movers	12,000	12,000	-	Within 18 months
Repayment of bank borrowings	69,732	69,732	-	Within 6 months
Estimated listing expenses	<u>10,000</u>	<u>10,000</u>	-	Within 3 months
	<u>161,857</u>	<u>161,857</u>	-	

The use of proceeds as disclosed above should be read in conjunction with the Company's Prospectus dated 30 November 2021.



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23. Group's Borrowings

The tenure of Group's borrowings, classified as short and long term as well as secured and unsecured, are as follows:

	As at 30.9.2022 RM'000	As at 31.12.2021 RM'000
Current		
Term loan (secured)	33,865	26,820
Unrated Islamic medium term notes (secured)	45,900	40,125
Trade financing (secured)	73,067	94,641
Bank overdrafts (secured)	-	56
Revolving credits (secured)	-	17,334
	<u>152,832</u>	<u>178,976</u>
Non-current		
Term loan (secured)	89,253	79,896
Unrated Islamic medium term notes (secured)	283,275	316,875
	<u>372,528</u>	<u>396,771</u>
Total borrowings		
Term loan (secured)	123,118	106,716
Unrated Islamic medium term notes (secured)	329,175	357,000
Trade financing (secured)	73,067	94,641
Bank overdrafts (secured)	-	56
Revolving credits (secured)	-	17,334
	<u>525,360</u>	<u>575,747</u>

The Group's borrowings in Ringgit Malaysia ("RM") equivalent analysed by currency are as follows:

	As at 30.9.2022 RM'000	As at 31.12.2021 RM'000
Ringgit Malaysia	489,270	536,054
United States Dollar	30,323	33,335
Thai Baht	5,767	6,358
	<u>525,360</u>	<u>575,747</u>



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24. Derivatives

Outstanding derivatives as at the date of the consolidated statement of financial position are as follows:

	Notional/Contract Value		Fair value	
	As at 30 September 2022 RM'000	As at 31 December 2021 RM'000	As at 30 September 2022 RM'000	As at 31 December 2021 RM'000
Cross-currency interest rate swap contract				
- 1 year to 3 years	25,750	31,375	4,365	1,284

During the financial year ended 31 December 2018, the Group entered into cross-currency interest rate swap contract to manage exposure to foreign currency and interest rate risks of a term loan of USD15,000,000. There were no changes in the overall risks and policies relating to the outstanding derivatives as disclosed in the Accountants' Report as disclosed in the Prospectus.

25. Fair value information

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurement are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at the reporting date, the Group held the following financial assets and liabilities that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
As at 30 September 2022				
Financial assets				
Fair value through profit or loss				
- Derivative financial assets	-	4,365	-	4,365
- Club memberships	-	43	-	43
- Equity securities	1,001	-	-	1,001



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Notes to the Interim Financial Report (Cont'd)

25. Fair value information (Cont'd)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
As at 31 December 2021				
Financial assets				
Fair value through profit or loss				
- Derivative financial asset	-	1,284	-	1,284
- Club memberships	-	43	-	43
- Equity securities	1,261	-	37	1,298

No transfers between any levels of the fair value hierarchy took place during the current period and the comparative period. There were also no changes in the purpose of any financial instruments that subsequently caused a change in classification of those instruments.

26. Material litigations

There are no material litigation or arbitration which have a material effect on the financial position of the Group. The Board of Directors is not aware of any pending proceedings or of any fact likely to give rise to any proceedings as at the date of this interim financial report.

27. Dividend

The Board of Directors has declared a first interim single tier dividend of 1.0 sen per ordinary share, in respect of the six months financial period ending 30 June 2022 to the Depositors who are registered in the Record of Depositors of the Company on 7 October 2022.

The above interim dividend was paid on 21 October 2022 as disclosed in Note 8 of this announcement.

28. Earnings Per Share ^(a)

	Quarter ended		Period to date	
	30.9.2022 RM'000	30.9.2021 RM'000	30.9.2022 RM'000	30.9.2021 RM'000
Profit attributable to owners of the Company (RM'000)	11,716	11,358	39,217	33,640
Weighted average number of ordinary shares in issue ('000)	887,896	592,427	887,896	592,427
Basic earnings per ordinary share (Sen)	1.32	1.92	4.42	5.68

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

Notes:

- (a) The basic earnings per share ("EPS") is computed based on the profit attributable to owners of the Company for the period divided by the weighted average number of ordinary shares in issue during the financial period under review.



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By Order of the Board of Directors
Company Secretary
14 November 2022