

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



Condensed Consolidated Financial Statements
For The Quarter And Year-To-Date Ended
30 June 2023

**Condensed Consolidated Statement of Comprehensive Income
For The Quarter And Year-To-Date Ended 30-June-2023**

	Quarter and Year-to-Date Ended	
	30.06.2023	30.06.2022
	RM'000 Unaudited	RM'000 Unaudited
Revenue	253,192	453,558
Cost of sales	(217,236)	(401,559)
Gross profit	35,956	51,999
Other income	3,753	3,573
Administrative and general expenses	(17,712)	(17,958)
Other Expenses	(300)	(1,664)
Profit from operations	21,697	35,950
Finance costs	(3,431)	(3,215)
Share of results of associated company and joint venture	163	182
Profit before taxation	18,429	32,917
Tax expense	(3,458)	(8,018)
Profit for the period	14,971	24,899
Profit Attributable to:		
Owners of the Company	14,220	24,433
Non-Controlling Interest	751	466
	14,971	24,899
Earnings per share (sen) - basic	1.78	3.05

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.



**Condensed Consolidated Statement of Comprehensive Income
 For The Quarter And Year-To-Date Ended 30-June-2023**

Profit for the period	
Other Comprehensive Income:	
Exchange differences on translation foreign operation	-
Fair Value adjustment on cash flow hedge	-
Other comprehensive income/(Loss) for the period, net of tax	-
Total Comprehensive Income	14,971
Total Comprehensive Income attributable to:	
Owners of the Company	14,220
Non-Controlling Interest	751

Cumulative and Year to Date Ended	
30.06.2023	30.06.2022
RM'000 Unaudited	RM'000 Unaudited
14,971	24,899
-	-
-	-
-	-
14,971	24,899
14,220	24,433
751	466
14,971	24,899

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Financial Position as at 30-June-2023

	As at 30.06.2023 RM'000 Unaudited	As at 31.03.2023 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	614,593	586,119
Right-of-use assets	12,447	13,015
Goodwill	81,864	81,864
Investment in associated company	3,760	3,722
Investment in a joint ventures	14,719	14,594
Other assets	962	962
Deferred Tax assets	535	535
Total non-current assets	728,880	700,811
Current assets		
Trade receivables	325,758	289,369
Contract Asset	347,158	265,278
Other receivables, deposits and prepayments	22,377	20,699
Amount owing by immediate holding company	4,451	5,850
Amounts owing by related companies	11,082	11,141
Amounts owing by associated company	170	175
Amount owing by a joint venture company	-	1
Current tax asset	2,025	764
Cash and bank balances	214,002	241,142
Total current assets	927,023	834,419
TOTAL ASSETS	1,655,903	1,535,230

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Financial Position as at 30-June-2023

	As at 30.06.2023 RM'000 Unaudited	As at 31.03.2023 RM'000 Audited
EQUITY AND LIABILITIES		
Equity		
Share capital	100,801	100,801
Revaluation reserve	1,401	1,401
Fair value reserve	(65)	(65)
Retained profits	479,749	493,529
	-----	-----
Equity attributable to owners of the Company	581,886	595,666
	-----	-----
Non-controlling interest	68,955	68,204
	-----	-----
Total equity	650,841	663,870
	-----	-----
Non-current liabilities		
Amounts owing to corporate shareholder of subsidiary company	3,676	3,829
Hire purchase payables	969	1,322
Lease liabilities	3,477	2,278
Bank term loans	178,508	186,002
Deferred tax liabilities	24,611	24,427
	-----	-----
Total non-current liabilities	211,241	217,858
	-----	-----
Current liabilities		
Trade payables	644,407	478,749
Contract liability	1,309	1,394
Other payables, deposits and accruals	54,657	62,478
Amount owing to immediate holding company	2,171	2,257
Amounts owing to related companies	13,640	15,593
Amounts owing to associated company	985	941
Hire purchase payables	1,566	1,566
Lease liabilities	9,888	11,989
Bank term loans	64,500	31,477
Amounts owing to corporate shareholder of subsidiary company	372	462
Revolving credit	-	44,000
Current tax liabilities	326	2,595
	-----	-----
Total current liabilities	793,821	653,502
	-----	-----
Total liabilities	1,005,062	871,360
	-----	-----
TOTAL EQUITY AND LIABILITIES	1,655,903	1,535,230
	=====	=====
Net Assets per share (RM)	0.73	0.74
	=====	=====

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.

TASCO Berhad

Company No: 197401003124 (20218-T)

Incorporated In Malaysia



Condensed Consolidated Statement of Changes in Equity For Year-To-Date Ended 30-June-2023

	----- 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 -----						
	----- N o n - d i s t r i b u t a b l e -----		----- D i s t r i b u t a b l e -----				
	Share capital RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
Balance at 1 April 2022	100,801	1,401	(65)	414,713	516,850	68,093	584,943
Total comprehensive income for the period	-	-	-	24,433	24,433	466	24,899
Dividend paid (Note A8)	-	-	-	(12,000)	(12,000)	-	(12,000)
Balance at 30 Jun 2022	100,801	1,401	(65)	427,146	529,283	68,559	597,842
Balance at 1 April 2023	100,801	1,401	(65)	493,529	595,666	68,204	663,870
Total comprehensive income for the period	-	-	-	14,220	14,220	751	14,971
Dividend paid (Note A8)	-	-	-	(28,000)	(28,000)	-	(28,000)
Balance at 30 Jun 2023	100,801	1,401	(65)	479,749	581,886	68,955	650,841

The condensed consolidated statement of change in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Cash Flows For The Year-To-Date Ended 30-June-2023

	Year-To-Date Ended	
	30.06.2023	30.06.2022
	RM'000	RM'000
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	18,429	32,917
Adjustments for:		
Allowance for doubtful debts	-	265
Depreciation of property, plant and equipment	7,960	7,470
Depreciation of right-of-use assets	3,916	4,117
Loss on disposal of property, plant and equipment	2	-
Property, plant and equipment written off	48	3
Share of profits of associated company and joint ventures net of tax	(163)	(182)
Interest income	(1,470)	(499)
Dividend income	(37)	-
Interest expense	3,431	3,215
Unrealised gain on foreign exchange	(1,251)	(1,834)
Operating profit before working capital changes	30,865	45,472
Changes in receivables	(118,489)	1,407
Changes in payables	152,525	97,765
Cash generated from operations	64,901	144,644
Interest received	-	-
Net Tax paid	(6,622)	(5,863)
Net Cash generated from operating activities	58,279	138,781
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(36,644)	(16,675)
Proceeds from disposal of property, plant and equipment	4,792	126
Interest received	1,470	499
Dividend received from other investment	37	-
Net cash used in investing activities	(30,345)	(16,050)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	33,000	81,800
Repayment of term loan	(51,471)	(50,540)
Payment of hire purchase and finance lease liabilities	(353)	(207)
Interest paid	(3,431)	(3,215)
Payment of lease liabilities	(4,634)	(4,161)
Repayment of amounts owing to corporate shareholder of a subsidiary company	(186)	(186)
Dividend paid	(28,000)	(12,000)
Net cash (used in) / generated from financing activities	(55,074)	11,491
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(27,140)	134,222
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	241,142	87,462
EFFECT OF EXCHANGE RATE CHANGES	-	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	214,002	221,684
Represented by:		
Fixed deposits with a licensed bank	-	-
Cash and bank balances	214,002	221,684
	214,002	221,684

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2023 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 2023. 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 2023.

A2. Adoption of Standards, Amendments and Annual Improvements to Standards**(a) Application of new or revised standards**

The accounting policies, presentation and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statement for the financial year ended 31 March 2023 expect for the adoption of amendments to published standards by the Group for the financial year beginning 1 April 2023:

Amendments to MFRS 101 and MFRS Practice Statement 2 on disclosure of accounting policies;
Amendments to MFRS 108 on definition of accounting estimates;
Amendments to MFRS 112 on deferred tax related to assets and liabilities arising from a single transaction.

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
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
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
Amendments to MFRS 112	International Tax Reform	2 June 2023

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 2023 was not subjected to any qualification.

A4. Seasonal or Cyclical Factors

The Group's operations are generally affected by festive seasons.

A5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows in the current quarter under review.

A6. Changes In Estimates

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

A7. Issuances, Cancellation, Repurchases, Resale and Repayments of Debt and Equity Securities

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



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

A8. Dividends paid

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

<u>Interim/final dividend</u>	As at 30.06.2023 RM'000	As at 30.06.2022 RM'000
Final dividend in respect of the financial year ended 31 March 2022 - 1.50 sen single-tier dividend per ordinary share paid on 20 June 2022	-	12,000
Final dividend in respect of the financial year ended 31 March 2023 - 3.50 sen single-tier dividend per ordinary share paid on 26 May 2023	28,000	-
	28,000	12,000

A9. Segmental Reporting

International Business Solutions

Air Freight Forwarding Division
Ocean Freight Forwarding Division
Supply Chain Solutions Division

Domestic Business Solutions

Contract Logistics Division
Cold Supply Chain Division
Trucking Division

Others

Total

Segmental Revenue		Segmental Result (PBT)	
3 months ended		3 months ended	
30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
50,706	155,253	2,143	11,558
27,612	98,704	487	6,001
6,872	7,242	1,509	983
85,190	261,199	4,139	18,542
103,783	135,827	7,559	10,565
40,182	36,712	3,147	2,311
24,037	19,820	1,014	378
168,002	192,359	11,720	13,254
-	-	2,570	1,121
253,192	453,558	18,429	32,917

Effective from April 2023 (FY2023/2024), e-commerce business was reclassified from Supply Chain Solutions Division under International Business Solutions Segment to Contract Logistics Division under Domestic Business Solutions segment to align with business segment definitions of immediate holding company, Yusen Logistics Co.Ltd ("Yusen").

A10. Valuation of Property, Plant and Equipment

There were no revaluations of property, plant and equipment under current period review. As at 30 June 2023, all property, plant and equipment were stated at cost less accumulated depreciation.

A11. Subsequent Events

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

A12. Changes in Composition of the Group

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



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

A13. Contingent Assets and Liabilities

Except for below items, there were no material contingent assets and liabilities since 30 June 2023 to the date of this report:

	As at 30.06.2023 RM'000	As at 30.06.2022 RM'000
Corporate guarantees in favour of suppliers of its joint venture company, YLTC Sdn Bhd for supplying goods and services on credit	3,000	3,000
Corporate guarantee in favour of a licensed bank of its joint venture company, YLTC Sdn Bhd for trade facilities	7,150	7,150
Corporate guarantee in favour of licensed banks of its subsidiary company, Gold Cold Transport Sdn Bhd for repayment of term loan to finance the land and building	34,119	39,189
Corporate guarantee in favour of supplier of its subsidiary company, Maya Kekal Sdn Bhd for supplying of goods on credit	13,000	13,000
	57,269	62,339

A14. Capital Commitment

	As at 30.06.2023 RM'000	As at 30.06.2022 RM'000
Authorised and contracted for		
- acquisition of property, plant and equipment	16,618	23,332
- construction of building	139,666	117,855
	156,284	141,187

A15. Significant Related Party Transactions

	3 month ended	
	30.06.2023 RM'000	30.06.2022 RM'000
Transaction with subsidiary companies		
Rental of trucks paid and payable to subsidiary company	38	38
Labour charges paid and payable to subsidiary companies	785	421
Labour charges received and receivable from subsidiary companies	169	69
Handling fees paid and payable to a subsidiary company	167	298
Handling fees received and receivable from a subsidiary company	39	234
Related logistic services paid and payable to a subsidiary company	76	152
Related logistic services received and receivable from a subsidiary company	829	1,387
Rental of premises paid and payable to a subsidiary company	1,101	1,680
Rental of premises received and receivable from subsidiary companies	720	675
Rental of trucks received and receivable from subsidiary company	370	307
Interest received and receivable from subsidiary companies	287	251
Transaction with immediate holding company		
Related logistic services received and receivable	10,900	37,209
Related logistic services paid and payable	8,476	10,710
Management services fee paid and payable	3,325	3,205
IT fees paid and payable	57	90
Transaction with related companies		
Related logistic services received and receivable	21,782	58,791
Related logistic services paid and payable	32,149	80,712
IT fees paid and payable	668	592
Transaction with associated company		
Rental of premises paid	188	188
Accounting fee paid to an associated company	5	-
Transaction with joint venture company		
Related logistic services received and receivable	34	47
Transaction with corporate shareholder of subsidiary company		
Repayment to corporate shareholder of subsidiary company	186	186
Interest paid and payable	56	61
Transaction with a company related to significant shareholder and directors		
Rental of premises paid and payable	306	306



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

B1. Performance Review : Year-to-date April 2023-June 2023 vs Year-to-date April 2022-June 2022

	3 months ended			
	30.06.2023	30.06.2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue	253,192	453,558	(200,366)	-44.2%
Profit from operations	21,697	35,950	(14,253)	-39.6%
Profit before Interest and tax	21,860	36,132	(14,272)	-39.5%
Profit before taxation	18,429	32,917	(14,488)	-44.0%
Profit after taxation	14,971	24,899	(9,928)	-39.9%
Profit Attributable to Ordinary Equity Holders of the Parent	14,220	24,433	(10,213)	-41.8%

The Group recorded revenue of RM253.2 million for the financial period ended ("FPE") 30 June 2023 as against RM453.6 million a year earlier, a decrease of RM200.4 (44.2 per cent) year-on-year ("y-o-y"). Revenue from International Business Solutions ("IBS") showed a decrease of RM176.0 million (67.4 per cent), from RM261.2 million to RM85.2 million y-o-y. Revenue from Domestic Business Solutions ("DBS") segment posted 12.7 per cent drop, a decrease of RM24.4 million from RM192.4 million to RM168.0 million y-o-y.

Easing of supply chain disruptions brought on by the Covid19 pandemic prompted normalisation of freight rates. Normalising freight rates coupled with slowdown in global commerce volume caused revenue of IBS business to drop by 67.4 per cent y-o-y. Within IBS, Air Freight Forwarding ("AFF") division posted a decrease of RM104.5 million (67.3 per cent), from RM155.2 million to RM50.7 million. The drop was largely attributable to shipments reduction from automotive parts, office equipments and E&E customers. Revenue of Ocean Freight Forwarding ("OFF") division was down by RM71.1 million (72.0 per cent), from RM98.7 million to RM27.6 million y-o-y, mainly due to reduced shipments from solar panel, aluminium and food & beverage customers. Meanwhile, revenue from Supply Chain Solutions Division ("SCS") also showed a drop of RM0.3 million (5.1 per cent), from RM7.2 million to RM6.9 million y-o-y. The drop in SCS division was resulted from reclassification of E-Commerce business (RM0.4 million) from SCS division to Contract Logistics Division under DBS segment effective from April 2023.

In the DBS segment, Contract Logistics ("CL") division posted a decrease of RM32.0 million (23.6 per cent) in revenue, from RM135.8 million to RM103.8 million. Within CL division, revenue of Custom Clearance business was down by RM22.1 million (32.3 per cent), from RM68.3 million to RM46.2 million y-o-y, largely resulted from reduction in shipment volume from solar panel and E&E customers. Drop in handling volume in E&E, musical instruments and semiconductor customers prompted revenue of Warehouse business to decrease from RM46.2 million to RM35.5 million, a drop of RM10.7 million (23.3 per cent). However, the decrease was offset by the increase in Haulage business and In-Plant business. Revenue of Haulage business rose by RM0.4 million (2.3 per cent), from RM14.4 million to RM14.8 million. In-Plant business posted a marginal increase of RM0.1 million (1.1 per cent), from RM6.8 million to RM6.9 million. Effective from current financial year, E-Commerce business was reclassified from SCS division to CL business. E-Commerce business contributed revenue of RM0.4 million to CL division under current financial period.

The Cold Supply Chain ("CSC") division contributed a y-o-y increase revenue to DBS segment by RM3.5 million (9.5 per cent), from RM36.7 million to RM40.2 million. The increase was largely contributed from convenient retail business and a newly secured convenient retail customer, an existing retail customer as well as higher selling rates due to ICPT electricity cost.

As for Trucking division, revenue rose from RM19.8 million to RM24.0 million, a y-o-y increase of RM4.2 million (21.3 per cent). The increase was mainly contributed from solar panel, food manufacturing customers and a newly secured furniture retail customer.

Profit from operations for the year ended 30 June 2023 dropped by RM14.3 million (39.6 per cent) from RM36.0 million to RM21.7 million y-o-y. Profit before taxation ("PBT") for the year ended 30 June 2023 was down from RM32.9 million to RM18.4 million, a decrease of RM14.5 million (44.0 per cent), and profit after tax ("PAT") for the year went down from RM24.9 million to RM15.0 million, a y-o-y decrease of RM9.9 million (39.9 per cent).

PBT of IBS segment dropped from RM18.5 million to RM4.1 million, representing a y-o-y drop of RM14.4 million (77.7 per cent) which was hit by reduction in revenue. Within IBS, PBT of AFF division dropped from RM11.6 million to RM2.1 million, a decrease of RM9.5 million (81.5 per cent). Whereas, PBT of OFF division was down by RM5.5 million (91.9 per cent), from RM6.0 million to RM0.5 million y-o-y. Besides, SCS showed an increase of RM0.5 million (53.5 per cent) in PBT, increased from RM1.0 million to RM1.5 million, mainly contributed from trading and order management business.

PBT of DBS segment reduced from RM13.2 million to RM11.7 million, a drop of RM1.5 million (11.6 per cent) y-o-y. The drop was mainly resulted from CL division. PBT of CL division dropped from RM10.6 million to RM7.6 million, representing a y-o-y reduction of 3.0 million (28.5 per cent). Within CL division, PBT of Custom Clearance business dropped by RM0.2 million (26.0 per cent), from RM0.6 million to RM0.4 million. Warehouse business recorded a reduction in PBT by RM1.4 million (17.8 per cent), from RM8.1 million to RM6.7 million. Haulage business posted a RM2.1 million (141.3 per cent) reduction in PBT, from PBT of RM1.5 million to loss of RM0.6 million. The reduction was partially offset by the increase in PBT from In-Plant business. PBT of In-Plant business rose from RM0.3 million to RM1.0 million, an increase of RM0.7 million (204.8 per cent), mainly contributed from food manufacturing customer. E-Commerce business posted loss before tax of RM0.03 million in current financial period.

PBT drop in CL division was partially cushioned by increases in PBT of CSC and Trucking division. PBT of CSC division was up by RM0.8 million (36.2 per cent), from RM2.3 million to RM3.1 million. Whereas, PBT of Trucking division rose from RM0.4 million to RM1.0 million, increased by RM0.6 million (168.0 per cent).


B2. Comparison with Preceding Quarter's Results: April 2023 to June 2023 vs January 2023 to March 2023

	3 months ended			
	30.06.2023	31.03.2023	Changes	
	RM'000	RM'000	RM'000	%
Revenue	253,192	266,639	(13,447)	-5.0%
Profit from operations	21,697	29,786	(8,089)	-27.2%
Profit before Interest and tax	21,860	29,857	(7,997)	-26.8%
Profit before taxation	18,429	26,285	(7,856)	-29.9%
Profit after taxation	14,971	21,964	(6,993)	-31.8%
Profit Attributable to Ordinary Equity Holders of the Parent	14,220	21,798	(7,578)	-34.8%

The Group's revenue of the first quarter ended 30 June 2023 ("1QFY2024") was registered at RM253.2 million, as against revenue of RM266.6 million of the preceding quarter ended 31 March 2023 ("4QFY2023"). This represents a decrease of RM13.4 million (5.0 per cent). IBS segment posted a decrease of RM33.8 million (28.4 per cent), from RM119.0 million to RM85.2 million on the back of the normalisation of freight rates. Whilst revenue of DBS segment rose by RM20.4 million (13.8 per cent), from RM147.6 million to RM168.0 million as against last corresponding quarter.

Within the IBS segment, AFF division showed a decrease in revenue from RM78.6 million to RM50.7 million, a decrease of RM27.9 million (35.5 per cent). The reduction was mainly arisen from reduction in aerospace, office equipment and automotive parts customers. Besides declining container freight rates, drop in business contribution from glass products and insulating products manufacturing customers resulted revenue of OFF division dropped from RM32.6 million to RM27.6 million, a decrease of RM5.0 million (15.4 per cent). On other hand, SCS division posted a decrease revenue from RM7.8 million to RM6.9 million a decrease of RM0.9 million (12.0 per cent).

Within the DBS segment, revenue of CL division rose by RM22.6 million (27.8 per cent), from RM81.1 million to RM103.8 million. Whilst CSC division also posted an increase of RM2.1 million (5.5 per cent), from RM38.1 million to RM40.2 million underpinned by a newly secured convenient retail customers and increased ICPT electricity rates. However, the revenue increase in CL and CSC division was partially offset by revenue drop in Trucking division. Revenue of Trucking division was down from RM28.3 million to RM24.0 million a decrease of RM4.3 million (15.2 per cent), largely arisen from reduction in delivery shipments from solar panel, E&E and food manufacturing customers.

Within the CL division, Custom Clearance business contributed an increase of RM27.6 million (148.2 per cent), from RM18.6 million to RM46.2 million, supported by increased shipments of solar panel and food manufacturing customers. On the other hand, drop in delivery of E&E customers resulted in Haulage business experienced a decrease of RM1.6 million (9.8 per cent), from RM16.4 million to RM14.8 million. Drop in warehousing volume from E&E, solar panel and healthcare customers resulted in revenue of Warehouse business to decrease from RM38.5 million to RM35.5 million, representing a drop 8 per cent (RM3.0 million) as against the preceding quarter. In-plant business faced a decrease of RM0.7 million (9.4 per cent), from RM7.6 million to RM6.9 million. Whilst E-Commerce business, which was classified under SCS division in last preceding quarter, recorded RM0.4 million to CL division in the current quarter.

The Company posted PBT of RM18.4 million for Q1FY2024. This representing a decrease of RM7.9 million (29.9 per cent), dropped from RM26.3 million to RM18.4 million as against the preceding quarter. IBS segment recorded a decrease of RM4.4 million (51.1 per cent), from RM8.5 million to RM4.1 million. DBS segment recorded a decrease of RM3.1 million (21.1 per cent), a decrease from RM14.8 million to RM11.7 million.

Within IBS segment, AFF division recorded RM3.7 million (63.2 per cent) drop in PBT, from RM5.8 million to RM2.1 million on the back of revenue reduction against the preceding quarter. PBT of OFF business also showed a reduction of RM1.5 million (75.3 per cent), from RM2.0 million to RM0.5 million which was bogged down by decrease in rates and volume. However, PBT drop in AFF & OFF division was partially offset by the increase in PBT of SCS division. PBT of SCS division increased from RM0.7 million to RM1.5 million, an increase of RM0.8 million (127.3 per cent) as against the preceding quarter.

PBT from DBS segment was down from RM14.8 million to RM11.7 million, a decrease of RM3.1 million (21.1 per cent) as against last preceding quarter. PBT reduction in DBS segment was largely bogged down from CL and Trucking division. CL experienced a drop of RM2.0 million (21.2 per cent), from RM9.6 million to RM7.6 million. Whilst PBT of Trucking division was down from RM3.8 million to RM1.0 million, a drop of RM2.8 million (73.0 per cent). Nevertheless, it was partially offset by the PBT increase in CSC business. CSC division showed an increase of RM1.6 million (108.8 per cent), an increase from RM1.5 million to RM3.1 million.

Within CL division, Custom Clearance business showed an increase of RM1.0 million (183.5 per cent) from loss of RM0.5 million to profit of RM0.5 million as against the preceding quarter. PBT of In-Plant business rose from RM0.8 million to RM1.1 million, an increase of RM0.2 million (29.9 per cent). On the hand, Warehouse and Haulage businesses experienced drop in PBT comparing to the preceding quarter. Warehouse business showed a decrease of RM0.3 million (3.8 per cent) while Haulage business recorded a drop of RM3.0 million (125.7 per cent).



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

The International Monetary Fund (IMF) in its latest World Economic Outlook (WEO) report released on 25 July 2023 has projected global growth to fall from 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 WEO, it remains weak by historical standards. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. Core inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward. The recent resolution of the US debt ceiling standoff, and strong action by authorities earlier this year to contain turbulence in US and Swiss banking reduced the immediate risks of financial sector turmoil. This moderated adverse risks to the outlook. However, IMF opines that the balance of risks to global growth remains tilted to the downside.

(Source: IMF WEO Report dated 25 July 2023)

On the domestic front, the Malaysian economy expanded at a more moderate pace in recent months following a strong out-turn in the first quarter of the year, weighed down by slower external demand. BNM expects that growth for the remainder of the year will continue to be driven by resilient domestic demand. Household spending continues to be underpinned by favourable labour market conditions, particularly in the domestic-oriented sectors. Tourist arrivals have been steadily improving, and are expected to continue rising, thereby lifting tourism-related activities. Investment activity would be supported by continued progress of multi-year infrastructure projects. Domestic financial conditions also remain conducive to financial intermediation amid sustained credit growth. Despite global headwinds, BNM projects the Malaysian economy to expand by 4.0 percent to 5.0 percent in 2023, driven by firm domestic demand.

(Source: BNM's Monetary Policy Statement dated 6 July; BNM's Economic and Monetary Review in the 1st Quarter of 2023 dated 12 May 2023)

The health of the logistics industry is closely aligned with the economic activity and international trade, and the prospects of the Group are closely tied to the performance of the global as well as domestic economy. The normalisation of international freight rates had gained momentum from the second half of 2022, resulting in sharp correction in freight rates. Coupled with inflationary pressures and the slower-than-expected recovery of economic activity in China, it presented a challenging environment for logistics companies to operate in. Taking into consideration the difficult global and domestic economic environment, our Group has nevertheless managed to register a credible financial performance in the first quarter of the current financial year. Going forward into the second half of 2023, there is expectation of recovery of economic activity especially with regards to China after its uneven and slow start since emerging from the COVID-19 pandemic. Such a recovery would augur well for the economic activity in Malaysia, with direct spill over impact on the logistics industry. Meanwhile, the market freight rates for both air and ocean are expected to remain fairly stable following the sharp corrections, as the rates have already generally dropped to around pre-pandemic levels. We also believe that our DBS, in particular our contract logistics and cold-chain divisions, will continue to rebound in line with the economic activity, and our strength as a total logistics solutions provider. Moreover, our two new warehouses (4-storey warehouse in Shah Alam and our single-storey warehouse at Westports) are slated to be operational by our fourth financial quarter. This will impact our bottom line positively, both from the additional capacity as well as lower effective corporate tax rate as a result of tax benefits arising from our Integrated Logistics Scheme (ILS) tax incentive. Hence, we are cautiously positive about the prospects of the Group for the remaining period to the end of the financial year. Downside risks for our Group include the weaker-than-expected economic activity, economic recession in the current fragile global economic conditions, inflationary pressure in our cost structure and geopolitical trade war affecting our customers. We will continue to maintain our strategy to focus on servicing our customers with innovative logistics solutions and expand our logistics capacity when it is beneficial to our shareholders' value.

B4. Profit Forecast

Not applicable as there is no forecast / profit guarantee.

B5. Tax Expense

	Quarter and Year-to-Date Ended	
	30.06.2023	30.06.2022
	RM'000	RM'000
Income tax		
- Current tax	(3,291)	(7,559)
- Overprovision in prior years	-	-
Deferred tax		
- Current year	(490)	(376)
- Over/(Under) provision in prior years	323	(83)
	<u>(3,458)</u>	<u>(8,018)</u>
	=====	=====

The Group's effective tax rates for the cumulative 3 months ended 30 June 2023 and 30 June 2022 were lower than the Malaysia statutory rate of 24% mainly due to the qualifying capital expenditure claimed under the Investment Tax Allowance.

**B6. Corporate Proposals**

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

B7. Borrowing

	As at 1st quarter ended 30.06.2023					
	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	-	969	-	1,566	-	2,535
Lease liabilities	-	3,477	-	9,888	-	13,365
Bank loan (unsecured)	-	151,236	-	57,653	-	208,889
Bank loan (secured)	-	27,272	-	6,847	-	34,119
Amounts owing to corporate shareholder of subsidiary company	-	3,676	-	372	-	4,048
Total borrowings	-	186,630	-	76,326	-	262,956

	As at 1st quarter ended 30.06.2022					
	Long term		Short term		Total borrowing	
	Denomination in		Denomination in		Denomination in	
	Foreign ('000)	RM ('000)	Foreign ('000)	RM ('000)	Foreign ('000)	RM ('000)
Hire purchase liabilities	-	1,271	-	995	-	2,266
Lease liabilities	-	7,954	-	16,498	-	24,452
Bank loan (unsecured)	-	149,826	-	59,957	-	209,783
Bank loan (secured)	-	33,781	-	5,408	-	39,189
Amounts owing to corporate shareholder of subsidiary company	-	4,015	-	372	-	4,387
Total borrowings	-	196,847	-	83,230	-	280,077

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

B8. Litigation

There was no material litigation pending since 30 June 2023 to the date of this report.

B9. Dividend Declared

On 27 April 2023, the Board of Directors declared a single-tier final dividend of 3.5 sen per ordinary share amounting to RM28,000,000 in respect of financial year ended 31 March 2023. The dividend was paid on 26 May 2023.

B10. Earnings Per Share

	Quarter and Year-to-Date Ended	
	30.06.2023	30.06.2022
PAT after non-controlling interest (RM'000)	14,220	24,433
Weighted average number of ordinary shares in issue ('000)	800,000	800,000
Earnings per share (sen)	1.78	3.05

The Company does not have any dilutive potential ordinary shares outstanding as at 30 June 2023. Accordingly, no diluted earnings per share is presented.

**B11. Derivative Financial Instruments**

There is no derivative financial instrument for the Group as at 30 June 2023 and 30 June 2022.

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

B12. Profit for the period

	Quarter and Year-to-Date Ended	
	30.06.2023 RM'000	30.06.2022 RM'000
Profit for the period is arrived at after crediting:		
Interest income	1,470	499
Other income	291	235
Gain on disposal of property, plant and equipment	-	-
Bad debts recovered	-	-
Gain on derecognised lease	-	-
Realised foreign exchange gain	591	-
Unrealised foreign exchange gain	1,401	2,839
and after charging:		
Interest expenses	3,431	3,215
Property, plant and equipment written off	48	3
Depreciation of property, plant and equipment	7,960	7,470
Amortisation of right-of-use assets	3,916	4,117
Loss on disposal of property, plant and equipment	2	-
Provision for doubtful debt	-	265
Bad debts written off	-	-
Realised foreign exchange loss	100	392
Unrealised foreign exchange loss	150	1,005
Loss of derecognition of subsidiary	-	-
Impairment loss of other investment	-	-

Unless otherwise indicated above, there were no gain or loss on disposal of quoted or unquoted investment or real properties, impairment of assets, gain or loss on derivatives or exceptional item for current quarter and financial period ended 30 June 2023.