



SWIFT HAULAGE BERHAD
200001030627 (533234-V)

INTERIM FINANCIAL REPORT

30 JUNE 2023

18 AUGUST 2023



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

Interim report on unaudited consolidated results for the financial period ended 30 June 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER/PERIOD ENDED 30 JUNE 2023 ^(a)

	Quarter ended		Period to date	
	30.6.2023 Unaudited RM'000	30.6.2022 Unaudited RM'000	30.6.2023 Unaudited RM'000	30.6.2022 Unaudited RM'000
Revenue	165,102	160,118	329,854	320,418
Cost of sales and services	<u>(115,119)</u>	<u>(109,683)</u>	<u>(228,797)</u>	<u>(219,561)</u>
Gross profit	49,983	50,435	101,057	100,857
Other income	2,880	4,265	5,998	6,057
Net gain on impairment of financial instruments	(4)	354	157	367
Administrative and operating expenses	<u>(32,678)</u>	<u>(31,706)</u>	<u>(66,448)</u>	<u>(60,845)</u>
Profit from operations	20,181	23,348	40,764	46,436
Finance costs	(8,127)	(6,627)	(15,867)	(12,568)
Share of results of associates	(115)	(220)	(345)	(373)
Share of results of a joint venture	<u>79</u>	<u>179</u>	<u>259</u>	<u>277</u>
Profit before tax	12,018	16,680	24,811	33,772
Tax expense	<u>(1,944)</u>	<u>(3,592)</u>	<u>(4,505)</u>	<u>(6,178)</u>
Profit for the financial period	10,074	13,088	20,306	27,594
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translations	<u>114</u>	<u>20</u>	<u>148</u>	<u>(16)</u>
Total comprehensive income for the financial period	<u>10,188</u>	<u>13,108</u>	<u>20,454</u>	<u>27,578</u>
Profit attributable to:				
Owners of the Company	9,723	13,188	19,854	27,501
Non-controlling interests	<u>351</u>	<u>(100)</u>	<u>452</u>	<u>93</u>
	<u>10,074</u>	<u>13,088</u>	<u>20,306</u>	<u>27,594</u>
Total comprehensive income attributable to:				
Owners of the Company	9,837	13,208	20,002	27,485
Non-controlling interests	<u>351</u>	<u>(100)</u>	<u>452</u>	<u>93</u>
	<u>10,188</u>	<u>13,108</u>	<u>20,454</u>	<u>27,578</u>
Earnings per share attributable to owners of the Company (Cents)				
Basic	1.10	1.48	2.25	3.09
Diluted	<u>1.10</u>	<u>1.48</u>	<u>2.25</u>	<u>3.09</u>

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 2022.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023 ^(a)

	As at 30.6.2023 Unaudited RM'000	As at 31.12.2022 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	613,119	615,360
Investment properties	77,283	77,761
Right-of-use assets	356,521	361,990
Other investments	1,091	1,125
Investments in associates	63,435	30,000
Investment in a joint venture	11,591	11,332
Goodwill	71,608	69,291
Intangible assets	881	827
Deferred tax assets	9,896	7,772
	1,205,425	1,175,458
Current assets		
Inventories	9,084	10,299
Trade and other receivables	254,638	214,040
Current tax assets	7,292	8,083
Derivative financial asset	-	2,915
Short term fund	61,157	50,202
Cash and bank balances	39,886	51,188
	372,057	336,727
Non-current assets held for sale	-	43,716
TOTAL ASSETS	1,577,482	1,555,901
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	384,714	384,714
Treasury shares	(4,318)	(3,242)
Retained earnings	284,701	273,660
Exchange translation reserve	236	88
	665,333	655,220
Non-controlling interests	1,592	1,140
TOTAL EQUITY	666,925	656,360
LIABILITIES		
Non-current liabilities		
Borrowings	442,193	445,350
Lease liabilities	49,857	56,345
Deferred tax liabilities	51,075	54,406
	543,125	556,101



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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023
(CONT'D)^(a)**

	<u>As at 30.6.2023</u> <u>Unaudited</u> <u>RM'000</u>	<u>As at 31.12.2022</u> <u>Audited</u> <u>RM'000</u>
LIABILITIES (continued)		
Current liabilities		
Trade and other payables	104,086	116,367
Borrowings	248,715	202,192
Lease liabilities	8,931	21,140
Current tax liabilities	5,700	3,741
	367,432	343,440
TOTAL LIABILITIES	<u>910,557</u>	<u>899,541</u>
TOTAL EQUITY AND LIABILITIES	<u>1,577,482</u>	<u>1,555,901</u>
NET ASSET PER SHARE (Cents)^(b)	<u>75.67</u>	<u>74.01</u>

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 2022.
- (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 June 2023 of 881,359,735 (31 December 2022: 886,874,214 shares).



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023 ^(a)

	<i>(-----Non-distributable-----)</i>			<i>Distributable</i>			
	Ordinary Share capital RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable owners of company RM'000	Non- controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2023	384,714	88	(3,242)	273,660	655,220	1,140	656,360
Profit for the financial period	-	-	-	19,854	19,854	452	20,306
Other comprehensive income, net of tax	-	148	-	-	148	-	148
Total comprehensive income	-	148	-	19,854	20,002	452	20,454
Transactions with owners							
Repurchase of treasury shares of the Company	-	-	(1,076)	-	(1,076)	-	(1,076)
Dividend paid	-	-	-	(8,813)	(8,813)	-	(8,813)
Total transactions with owners	-	-	(1,076)	(8,813)	(9,889)	-	(9,889)
Balance as at 30 June 2023	<u>384,714</u>	<u>236</u>	<u>(4,318)</u>	<u>284,701</u>	<u>665,333</u>	<u>1,592</u>	<u>666,925</u>

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 2022.



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

	<i>(-----Non-distributable-----)</i>			<i>Distributable</i>		Non-controlling interests	Total equity
	Ordinary Share capital	Exchange translation reserve	Treasury shares	Retained earnings	Total attributable owners of company		
	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	-	-	-	27,501	27,501	93	27,594
Other comprehensive income, net of tax	-	(16)	-	-	(16)	-	(16)
Total comprehensive income	-	(16)	-	27,501	27,485	93	27,578
Transactions with owners							
Repurchase of treasury shares of the Company	-	-	(520)	-	(520)	-	(520)
Dividend paid	-	-	-	(16,016)	(16,016)	-	(16,016)
Total transactions with owners	-	-	(520)	(16,016)	(16,536)	-	(16,536)
Balance as at 30 June 2022	384,714	90	(520)	261,524	645,808	507	646,315

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 2022.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2023^(a)

	Period to date	
	30.6.2023	30.6.2022
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	24,811	33,772
Adjustments for:		
Depreciation of:		
- property, plant and equipment	23,957	18,248
- right-of-use assets	9,869	11,076
- investment properties	479	479
Amortisation of intangible assets	64	-
Dividend from other investment	(21)	(31)
Fair value (gain)/loss on:		
- derivative	-	(1,850)
- short term fund	(853)	(62)
- other investments	55	253
Gain on disposal of property, plant and equipment	(935)	(674)
Gain on disposal of other investments	-	(69)
Gain on disposal of non-current assets held for sale	(1,740)	(680)
Income distribution from short term fund	(101)	(7)
Interest expense	15,867	12,568
Interest income	(403)	(185)
Inventories written off	8	-
Net reversal of impairment loss on trade receivables	(157)	(367)
Net unrealised (gain)/loss on foreign exchange	(42)	1,315
Property, plant and equipment written off	-	1
Share of results of associates	345	373
Share of results of a joint venture	(259)	(277)
Operating profit before changes in working capital	70,944	73,883
<u>Changes in working capital:</u>		
Inventories	1,207	3,692
Trade and other receivables	(22,393)	5,920
Trade and other payables	(21,208)	3,826
Net cash generated from operations	28,550	87,321
Net of tax paid	(5,756)	(4,875)
Net cash flows from operating activities	22,794	82,446



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2023 ^(a) (CONT'D)

	Period to date	
	30.6.2023	30.6.2022
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from investing activities		
Acquisition of subsidiaries	(2,919)	-
Purchase of property, plant and equipment and right-of-use assets	(18,762)	(82,762)
Deposit on purchase of property, plant and equipment	(11,495)	-
Purchase of other investments	-	(367)
Purchase of intangible assets	(119)	-
Placement of deposits with licensed banks and restricted cash	(904)	(309)
Placement of short-term fund	(10,000)	(4,003)
Repurchase of treasury shares of the Company	(1,076)	(520)
Investment and advances to associates	(34,874)	(2,846)
Proceeds from:		
- disposal of property, plant and equipment	749	1,246
- disposal of non-current assets held for sale	45,456	18,200
- disposal of other investments	-	449
Interest received	403	185
Net cash flows used in investing activities	<u>(33,541)</u>	<u>(70,727)</u>
Cash flows from financing activities		
Dividend paid	(8,813)	(16,016)
Net drawdown of trade financing	82,762	5,267
Net repayment of term loans	(22,748)	(9,419)
Net repayment of lease liabilities	(23,234)	(3,709)
Interest paid	(15,867)	(12,568)
Net cash flows (used in)/ from financing activities	<u>12,100</u>	<u>(36,445)</u>
Net (decrease)/ increase in cash and cash equivalents	1,353	(24,726)
Effect of exchange rate changes on cash and cash equivalents	148	(16)
Cash and cash equivalents at the beginning of the financial period	<u>34,627</u>	<u>61,302</u>
Cash and cash equivalents at the end of the financial period	<u>36,128</u>	<u>36,560</u>
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	39,886	40,243
Deposits with licensed banks with maturity of over 3 months	(3,708)	(2,925)
Restricted cash	(50)	(758)
Cash and cash equivalents included in the condensed consolidated statement of cash flows	<u>36,128</u>	<u>36,560</u>

Notes:

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 2022.



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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 2022.

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 2022 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 2023:

Amendments to MFRSs	Effective Date
<i>Amendments to MFRS 17 Insurance Contracts</i>	
<i>Initial Application of MFRS 17 and MFRS 9 – Comparative Information</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
<i>Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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:

<i>Amendments to MFRS 16 Lease Liability in a Sale and Leaseback</i>	1 January 2024
<i>Amendments to MFRS 101 Non-current Liabilities with Covenants</i>	1 January 2024
<i>Amendments to MFRS 10 and MFRS 128 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 2022.



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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

During the financial period, the Company repurchased 2,310,000 of its issued ordinary shares from open market at an average price of RM0.47. The total transaction paid for the repurchase was RM1,086,592. Of the total 889,804,502 issued ordinary shares, 9,020,900 shares are held as treasury shares by the Company.

There were no issuance, cancellations, resale and repayment of debt or equity securities during the financial period.

8. Dividend Paid

A single-tier dividend of 1.0 cent per ordinary shares amounting to RM8.81 million in respect of the financial year ended 31 December 2022 was paid on 6 April 2023.



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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 6 months financial period ended 30 June 2023 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	133,314	119,436	47,240	29,705	159	-	329,854
Inter-segment sales	33,418	24,198	5,143	-	5,901	(68,660)	-
Total revenue	<u>166,732</u>	<u>143,634</u>	<u>52,383</u>	<u>29,705</u>	<u>6,060</u>	<u>(68,660)</u>	<u>329,854</u>
Interest income	22	106	12	49	214	-	403
Depreciation of property, plant and equipment	(11,440)	(8,597)	(3,108)	(472)	(340)	-	(23,957)
Depreciation of right-of-use assets	(1,539)	(2,474)	(5,178)	(280)	(398)	-	(9,869)
Depreciation of investment properties	-	-	(462)	-	(17)	-	(479)
Amortisation of intangible assets	(12)	(52)	-	-	-	-	(64)
Finance costs	(1,928)	(2,688)	(3,818)	(660)	(6,773)	-	(15,867)
Share of loss of associates	-	-	-	-	(345)	-	(345)
Share of profit of a joint venture	-	-	-	-	259	-	259
Profit /(loss) before tax	10,764	9,202	5,572	12,334	(12,863)	(198)	24,811



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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 6 months financial period ended 30 June 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
Revenue							
External sales	140,584	106,095	39,425	34,202	112	-	320,418
Inter-segment sales	29,348	19,462	3,214	-	10,181	(62,205)	-
Total revenue	<u>169,932</u>	<u>125,557</u>	<u>42,639</u>	<u>34,202</u>	<u>10,293</u>	<u>(62,205)</u>	<u>320,418</u>
Interest income	24	12	8	45	96	-	185
Depreciation of property, plant and equipment	(9,663)	(5,371)	(2,376)	(517)	(321)	-	(18,248)
Depreciation of right-of-use assets	(2,978)	(1,798)	(5,586)	(244)	(470)	-	(11,076)
Depreciation of investment properties	-	-	(462)	-	(17)	-	(479)
Finance costs	(1,860)	(1,481)	(2,440)	(597)	(6,190)	-	(12,568)
Share of loss of associates	-	-	-	-	(373)	-	(373)
Share of profit of a joint venture	-	-	-	-	277	-	277
Profit /(loss) before tax	13,411	8,925	4,451	17,774	(10,564)	(225)	33,772



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Notes to the Interim Financial Report (Cont'd)

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

On 2 August 2023, the Group has acquired another 17.5% stake in Global Vision Logistics Sdn. Bhd. ("GVL") for a total consideration of RM19,163,093. Subsequent to the acquisition of the additional stake, the equity interest in GVL increased from 25% to 42.5%.

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 30.6.2023 RM'000
Secured Guarantees	
Bank guarantees utilised ^(a)	<u>15,873</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 30.6.2023 RM'000	As at 31.12.2022 RM'000
Contracted but not provided for	<u>109,297</u>	<u>17,143</u>



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Notes to the Interim Financial Report (Cont'd)

14. Significant related party transactions

	Quarter ended		Period to date	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
With related party,				
Kaypi Technologies Sdn. Bhd.				
Rental of office equipment	-	4	-	4
With related party,				
Pelikan Asia Sdn. Bhd.				
Purchase of stationery	30	78	100	156
Forwarding income	3	-	3	5
Warehouse income	37	45	73	92
Transport income	1	2	3	6
With related party,				
SM Security (M) Sdn. Bhd.				
Security services	76	58	151	115
With associate,				
BLG Swift Logistics Sdn. Bhd.				
Rental income	-	18	12	36
Warehouse income	-	279	186	558
With associate,				
Swift Mega Carriers Sdn. Bhd.				
Rental income	-	15	10	30
Repair and maintenance	-	11	16	23
Truck management fee	-	2	1	3



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Notes to the Interim Financial Report (Cont'd)

15. Group Performance Review

	Current quarter	Preceding year	Variance	
	30.6.2023	corresponding quarter		
	("2Q2023")	30.6.2022		
	RM'000	("2Q2022")	RM'000	%
Revenue	165,102	160,118	4,984	3.1
Gross profit	49,983	50,435	(452)	(0.9)
Profit before interest and tax	20,145	23,307	(3,162)	(13.6)
Profit before tax	12,018	16,680	(4,662)	(27.9)

The Group recorded revenue of RM165.1 million, gross profit of RM50.0 million, profit before interest and tax of RM20.1 million and profit before tax of RM12.0 million for the current financial quarter ended 30 June 2023 ("2Q2023"). The 2Q2023 revenue is primarily contributed by container haulage of RM65.0 million and land transportation of RM59.7 million which represents 75.5% of our Group's revenue for 2Q2023. Other business segments namely warehousing and container depot and freight forwarding business contributed RM25.1 million and RM15.3 million respectively for 2Q2023.

In comparison to the preceding year corresponding quarter i.e., 30 June 2022 ("2Q2022"), the Group's revenue has increased by RM5.0 million from RM160.1 million in 2Q2022 to RM165.1 million in 2Q2023, mainly contributed by additional revenue generated from increase in fleet capacity for Land Transportation and higher revenue from our warehousing business segment as three new warehouses were completed in FY2022. The Group's gross profit has dropped by RM0.4 million from RM50.4 million in 2Q2022 to RM50.0 million in 2Q2023. This is mainly due to increase in depreciation from increase in fleet and warehouse expansion, being offset with decrease in other direct operating expenses.

The Group recorded a profit before tax of RM12.0 million in 2Q2023 as compared to RM16.7 million in the 2Q2022, which lower by RM4.7 million mainly due to higher finance cost, depreciation and overhead expenses.

16. Comparison with Immediate Preceding Quarter's Results

	Current quarter	Immediate	Variance	
	30.6.2023	preceding quarter		
	("2Q2023")	31.3.2023		
	RM'000	("1Q2023")	RM'000	%
		(Restated)		
Revenue	165,102	164,752*	350	0.2
Gross profit	49,983	51,074	(1,091)	(2.1)
Profit before interest and tax	20,145	20,533	(388)	(1.9)
Profit before tax	12,018	12,793	(775)	(6.1)

The Group's revenue for the current quarter ("2Q2023") recorded at RM165.1 million is RM0.4 million slightly higher than immediate preceding quarter 31 March 2023 ("1Q2023") revenue. Warehousing and depot revenue has increased by RM2.9 million in 2Q2023, followed by increase in freight forwarding revenue by RM0.9 million. Container haulage revenue has decreased by RM3.4 million in 2Q2023.

The Group's recorded profit before tax of RM12.0 million in the 2Q2023 has shown a slight decrease by RM0.8 million or 6.1% from RM12.8 million in 1Q2023. The decrease in profit before tax is mainly due to lower gross profit, higher depreciation and interest costs.

**Restated 1Q2023 revenue due to under elimination of intercompany transaction by RM4.6 million.*



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Notes to the Interim Financial Report (Cont'd)

17. Prospects for the Group for the next financial year

The growth of the logistics sector in Malaysia is correlated with the growth in Malaysian economic activities as well as international trade. Trade during the first half of 2023 experienced a decline, with exports registering a decrease of 4.5% and imports experiencing a drop of 4.7%, according to data sourced from the Department of Statistics Malaysia.

To enhance shareholders' value, we will continue to maintain our strategy to focus on servicing our customers by integrating technology with logistics solutions. Despite the slow down in trade activities, the Group observes an increase in the demand for warehousing services and maintains a positive view of this sector's potential. The Group is resolute in its intentions to expand warehouse capacity in both the Northern and Central regions, following the established plan.

Malaysia's Minister of Economy have launched the first part of the country's National Energy Transition Roadmap ('NETR 1')¹ which identifies six energy transition levers which are energy efficiency, renewable energy, hydrogen, bioenergy, green mobility and carbon capture, utilisation & storage. In tandem with this, the Group has taken initiatives to reduce carbon emissions by investing in environmentally friendly technology, such as the implementation of solar panels and LED lighting in specific warehouses and constructing green certified warehouses. The acquisition of electric prime movers further underscores the dedication to sustainability, intricately integrated into the strategic roadmap that extends until 2030.

Barring any unforeseen circumstances, we are cautiously confident of our financial performance for the next financial year. Despite the foreseeable hurdles, we aim to continue seizing all possible opportunities to achieve another year of 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	
	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
Depreciation of:				
- property, plant and equipment	12,123	9,022	23,957	18,248
- right-of-use assets	4,596	5,606	9,869	11,076
- investment properties	240	240	479	479
Amortisation of intangible assets	64	-	64	-
Fair value loss on other investments	55	205	55	253
Loss on disposal of property, plant and equipment	21	-	25	-
Loss on foreign exchange:				
- realised	118	77	133	230
- unrealised	(11)	1,265	1	1,315
Interest expense	8,127	6,627	15,867	12,568
Property, plant and equipment written off	-	-	-	1
Impairment loss on trade receivables	177	-	177	-
Inventories written off	2	-	8	-
Dividend from other investment	(10)	(17)	(21)	(31)
Gain on unrealised foreign exchange	(11)	-	(43)	-
Gain on disposal of property, plant and equipment	(550)	(286)	(960)	(674)
Gain on disposal of non-current assets held for sale	(1,740)	-	(1,740)	(680)
Gain on disposal of other investments	-	(22)	-	(69)
Fair value gain on derivative	-	(1,537)	-	(1,850)
Fair value gain on short term fund	(414)	(28)	(853)	(62)
Interest income	(89)	(80)	(403)	(185)
Income distribution from short term fund	(76)	-	(101)	(7)
Reversal of impairment loss on trade receivables	(173)	(354)	(334)	(367)



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Notes to the Interim Financial Report (Cont'd)

20. Taxation

	Quarter ended		Period to date	
	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
Income tax current period	1,731	2,402	3,573	4,863
Deferred taxation	(1,008)	232	(289)	(601)
Real property gains tax	1,221	958	1,221	1,916
Total income tax expense	<u>1,944</u>	<u>3,592</u>	<u>4,505</u>	<u>6,178</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 and reversal of deferred tax liability.

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. 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 30.6.2023 RM'000	As at 31.12.2022 RM'000
Current		
Term loan (secured)	27,402	55,694
Unrated Islamic medium term notes (secured)	54,180	48,420
Trade financing (secured)	120,257	62,823
Bank overdrafts (secured)	-	13,707
Revolving credits (secured)	46,876	21,548
	<u>248,715</u>	<u>202,192</u>
Non-current		
Term loan (secured)	94,533	86,070
Unrated Islamic medium term notes (secured)	347,660	359,280
	<u>442,193</u>	<u>445,350</u>



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Notes to the Interim Financial Report (Cont'd)

22. Group's Borrowings (Cont'd)

	As at 30.6.2023 RM'000	As at 31.12.2022 RM'000
Total borrowings		
Term loan (secured)	121,935	141,764
Unrated Islamic medium term notes (secured)	401,840	407,700
Trade financing (secured)	120,257	62,823
Bank overdrafts (secured)	-	13,707
Revolving credits (secured)	46,876	21,548
	<u>690,908</u>	<u>647,542</u>

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

	As at 30.6.2023 RM'000	As at 31.12.2022 RM'000
Ringgit Malaysia	660,953	582,398
United States Dollar	-	33,335
Singapore Dollar	25,705	26,192
Thai Baht	4,250	5,617
	<u>690,908</u>	<u>647,542</u>

23. 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 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Cross-currency interest rate swap contract				
- 1 year to 3 years	-	23,875	-	2,940

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.

The derivatives have been fully settled on April 2023.



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Notes to the Interim Financial Report (Cont'd)

24. 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 June 2023				
Financial assets				
Fair value through profit or loss				
- Derivative financial assets	-	-	-	-
- Short term fund	-	61,157	-	61,157
- Club memberships	-	43	-	43
- Equity securities	1,048	-	-	1,048

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
As at 31 December 2022				
Financial assets				
Fair value through profit or loss				
- Derivative financial asset	-	2,915	-	2,915
- Short term fund	-	50,202	-	50,202
- Club memberships	-	43	-	43
- Equity securities	1,082	-	-	1,082

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.



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Notes to the Interim Financial Report (Cont'd)

25. 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.

26. Dividend

The Board of Directors has declared a first interim single tier dividend of 0.8 cents per ordinary share, in respect of the 6 months financial period ending 30 June 2023. The dividend will be paid on 10 October 2023 to the Depositors who are registered in the Record of Depositors of the Company on 26 September 2023.

27. Earnings Per Share ^(a)

	Quarter ended		Period to date	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company (RM'000)	9,723	13,188	19,854	27,501
Weighted average number of ordinary shares in issue ('000)	881,360	888,705	881,360	888,705
Basic earnings per ordinary share (Cents)	<u>1.10</u>	<u>1.48</u>	<u>2.25</u>	<u>3.09</u>

The Company does not have any dilutive potential ordinary shares outstanding as at 30 June 2023. 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.

By Order of the Board of Directors
Company Secretary
18 August 2023