

Quarterly rpt on consolidated results for the financial period ended 30 Sep 2020

TASCO BERHAD

Financial Year End 31 Mar 2021
 Quarter 2 Qtr
 Quarterly report for the financial period ended 30 Sep 2020
 The figures have not been audited

Attachments

TASCO-Quarterly Report-2QFY2021.pdf
 352.7 kB

Default Currency	Other Currency
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Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION

30 Sep 2020

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR TO DATE	PRECEDING YEAR
	QUARTER	CORRESPONDING QUARTER	DATE	CORRESPONDING PERIOD
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	229,457	190,663	408,022	371,065
2 Profit/(loss) before tax	15,596	5,743	20,825	7,664
3 Profit/(loss) for the period	11,388	4,265	14,794	5,655
4 Profit/(loss) attributable to ordinary equity holders of the parent	10,702	4,105	13,338	5,387
5 Basic earnings/(loss) per share (Subunit)	5.35	2.05	6.67	2.69
6 Proposed/Declared dividend per share (Subunit)	2.00	0.00	2.00	0.00
	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END		
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)		2.2300		2.1800

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name	TASCO BERHAD
Stock Name	TASCO
Date Announced	23 Oct 2020
Category	Financial Results
Reference Number	FRA-22102020-00004

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



Condensed Consolidated Financial Statements
For The Quarter And Year-To-Date Ended
30 September 2020



**Condensed Consolidated Statement of Comprehensive Income
For The Quarter And Year-To-Date Ended 30-September-2020**

	3 months ended		Cumulative 6 months Ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000 Unaudited	RM'000 Unaudited	RM'000 Unaudited	RM'000 Unaudited
Revenue	229,457	190,663	408,022	371,065
Cost of sales	(192,962)	(164,297)	(346,894)	(320,571)
Gross profit	36,495	26,366	61,128	50,494
Other income	1,268	1,786	4,592	3,752
Administrative and general expenses	(18,562)	(17,702)	(37,195)	(36,915)
Profit from operations	19,201	10,450	28,525	17,331
Finance costs	(3,496)	(4,561)	(7,578)	(9,412)
Share of results of associated company and joint venture	(109)	(146)	(122)	(255)
Profit before taxation	15,596	5,743	20,825	7,664
Tax expense	(4,208)	(1,478)	(6,031)	(2,009)
Profit for the period	11,388	4,265	14,794	5,655
Profit Attributable to:				
Owners of the Company	10,702	4,105	13,338	5,387
Non-Controlling Interest	686	160	1,456	268
	11,388	4,265	14,794	5,655
Earnings per share (sen) - basic	5.35	2.05	6.67	2.69

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2020 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-September-2020**

	3 months ended		Cumulative 6 months Ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Profit for the period	11,388	4,265	14,794	5,655
Other Comprehensive Income:				
Exchange differences on translation foreign operation	-	93	644	(55)
Fair Value adjustment on cash flow hedge	-	1	-	8
Other comprehensive income/(Loss) for the period, net of tax	-	94	644	(47)
Total Comprehensive Income	11,388	4,359	15,438	5,608
Total Comprehensive Income attributable to:				
Owners of the Company	10,702	4,199	13,982	5,340
Non-Controlling Interest	686	160	1,456	268
	11,388	4,359	15,438	5,608

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Financial Position as at 30-September-2020

	As at 30.09.2020 RM'000 Unaudited	As at 31.03.2020 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	492,937	503,247
Right-of-use assets	8,693	13,076
Goodwill	81,864	81,864
Investment in associated company	2,923	3,048
Investment in a joint venture	3,292	3,289
Other assets	992	1,008
Total non-current assets	590,701	605,532
Current assets		
Trade receivables	125,844	114,515
Other receivables, deposits and prepayments	44,604	18,657
Amount owing by immediate holding company	7,001	4,102
Amounts owing by related companies	7,755	6,588
Amounts owing by associated company	232	55
Amount owing by a joint venture company	1,478	834
Current tax asset	157	2,015
Short term investments	5,392	5,330
Fixed deposits with licensed banks	21,756	78,628
Cash and bank balances	101,290	113,153
Total current assets	315,509	343,877
TOTAL ASSETS	906,210	949,409

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Financial Position as at 30-September-2020

	As at 30.09.2020 RM'000 Unaudited	As at 31.03.2020 RM'000 Audited
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent:		
Share capital	100,801	100,801
Revaluation reserve	1,400	1,400
Exchange translation reserve	-	(644)
Fair value reserve	(64)	(64)
Retained profits	343,527	334,189
Equity attributable to owners of the Company	445,664	435,682
Non-controlling interest	66,033	64,577
Total equity	511,697	500,259
Non-current liabilities		
Amounts owing to corporate shareholder of subsidiary company	4,759	4,945
Hire purchase payables	-	10
Lease liabilities	2,716	4,274
Bank term loans	230,941	245,170
Deferred tax liabilities	22,843	23,954
Total non-current liabilities	261,259	278,353
Current liabilities		
Trade payables	54,382	46,760
Other payables, deposits and accruals	34,046	28,850
Amount owing to immediate holding company	2,437	1,589
Amounts owing to related companies	5,736	5,340
Hire purchase payables	85	218
Lease liabilities	6,193	9,047
Bank term loans	29,875	78,181
Amounts owing to corporate shareholder of subsidiary company	372	487
Current tax liabilities	128	325
Total current liabilities	133,254	170,797
Total liabilities	394,513	449,150
TOTAL EQUITY AND LIABILITIES	906,210	949,409
Net Assets per share (RM)	2.23	2.18

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity For Year-To-Date Ended 30-September-2020

----- 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	Revaluation reserve	Hedge reserve	Exchange translation reserve	Fair value reserve	Retained earnings	Total	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 April 2019	100,801	1,400	(11)	(42)	(64)	269,173	371,257	1,637	372,894
Total comprehensive income for the period	-	-	8	(55)	-	5,387	5,340	268	5,608
Accretion from issuance of shares by a subsidiary to non-controlling interest	-	-	-	-	-	61,125	61,125	63,875	125,000
Dividend paid	-	-	-	-	-	(5,000)	(5,000)	-	(5,000)
Balance at 30 September 2019	100,801	1,400	(3)	(97)	(64)	330,685	432,722	65,780	498,502
Balance at 1 April 2020	100,801	1,400	-	(644)	(64)	334,189	435,682	64,577	500,259
Total comprehensive income for the period	-	-	-	644	-	13,338	13,982	1,456	15,438
Dividend paid	-	-	-	-	-	(4,000)	(4,000)	-	(4,000)
Balance at 30 September 2020	100,801	1,400	-	-	(64)	343,527	445,664	66,033	511,697

The condensed consolidated statement of change in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Cash Flows For The Year-To-Date Ended 30-September-2020

	Year-To-Date Ended	
	30.09.2020 RM'000 Unaudited	30.09.2019 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	20,825	7,664
Adjustments for:		
Allowance for doubtful debts no longer required	(818)	-
Allowance for doubtful debts	138	99
Depreciation of property, plant and equipment	14,017	16,198
Depreciation of right-of-use assets	4,754	3,783
Gain on disposal of property, plant and equipment	(287)	(18)
Property, plant and equipment written off	-	5
Share of profits of associated and joint venture company, net of tax	(122)	255
Loss of derecognition of subsidiary	825	-
Fair value gain on investment fund	(62)	-
Interest income	(874)	(1,598)
Interest expense	7,578	9,412
Loss of disposal of others investment	11	-
Unrealised (gain) / loss on foreign exchange	2,074	230
Operating profit before working capital changes	48,059	36,030
Changes in receivables	(37,638)	(5,218)
Changes in payables	14,064	(305)
Cash generated from operations	24,485	30,507
Net Tax paid	(5,481)	(4,003)
Net Cash generated from operating activities	19,004	26,504
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,196)	(5,602)
Proceeds from disposal of property, plant and equipment	354	2,169
Proceeds from disposal of subsidiary company shareholding	-	125,000
Placement in short term investments	(5,392)	(5,247)
Proceeds from disposal of other investment	6	-
Net cash outflow of derecognition of subsidiary	(45)	-
Interest received	874	1,598
Net cash (used in) / generated from investing activities	(8,399)	117,918
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from corporate shareholder of a subsidiary company	-	5,503
Repayment of term loan	(62,535)	(14,052)
Repayment of hire purchase	(143)	(792)
Repayment from / (advance to) joint venture company	-	2,000
Repayment of revolving credits	-	(20,000)
Repayment of lease liabilities	(4,783)	-
Repayment of amounts owing to corporate shareholder of a subsidiary company	(301)	-
Interest paid	(7,578)	(9,412)
Dividend paid	(4,000)	(5,000)
Net cash used in financing activities	(79,340)	(41,753)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(68,735)	102,669
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	191,781	77,179
EFFECT OF EXCHANGE RATE CHANGES	-	6
CASH AND CASH EQUIVALENTS CARRIED FORWARD	123,046	179,854
Represented by:		
Fixed deposits with a licensed bank	21,756	46,971
Cash and bank balances	101,290	132,883
	123,046	179,854

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2020 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 unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards 134 ("MFRS 134"), Interim Financial Reporting, International Financial Reporting Standard 134 ("IFRS 134"), Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Company's audited financial statements for the financial year ended 31 March 2020. 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 2020.

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 2020.

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

(b) Standards issued that are not yet effective

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

MFRSs, Amendments to MFRSs and IC Interpretations		Effective Date
Amendment to MFRS 16	Covid-19 - Related Rent Concessions	1 June 2020
Amendments to MFRS1, MFRS 9, MFRS 16 and MFRS 141	Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment- Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	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 2020 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.

Notes to the Interim Financial Report

Explanatory Notes In Compliance With Malaysian Financial Reporting Standards 134 ("MFRS 134") Interim Financial Reporting**A7. Issuances, Cancellation, Repurchases, Resale and Repayments of Debt and Equity Securities**

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

A8. Dividends paid

The Company paid a single-tier dividend of 2.0 sen per ordinary share amounting to RM4,000,000 in respect of financial year ended 31 March 2020 on 27 July 2020.

A9. Segmental Reporting**International Business Solutions**

Air Freight Forwarding Division
Ocean Freight Forwarding Division

Domestic Business Solutions

Contract Logistics Division
Cold Supply Chain Division
Trucking Division

Others

Total

Segmental Revenue		Segmental Result (PBT)	
6 months Ended		6 months Ended	
30.09.2020	30.09.2019	30.09.2020	30.09.2019
RM'000	RM'000	RM'000	RM'000
117,307	73,477	8,524	2,637
46,802	47,572	(72)	655
164,109	121,049	8,452	3,292
151,289	153,700	10,303	13,038
62,132	57,279	5,477	1,801
30,492	39,037	728	(2,734)
243,913	250,016	16,508	12,105
-	-	(4,135)	(7,733)
408,022	371,065	20,825	7,664



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

A10. Valuation of Property, Plant and Equipment

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

A11. Subsequent Events

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

A12. Changes in Composition of the Group

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

A13. Contingent Assets and Liabilities

Except for below items, there were no material contingent assets and liabilities since 30 September 2020 to the date of this report:

	As at 30.09.2020 RM'000	As at 30.09.2019 RM'000
Corporate guarantees in favour of suppliers of its joint venture company, YLTC Sdn Bhd for supplying such goods and services on credit	5,400	4,900
Corporate guarantee in favour of a licensed bank of its joint venture company, YLTC Sdn Bhd for trade facilities	6,800	6,800
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	35,883	40,567
	48,083	52,267
	=====	=====

A14. Capital Commitment

	As at 30.09.2020 RM'000	As at 30.09.2019 RM'000
Authorised and contracted for		
- acquisition of property, plant and equipment	3,393	850
- acquisition of leasehold land and building	25,370	25,370
	28,763	26,220
	=====	=====

Explanatory Notes In Compliance With Malaysian Financial Reporting Standards 134 ("MFRS 134") Interim Financial Reporting**A15. Related Party Disclosures**

	6 months Ended	
	30.09.2020	30.09.2019
	RM'000	RM'000
Transaction with subsidiary companies		
Rental of trucks paid and payable to subsidiary companies	153	202
Labour charges paid and payable to subsidiary companies	15,010	18,096
Labour charges received and receivable from a subsidiary companies	133	442
Handling fees paid and payable to a subsidiary companies	909	4,372
Handling fees received and receivable from a subsidiary companies	959	3,832
Related logistic services paid and payable to subsidiary companies	202	63
Related logistic services received and receivable from a subsidiary company	1,414	1,655
Rental of premises paid and payable to a subsidiary company	1,889	1,889
Rental of trucks received and receivable from subsidiary company	704	996
Interest received and receivable from subsidiary companies	330	330
	=====	=====
Transaction with immediate holding company		
Related logistic services received and receivable	27,100	20,760
Related logistic services paid and payable	15,244	13,888
Management services fee paid and payable	6,518	5,400
	=====	=====
Transaction with related companies		
Related logistic services received and receivable	46,375	31,191
Related logistic services paid and payable	39,755	29,406
IT fees paid and payable	1,182	956
	=====	=====
Transaction with associated company		
Accounting fee received and receivable from an associated company	10	10
	=====	=====
Transaction with joint venture company		
Related logistic services received and receivable	1,659	1,738
	=====	=====
Transaction with corporate shareholder of subsidiary company		
Repayment to corporate shareholder of subsidiary company	301	-
Interest paid and payable	71	104
	=====	=====

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

B1. Performance Review : Year-to-date April 2020-September 2020 vs Year-to-date April 2019-September 2019

	6 months Ended			
	30.09.2020	30.09.2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue	408,022	371,065	36,957	10.0%
Profit from operations	28,525	17,331	11,194	64.6%
Profit before Interest and tax	28,403	17,076	11,327	66.3%
Profit before taxation	20,825	7,664	13,161	171.7%
Profit after taxation	14,794	5,655	9,139	161.6%
Profit Attributable to Ordinary Equity Holders of the Parent	13,338	5,387	7,951	147.6%

The Group posted revenue of RM408.0 million for the financial period ended ("FYE") 30 September 2020 as against RM371.1 million, an increase of RM36.9 million (10.0 per cent) year-on-year ("y-o-y"). Revenue from International Business Solutions ("IBS") recorded an increase of RM43.1 million (35.6 per cent) from RM121.0 million to RM164.1 million amid Covid-19 pandemic, whereas Domestic Business Solutions ("DBS") segment saw a decrease of 2.4 per cent (RM6.1 million), from RM250.0 million to RM243.9 million y-o-y.

The better revenue result of IBS segment was mainly underpinned by Air Freight Forwarding ("AFF") business. A newly secured tender of an electronic customer, surging market airfreight rates due to reduced airfreight supply capacity coupled with shippers rushing to ship out urgent and backlog shipments by switching from sea mode to air mode, since the country moved into the less restrictive phases of Conditional MCO and Recovery MCO, drove revenue of Air Freight Forwarding ("AFF") division to rise from RM73.5 million to RM117.3 million y-o-y, an increase of RM43.8 million (59.7 per cent). Increased AFF revenue was mainly contributed from electronic and electrical ("E&E") components manufacturers, generator and alternator manufacturer, solar panel as well as cigarettes and tobacco customers. On the other hand, the slowdown in global economy affected the shipment volume of Ocean Freight Forwarding ("OFF") especially during the lockdown months of March and April, causing revenue of Ocean Freight Forwarding ("OFF") business to drop from RM47.6 million to RM46.8 million, a decrease of RM0.8 million (1.6 per cent) y-o-y.

Within DBS segment, revenue from Cold Supply Chain ("CSC") division remained robust by recording an increase of RM4.8 million (8.5 per cent) y-o-y, from RM57.3 million to RM62.1 million. The increase was mainly contributed from new grocery-chain customer and dairy product customer. Temporary closure of business and production activities of customers due to the lockdown in March and April 2020 adversely impacted revenue of Contract Logistics ("CL") and Trucking divisions. Revenue of CL division decreased by RM2.4 million (1.6 per cent), from RM153.7 million to RM151.3 million. Within CL business, except for custom clearance business which showed an increase in revenue of RM12.1 million (24.4 per cent), from RM49.6 million to RM61.7 million, reduction in revenue were recorded by Warehouse, In-Plant and Haulage businesses y-o-y. Revenue of Warehouse business dropped from RM60.3 million to RM51.7 million, a reduction of RM8.7 million (14.4 per cent). Revenue of In-Plant business dropped by RM1.0 million (8.4 per cent) and haulage business fell RM4.8 million (15.3 per cent) from RM31.6 million to RM26.8 million. Revenue of Trucking division dropped from RM39.0 million to RM30.5 million, a decrease of RM8.5 million (21.9 per cent) on the back of decline in domestic deliveries particularly for E&E, tobacco and cigarettes and telecommunication customers as well as cross-border deliveries.

Profit from operations for the year-to-date ended 30 September 2020 increased by RM11.2 million (64.6 per cent) y-o-y from RM17.3 million to RM28.5 million. Profit before taxation ("PBT") for the year-to-date ended 30 September 2020 increased from RM7.7 million to RM20.8 million, an increase of RM13.2 million (171.7 per cent), and profit after tax ("PAT") for the year-to-date ended 30 September 2020 increased from RM5.7 million to RM13.9 million (146.6 per cent) y-o-y.

PBT of IBS segment rose from RM3.3 million to RM8.5 million, a rise of RM5.2 million (156.7 per cent). Within IBS, PBT of AFF division rose from RM2.6 million to RM8.5 million, an increase of RM5.9 million (223.3 per cent) on the back of revenue surge and higher profit margin. However, the PBT from IBS was partly offset by drop in OFF division due to aforesaid reason, posting a decrease in PBT of RM0.7 million (111.0 per cent) from RM0.6 million to loss of RM0.07 million. As for DBS segment, it posted an increase in PBT of RM4.4 million (36.4 per cent), from RM12.1 million to RM16.5 million y-o-y. Within DBS segment, CL division recorded a decrease in PBT by RM0.5 million (3.8 per cent), from RM13.0 million to RM12.5 million. However, the PBT reduction in CL business was well cushioned by increased PBT from CSC and Trucking divisions. PBT of CSC rose by RM3.7 million (204.0 per cent) from RM1.8 million to RM5.5 million. Despite reduced revenue in Trucking division, PBT of Trucking division improved by RM1.3 million (44.7 per cent), largely attributable to cost down on operating costs particularly in second quarter of the financial year. Within CL division, PBT of Warehouse business rose by RM2.7 million whereas PBT of Custom Clearance, haulage and In-plant business reduced by RM1.0 million, 1.4 million and RM0.7 million respectively.

Apart from PBT from the above operating business segment, reduction in non-operating and general expenses of RM3.6 million (46.5 per cent) from Support division, largely attributable to reduced finance costs, reduced professional fee and cost control measures, contributed to the increase of PBT.

B2. Comparison with Previous Year Corresponding Quarter's Results : July 2020 to September 2020 vs July 2019 to September 2019

	3 months ended			
	30.09.2020	30.09.2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue	229,457	190,663	38,794	20.3%
Profit from operations	19,201	10,450	8,751	83.7%
Profit before Interest and tax	19,092	10,304	8,788	85.3%
Profit before taxation	15,596	5,743	9,853	171.6%
Profit after taxation	11,388	4,265	7,123	167.0%
Profit Attributable to Ordinary Equity Holders of the Parent	10,702	4,105	6,597	160.7%

The Group's revenue of the second quarter ended 30 September 2020 ("Q2FY2021") was registered at RM229.5 million, as against revenue of RM190.7 million of the same quarter of the preceding year ("Q2FY2020"). This represents an increase of RM38.8 million (20.3 per cent) q-o-q. IBS segment posted an increase of RM27.5 million (45.8 per cent), from RM60.2 million to RM87.8 million while DBS segment recorded better revenue result by RM11.2 million (8.6 per cent), from RM130.5 million to RM141.7 million q-o-q.

Within the IBS segment, AFF division posted RM25.2 million (67.2 per cent) increase in revenue from RM37.4 million to RM62.6 million q-o-q. AFF revenue surge in Q2FY2021 was mainly attributable to newly secured business tender of a E&E customer, high airfreight rates due to reduced airfreight supply capacity coupled with shippers rushing to ship out urgent and backlog shipments by switching from sea mode to air mode, since the country moved into the less restrictive phases of lockdowns of Covid-19 pandemic particularly in Q2FY2021. The increase in AFF revenue is also contributed from customers of tobacco and cigarettes, E&E, medical devices, semiconductor, capacitors, aerospace as well as increased shipments to USA and Japan. OFF also performed better, showing an increase from RM22.7 million to RM25.2 million, an increase of RM2.4 million (10.6 per cent) underpinned by increase shipment support from solar panel, aluminium manufacturing and musical instrument customers.

Within the DBS segment, revenue of CL division rose by RM9.7 million (11.9 per cent), from RM81.4 million to RM91.1 million amid Covid-19 pandemic compared to 2QFY2020 while CSC showed an increase of RM2.2 million (7.5 per cent) underpinned by newly secured customer under convenient retail business and increased volume of existing dairy product customer. Revenue increase in CL was largely contributed from custom clearance business as a result of increase revenue from solar panel, E&E and consumer goods customers. Revenue of custom clearance business rose from RM28.0 million to RM37.2 million, an increase of RM9.2 million (32.8 per cent). Revenue of in-plant business rose by RM5.9 million to RM6.4 million, an increase of RM0.5 million (9.2 per cent), resulting from increased production volume of E&E manufacturer. Warehouse business saw handling volume drop from consumer goods, semiconductor, tobacco and cigarettes customers when compared against 2QFY2020. Revenue of warehouse posted a decrease of revenue by RM0.2 million (0.5 per cent), from RM30.8 million to RM30.6 million q-o-q. Revenue from Haulage business was slightly increased by RM0.08 million (0.5 per cent). Revenue of Trucking division was down from RM20.5 million to RM19.9 million, a reduction of RM0.6 million (3.0 per cent). Revenue reduction in Trucking business was due to drop in cross border deliveries coupled with reduced delivery shipments of existing E&E, consumers goods, telecommunication and cigarettes customers but the reduction was partly offset by revenue contributed from newly secured fast food chain store customers.

PBT for Q2FY2021 surged from RM5.7 million to RM15.6 million as against same quarter of preceding year, a significant increase of RM9.8 million (171.6 per cent). Correspondingly, PAT for Q2FY2021 surged by RM7.1 million (167.0 per cent) from RM4.3 million to RM11.4 million. IBS segment recorded an increase of RM3.9 million (251.1 per cent) from RM1.6 million to RM5.5 million while DBS segment recorded an increase of RM5.5 million (79.9 per cent) from RM7.0 million to RM12.5 million.

Within IBS segment, revenue surge in AFF division drove PBT of AFF division to rise from RM1.5 million to RM5.1 million, an increase of RM3.7 million (248.0 per cent) q-o-q. On the other hand, PBT of OFF business increased by RM0.3 million (295.8 per cent) from RM0.1 million to RM0.4 million.

Within the DBS segment, with revenue hike of CL and CSC businesses, PBT of CL business increased from RM7.7 million to RM9.9 million, an increase of RM2.2 million (28.8 per cent), while PBT of CSC also rose from RM0.5 million to RM2.6 million, an increase of RM2.1 million (432.3 per cent). Within CL business, PBT of haulage, warehouse and in-plant business was increased by RM0.1 million (5.7 per cent), RM1.9 million (58.4 per cent) and RM0.2 million (20.4 per cent) respectively. In spite of Trucking division experienced drop in revenue, new distribution business of fast food chain store and cost down measure on operating costs resulted PBT of Trucking division was improved by RM1.3 million (107.2 per cent), from loss RM1.2 million to profit of RM0.09 million q-o-q.

Apart from PBT of the above operating business segments, reduction in non-operating and general expenses of RM0.3 million (11.6 per cent) from Support division, largely attributable to reduced finance costs and cost control measures on administrative and general expenses, contributed to the increase of PBT.



B3. Comparison with Preceding Quarter's Results: July 2020 to September 2020 vs April 2020 to June 2020

	3 months ended			
	30.09.2020	30.06.2020	Changes	
	RM'000	RM'000	RM'000	%
Revenue	229,457	178,565	50,892	28.5%
Profit from operations	19,201	9,324	9,877	105.9%
Profit before Interest and tax	19,092	9,311	9,781	105.0%
Profit before taxation	15,596	5,229	10,367	198.3%
Profit after taxation	11,388	3,406	7,982	234.4%
Profit Attributable to Ordinary Equity Holders of the Parent	10,702	2,636	8,066	306.0%

The Group's revenue of the second quarter ended 30 September 2020 ("Q2FY2021") was registered at RM229.5 million, as against revenue of RM178.6 million of the preceding quarter ended 30 June 2020. This represents an increase of RM50.9 million (28.5 per cent). IBS segment continued to contribute higher revenue in Q2FY2021 by posting an increase of RM11.4 million (14.9 per cent), from RM76.4 million to RM87.8 million. On the other hand, businesses of DBS segment has been picking up since the relaxation of MCO. DBS segment saw an increase of revenue of RM39.5 million (38.6 per cent), from RM102.2 million to RM141.7 million as against preceding quarter.

Within the IBS segment, AFF division posted an increase in revenue from RM54.7 million to RM62.6 million, an increase of RM7.9 million (14.4 per cent) against last preceding quarter. The increase in AFF revenue was a continuation of the trend of preceding quarter, and was largely contributed from increased shipments from E&E, tobacco and cigarettes, medical devices, automotive parts and aerospace customers. On the other hand, OFF business saw a turnaround in the current quarter vs preceding quarter, registering an increase in shipments largely contributed by aluminium, E&E, solar panel and musical instrument customers. As a result, the revenue of OFF division rise from RM21.6 million to RM25.2 million, an increase of RM3.5 million (16.3 per cent) against preceding quarter.

Businesses under DBS segment also witnessed great improvement on top lines and bottom lines in 2QFY2021 as the customers resumed business activities in CMCO and RMCO periods. Within DBS segment, CL and Trucking divisions posted significant increase in revenue of RM30.9 million (51.3 per cent) and RM9.3 million (87.2 per cent) respectively. However, it was slightly offset by revenue reduction of RM0.6 million (2.0 per cent) in CSC division. All businesses within CL division experienced revenue surge. Increase in business volume and shipments largely from solar panel, E&E, musical instruments, consumer goods as well IT and office equipment customers drove revenue of custom clearance, haulage, warehouse and inplant to rise by RM12.8 million (52.2 per cent), RM6.8 million (68.4 per cent), RM9.6 million (45.5 per cent) and RM1.7 million (35.7 per cent) respectively. Revenue surge in Trucking division was mainly contributed from newly secured distribution business of fast food chain stores in 2QFY2021 as well as increased deliveries for E&E, automotive, musical instruments, tobacco & cigarettes customers and cross border (Thailand & Singapore) business.

PBT for Q2FY2021 increased from RM5.2 million to RM15.6 million as against preceding quarter, an increase of RM10.4 million (198.3 per cent). IBS segment recorded an increase of RM2.6 million (89.1 per cent) from RM2.9 million to RM5.5 million. DBS segment recorded a significant increase of RM8.6 million (216.6 per cent) from RM4.0 million to RM12.5 million on the back of increase in revenue. The increases in PBT from operating segments of IBS and DBS were partially offset by increase in net non-operating expenses of RM0.8 million (49.5 per cent) from Support segment, largely resulting from increase in realised and unrealised loss of foreign exchange.

Within IBS segment, AFF experienced an increase in PBT of RM1.7 million (51.3 per cent) against preceding quarter on the back of its higher sales revenue and profit margin recorded. PBT of OFF was greatly improved by posting an increase of RM0.9 million (184.7 per cent) from loss of RM0.5 million to profit of RM0.4 million on the back of increased revenue and volume compared to last preceding quarter.

Within the DBS segment, business recovery and revenue surge drove CL and Trucking divisions to post remarkable PBT by increasing RM7.2 million (269.1 per cent) and RM1.7 million (105.3 per cent) respectively while CSC division experienced PBT down by RM0.3 million (10.3 per cent) as against last preceding quarter. Within CL division, PBT of custom clearance, haulage, warehouse and in-plant businesses rose by RM1.5 million (813.4 per cent), RM2.2 million (7225.0 per cent) and RM3.0 million (135.8 per cent), RM0.6 million (91.9 per cent) respectively. Increased PBT in Trucking division was largely attributable to increased delivery shipments, newly secured business of fast food chain customer coupled with operating costs down measures.

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

In the latest World Economic Outlook report ("WEO") released on 13 October 2020, the International Monetary Fund ("IMF") noted that the global economy is climbing out from the depths to which it had plummeted during the Great Lockdown in April, where many governments globally suspended most of the economic activity and restricted people movement in order to curb the spread of the coronavirus. The IMF projected global growth in 2020 at -4.4 percent, a half percentage point improvement over the -4.9 percent forecast in the June 2020 WEO. This revision reflects better-than-expected second GDP outturns, mostly in advanced economies where activity began to improve sooner than expected after lockdowns were scaled back in May and June, as well as indicators of a stronger recovery in the third quarter. Nevertheless, the IMF also noted that with the Covid-19 pandemic continuing to spread, many countries have slowed reopening and some are reinstating partial lockdowns to protect susceptible populations. Hence, the uncertainty surrounding the baseline projection is unusually large, and rests on public health and economic factors that are inherently difficult to predict. (Source: WEO dated 13 October 2020)

In Malaysia, Bank Negara Malaysia ("BNM") had in August 2020 forecast the Malaysian economy to grow at between -3.5 and -5.5 percent (2019: 4.3 percent), following the contraction of 17.1 percent in the second quarter of 2020 caused by the implementation of movement restrictions resulting in the contraction in output. According to the World Bank in its October 2020 economic update, the Malaysian economy is forecast to contract by 4.9 percent in 2020, which is within the range of BNM's forecast. The World Bank is also of the view that risks to the outlook is firmly tilted to the downside. There is possibility of a more protracted than expected global recovery that could continue to hamper investment decisions and further suppress external demand. There is a risk of stricter containment measures nationwide, as illustrated by recent resumption of conditional movement control order in some states. Prolonged restrictions on international travel would weigh on the tourism sector. Lingering political uncertainty, including the possibility of a near term general election, will continue to weigh on private investment sentiment and could stall the progress of the recovery effort. (Source: BNM press release dated 14 August 2020; World Bank Economic Update, October 2020)

The prospects of the Group are closely tied to the performance of the global as well as the Malaysian economy, as the health of the logistics industry is closely aligned with the economic activity and international trade. The MCO period from 18 March 2020 to 3 May 2020 was especially challenging for our Group as many of our customers whose cargos were not deemed essential goods were not allowed to operate. Nevertheless, we were still able to continue to operate during the MCO as logistics was deemed an essential service. In particular, the demand for our CSC services (which currently deals mainly in food and beverage as well as convenience retail and the pharmaceutical retail sub-sector) remained strong during the lockdown. Hence, the impact to our business during the MCO was strongly mitigated. Moving from the MCO period to the less restrictive conditional MCO and recovery MCO period, and as our customers re-started their operations, our business volume experienced a surge resulting in a V-shape recovery from the month of June onwards. As a result, the quarter under review saw the achievement of historic high in terms of recorded revenue. Coupled with our strong actions to control and reduce costs, this quarter has seen our Group reporting significantly better results at both top and bottom lines vis-a-vis last year corresponding quarter as well as the immediate preceding quarter. Despite the challenges posed by the pandemic, the resilience of our business model is proven once again as our Group has continue to perform well under the current conditions. Hence, we are still cautiously confident of our financial performance for the remaining second half of the financial year. Nevertheless, in view of the extreme uncertainties posed by the pandemic, and as the spike in cases causes the country to go into selective lockdowns, it is challenging to provide a definitive forecast of how things will play out. Downside risks for the Group will continue to be the uncertainty due to the Covid-19 pandemic, as well as the challenge to keep our operational costs under control. 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. In that respect, the recent Integrated Logistics Service (ILS) tax incentive granted to us by the Malaysian Government in the form of Investment Tax Allowance will act as an impetus for us in that direction, as we work towards a 5-year plan to expand our logistics capacity.

B5. Profit Forecast

Not applicable as there is no forecast / profit guarantee.

B6. Tax Expense

	3 months ended		Cumulative 6 months Ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Income tax				
- Current tax	(4,574)	(2,024)	(6,800)	(2,250)
- overprovision in prior years	-	-	-	-
Deferred tax				
- Current year	366	546	767	241
- underprovision in prior years	-	-	2	-
	(4,208)	(1,478)	(6,031)	(2,009)

The Group's effective tax rate for the cumulative 6 months ended 30 September 2020 was above the statutory rate is mainly due to non-deductible expenses.

B7. Corporate Proposals

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

B8. Borrowing

As at 2nd quarter ended 30.09.2020					
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	-	-	85	-	85
Lease liabilities	2,716	-	6,193	-	8,909
Bank loan (Synthetic Foreign currency and unsecured) - USD *	-	-	-	-	-
Bank loan (unsecured)	200,466	-	24,467	-	224,933
Bank loan (secured)	30,475	-	5,408	-	35,883
Revolving credit facilities	-	-	-	-	-
Amounts owing to corporate shareholder of subsidiary company	4,759	-	372	-	5,131
Total borrowings	238,416	-	36,525	-	274,941

As at 2nd quarter ended 30.09.2019					
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	75	-	465	-	540
Lease liabilities	10,279	-	3,087	-	13,366
Bank loan (Synthetic Foreign currency and unsecured) - USD **	-	900	-	900	-
Bank loan (unsecured)	276,803	-	17,677	-	294,480
Bank loan (secured)	34,272	-	5,415	-	39,687
Revolving credit facilities	-	-	-	-	-
Amounts owing to corporate shareholder of subsidiary company	5,131	-	372	-	5,503
Total borrowings	326,560	900	27,016	900	353,576

* USD denomination at average exchange rate of USD\$1:RM4.16

** USD denomination at average exchange rate of USD\$1:RM4.19

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.

B9. Litigation

There was no material litigation pending since 30 September 2020 to the date of this report.

B10. Dividend declared

On 23 October 2020, the Board of the Company declared an interim single-tier dividend of 2.0 sen per ordinary share amounting to RM4,000,000 in respect of financial year ended 31 March 2021. The entitlement date and payment date are on 11 November and 30 November 2020 respectively.

There was no interim dividend declared and paid for the previous year's corresponding period.

B11. Earnings Per Share

	3 months ended		Cumulative 6 months Ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
PAT after non-controlling interest (RM'000)	10,702	4,105	13,338	5,387
Weighted average number of ordinary shares in issue ('000)	200,000	200,000	200,000	200,000
Earnings per share (sen)	5.35	2.05	6.67	2.69

The Company does not have any dilutive potential ordinary shares outstanding as at 30 September 2020. Accordingly, no diluted earnings per share is presented.

B12. Derivative Financial Instruments

As at 30 September 2020, the Group has the following outstanding derivative financial instruments:

Derivatives	Contract or Notional amount as at		Fair value		Purpose
	30.09.2020	30.09.2019	30.09.2020	30.09.2019	
	RM'000	RM'000	RM'000	RM'000	
1. Cross currency swap Contracts:					
- More than 3 years	-	900	-	179	For hedging currency risk in bank term loan

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

B13. Profit for the period

	3 months ended		Cumulative 6 months Ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting:				
Interest income	281	969	874	1,598
Other income	(928)	735	983	1,610
Gain on disposal of property, plant and equipment	287	(90)	287	18
Allowance for doubtful debts no longer required	818	-	818	-
Realised foreign exchange gain	(298)	172	453	526
Unrealised foreign exchange gain	1,108	-	1,177	-
and after charging:				
Interest expenses	3,496	4,784	7,578	9,412
Property, plant and equipment written off	-	-	-	5
Depreciation of property, plant and equipment	6,844	8,105	14,017	16,198
Depreciation of right-of use assets	2,281	1,892	4,754	3,783
Provision for doubtful debt	138	(184)	138	99
Realised foreign exchange loss	141	-	141	-
Unrealised foreign exchange loss	3,251	(146)	3,251	230
Loss of derecognition of subsidiary	-	-	825	-
Loss on disposal of other investment	11	-	11	-

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 September 2020 (30 September 2019: Nil).