

**FM GLOBAL LOGISTICS HOLDINGS BERHAD**  
**(Registration No. 199601008064 (380410-P))**

**Notes on the quarterly report – 31 March 2022**

**PART A : EXPLANATORY NOTES AS PER MFRS 134**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 and Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the financial year ended 30 June 2021.

The 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 30 June 2021.

The accounting policies and method of computation adopted by the Group in the preparation of the consolidated interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 30 June 2021 except for the adoption of new MFRS and amendments to MFRS and interpretations that are applicable to the Group for the financial period beginning on or after 1 July 2021:-

*Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform – Phase 2*

*Amendment to MFRS 16 Leases Covid-19-Related Rent Concessions beyond 30 June 2021*

The adoption of the above new standards, amendments and interpretations to published standards does not have any material impact on the financial statements of the Group.

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**A2. Qualification of Annual Financial Statements**

The audit report of the Group's latest audited financial statements for the financial year ended 30 June 2021 was not qualified.

**A3. Seasonality or cyclical factors**

The Group's business operation results were not materially affected by any major seasonal or cyclical factors.

**A4. Unusual Items**

There were no unusual items affecting the Group's assets, liabilities, equity, net income or cash flows in the financial period under review.

**A5. Changes in estimates**

There were no changes in estimates of amounts reported in prior financial year that have had material effect in the current quarter.

**A6. Changes in debts and equity securities**

There were no issuances, cancellations, repurchases, resale or repayments of debt and equity securities during the financial period under review.

**A7. Dividend paid**

The third interim single tier dividend of 1.0 sen per share amounting to RM5,584,448.30 in respect of financial year ended 30 June 2021 has been paid on 18 October 2021.

The first interim single tier dividend of 1.0 sen per share amounting to RM5,584,448 in respect of financial year ended 30 June 2022 has been paid on 19 May 2022.

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**A8. Segment information**

Operating segments for the current financial period ended 31 March 2022:

	← Logistics →									
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	USA	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>										
Total revenue	572,530	86,957	47,619	38,263	35,206	29,188	36,674	1,190	(28,488)	819,139
Inter-segment revenue	(15,080)	(839)	(1,818)	(4,005)	(1,230)	(1,133)	(3,193)	(1,190)	28,488	-
Revenue from external customers	557,450	86,118	45,801	34,258	33,976	28,055	33,481	-	-	819,139
<b>Results</b>										
Segment results	36,927	2,691	4,427	2,042	3,193	1,274	894	12,646	(13,142)	50,952
Finance costs	(3,560)	(14)	(9)	(57)	(5)	(76)	-	-	-	(3,721)
Share of loss of associates	1	-	-	-	-	-	-	-	-	1
Share of profit of joint ventures	-	-	-	-	-	-	-	1,780	-	1,780
Profit before tax	33,368	2,677	4,418	1,985	3,188	1,198	894	14,426	(13,142)	49,012
Tax expense										(12,696)
Profit for the period										36,316
<b>Assets</b>										
Segment assets	644,940	26,256	25,655	13,720	11,602	7,351	21,517	69,502	(131,928)	688,615
Investments in associates	450	-	-	-	-	-	-	-	-	450
Investments in joint ventures	-	-	-	-	-	-	-	8,743	-	8,743
Deferred tax assets	-	-	787	-	-	304	-	-	-	1,091
Current tax assets	55	-	-	1,195	-	-	-	174	-	1,424
Total assets										700,323

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	←			Logistics	→					
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	USA	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Liabilities</b>										
Segment liabilities	371,799	14,787	7,208	9,454	2,813	5,230	11,512	41,685	(176,075)	288,413
Deferred tax liabilities	30,128	-	-	-	-	-	-	-	480	30,608
Current tax liabilities	3,379	803	271	401	700	313	258	-	-	6,125
Total liabilities										<u>325,146</u>
<b>Other segment information</b>										
Capital expenditure - PPE	1,905	53	72	127	76	-	41	37	-	2,311
Capital expenditure – ROU assets (HP)	34,525	-	-	-	-	-	-	-	-	34,525
Depreciation on PPE	5,609	79	237	55	67	87	6	62	325	6,527
Depreciation on right-of-use assets	9,379	51	424	137	88	-	-	-	-	10,079
Amortization of Intangible assets	-	-	-	-	-	-	-	216	-	216

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**A8. Segment information**

Operating segments for the current financial period ended 31 March 2021:

	← Logistics →									
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	USA	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>										
Total revenue	405,349	50,852	27,970	25,633	21,841	15,228	3,423	1,803	(16,940)	535,159
Inter-segment revenue	(7,171)	(748)	(1,217)	(1,886)	(670)	(802)	(2,921)	(1,525)	16,940	-
Revenue from external customers	398,178	50,104	26,753	23,747	21,171	14,426	502	278	-	535,159
<b>Results</b>										
Segment results	39,152	1,896	1,574	1,375	1,905	878	22	25,089	(41,058)	30,833
Finance costs	(2,113)	(17)	(22)	(22)	(18)	(114)	-	-	-	(2,306)
Share of loss of associates	(30)	-	-	-	-	-	-	(591)	-	(621)
Share of profit of joint ventures	-	-	-	-	-	-	-	1,077	-	1,076
Profit before tax	37,009	1,879	1,552	1,352	1,887	764	22	25,575	(41,058)	28,982
Tax expense										(8,923)
Profit for the period										20,059
<b>Assets</b>										
Segment assets	515,200	18,093	19,404	12,186	4,913	5,658	2,192	60,674	(131,444)	506,876
Investments in associates	418	-	-	-	-	-	-	-	-	418
Investments in joint ventures	-	-	-	-	-	-	-	5,763	-	5,763
Deferred tax assets	-	-	746	-	49	565	-	-	-	1,360
Current tax assets	59	-	-	-	-	-	-	178	-	237
Total assets										514,654

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	←			Logistics	→					
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	USA	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Liabilities</b>										
Segment liabilities	281,242	9,062	6,711	10,493	2,008	4,955	1,401	24,444	(163,033)	177,283
Deferred tax liabilities	23,823	-	-	-	-	-	-	19	618	24,460
Current tax liabilities	4,925	564	(548)	(1,574)	403	191	45	-	-	4,006
Total liabilities										<u>205,749</u>
<b>Other segment information</b>										
Capital expenditure - PPE	9,875	15	11	38	6	42	-	11	-	9,998
Capital expenditure – ROU assets (HP)	6,530	-	-	-	-	-	-	-	-	6,530
Depreciation on PPE	5,527	52	281	43	78	19	6	58	-	6,064
Depreciation on right-of-use assets	8,184	68	375	145	128	-	-	-	-	8,900
Amortization of Intangible assets	-	-	-	-	-	-	-	401	-	401

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**A8. Segmental Information (Cont'd)**

The Group comprises the following major business segments:

- i) Logistics – provision of integrated freight and logistics services such as sea freight, air freight, land freight, warehouse and distribution and supporting services, which are operated by companies in Malaysia, Australia, Indonesia, Thailand, Vietnam, India and USA.
- ii) Others – investment holdings and provision of management services, provision of IT application solutions and support services.

There have been no differences in the basis of segmentation or in the basis of measurement of segment profit and loss as compared to the last annual financial statements.

**A9. Valuation of property, plant and equipment**

The Group's property, plant and equipment other than land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses. Land and buildings are stated at valuation, which are the fair values at the date of revaluation.

**A10. Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the current quarter.

**A11. Changes in the composition of the Group**

On 04 Oct 2021, the Company's indirect subsidiary, FM Global Logistics Venture Sdn Bhd ("FMGLV"), a wholly-owned subsidiary of the Company entered into a Stock Purchase Agreement with several independent third parties to acquire the entire issued and outstanding shares of capital stock of Inter-Orient Services, Inter-Orient Corporation and Noble Shipping Corporation ("IOS Group"), for a total cash consideration of USD2,200,000 (equivalent to approximately RM9,196,000 based on the exchange rate of USD1:RM4.18), subject to the terms and conditions as stipulated in the SPA (the "Acquisition"). The Acquisition of IOS Group was completed on 1 December 2021.

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**A12. Contingent liabilities**

The Directors of FMHB are not aware of any material changes in the contingent liabilities since the last financial year save as disclosed below:-

	<b>RM'000</b>
Guarantees given to third parties in respect of trade performance of subsidiaries	7,378
Guarantees given to financial institutions in respect of credit facilities granted	149,444
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	<u>156,822</u>

**A13. Capital commitments**

**Contracted but not provided for :**

	<b>As at 31.03.22 RM'000</b>
Land (Bukit Raja)	39,786
PM and Trailers	9,514
Forklifts	1,353
Trucks	1,130
Plant and Machinery	886
Office equipment	539
Renovation (Prai 2 office)	220
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	<u>53,428</u>



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**PART B: ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of performance**

The Group registered revenue growth of RM108.8 million or approximately 50% higher than 3QFY21. Details of changes in each service type are as follows:-

<b>Service Type</b>	<b>3QFY22</b>	<b>3QFY21</b>	<b>Changes</b>	
			<b>RM mil</b>	<b>% change</b>
International freight	274.7	165.4	109.3	66%
Domestic Logistics	49.9	50.4	-0.5	-1%
<b>TOTAL</b>	<b>324.6</b>	<b>215.8</b>	<b>108.8</b>	<b>50%</b>

Compared to 3QFY21, the increased revenue in 3QFY2022 was mainly due to increase of freight rate and business activities in the current quarter.

The Group's Profit Before Tax ("PBT") increased from RM11.1 million to RM18.3 million or 64% higher as compared to 3QFY21. The increase of PBT are mainly due to the increase of business activities from both Malaysian and overseas operations in the current 3QFY22 and significantly lower impairment losses on receivables as compared to 3QFY21.

**B2. Variation of results against preceding quarter**

<b>Service Type</b>	<b>3QFY22</b>	<b>2QFY22</b>	<b>Changes</b>	
			<b>RM mil</b>	<b>% change</b>
International freight	274.7	232.9	41.8	18%
Domestic Logistics	49.9	48.1	1.8	4%
<b>TOTAL</b>	<b>324.6</b>	<b>281.0</b>	<b>43.6</b>	<b>16%</b>

The Group's revenue for the current quarter of RM324.6 million was RM43.6 million or 16% higher than 2QFY22 mainly due to higher freight rate and business activities.

The Group's PBT for 3QFY22 increased to RM18.3 million or 12% from RM16.4 million in 2QFY22 mainly due to increase of business activities.

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**B3. Current year prospects**

The Group is confident that its business activities will continue to be robust despite the challenges and potential risks of the uncertain global economic activities and the supply chain disruptions. The Group will continue to focus on expanding its customer base regionally and improve cost management via operational efficiencies.

**B4. Variance of actual and forecast profit**

The Group did not issue any profit forecast and therefore no variance information is available for the quarter under review.

**B5. Tax expense**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Quarter
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
<b>In respect of current period:</b>				
Income tax	4,970	4,320	13,188	9,082
Deferred tax	113	149	(342)	(89)
	<u>5,083</u>	<u>4,469</u>	<u>12,846</u>	<u>8,993</u>
<b>In respect of prior years :</b>				
Income tax	(1)	(68)	(150)	(70)
Deferred tax	-	-	-	-
	<u>(1)</u>	<u>(68)</u>	<u>(150)</u>	<u>(70)</u>
<b>Total</b>	<u><u>5,082</u></u>	<u><u>4,401</u></u>	<u><u>12,696</u></u>	<u><u>8,923</u></u>

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**B6. Status of corporate proposal announced**

There was no corporate proposal announced as at the date of the announcement.

**B7. Group borrowings**

The Group's borrowings as at the end of the reporting quarter are as follows:

	<b>As at 31.03.2022 RM'000</b>	<b>As at 31.03.2021 RM'000</b>
<b>Payable within 12 months (secured)</b>		
Term loans		
- Ringgit Malaysia	71,966	24,685
- India Dollar (INR4.6m / INR4.6m)^	249	254
Lease liabilities (Hire-purchase)		
- Ringgit Malaysia	9,002	6,922
- Australian Dollar (AUD25k / AUD23k)^	76	72
- Indonesia Dollar (IDR11m / IDR351m)^	3	95
- Thailand Dollar (THB629k / THB701k)^	75	87
- India Dollar (INR335k / INR303k)^	18	17
Overdraft		
- Ringgit Malaysia	520	-
- India Dollar (INR18m / INR26.7m)^	987	1,462
	<u>82,896</u>	<u>33,594</u>
<b>Payable after 12 months (secured)</b>		
Term loans		
- Ringgit Malaysia	75,478	41,248
Lease liabilities (Hire-purchase)		
- Ringgit Malaysia	20,204	15,730
- Australian Dollar (AUD75k / AUD100k)^	233	310
- Indonesia Dollar (- / IDR11m)^	-	3
- Thailand Dollar (THB849k / THB1,478k)^	101	184
- India Dollar (INR435m / INR770m)^	24	42
	<u>96,040</u>	<u>57,517</u>
<b>Total borrowings</b>	<u><u>178,936</u></u>	<u><u>91,111</u></u>
<b>^ Exchange rate</b>		
- Australian Dollar	3.091	3.098
- Indonesian Rupiah	0.000279	0.000272
- Thai Baht	11.89	12.48
- Indian Rupee	0.0537	0.0548

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**B8. Material Litigation**

Neither FMHB nor any of its subsidiaries in the Group is engaged in any material litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or any of its subsidiaries in the Group and the Board of Directors of FMHB is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or any of its subsidiaries in the Group.

**B9. Dividend**

The Board of Directors has declared a second interim single tier dividend of 1.0 sen per ordinary share, in respect of the financial year ending 30 June 2022. The dividend will be paid on 28 July 2022 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 8 July 2022.

**B10. Earnings per share**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>Year</b>	<b>Year</b>	<b>Year To</b>	<b>Year</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>Date</b>	<b>Corresponding</b>
	<b>31.03.2022</b>	<b>Quarter</b>	<b>31.03.2022</b>	<b>Quarter</b>
	<b>31.03.2021</b>	<b>31.03.2021</b>	<b>31.03.2021</b>	<b>31.03.2021</b>
Profit attributable to equity holders of the parent (RM'000)	11,914	6,050	33,022	18,451
Weighted average number of ordinary shares in issue ('000)	558,445	558,445	558,445	558,445
Basic Earnings Per Ordinary Share (sen)	2.13	1.08	5.91	3.30

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**B11. Additional Disclosures on Profit for the period**

	<b>Current Year Quarter 31.03.22 RM'000</b>	<b>Preceding Year Quarter 31.03.21 RM'000</b>	<b>Current Year To Date 31.03.22 RM'000</b>	<b>Preceding Year To Date 31.03.21 RM'000</b>
<b>Profit for the period is arrived at after charging/(crediting) :</b>				
Interest income	(45)	(48)	(140)	(218)
Gain on disposal of property, plant and equipment	(160)	27	(170)	58
Loss on foreign exchange	329	434	944	1,767
Depreciation of PPE	2,220	2,164	6,527	6,064
Depreciation of Right-of-use assets	3,323	3,016	10,079	8,900
Amortization of Intangible asset	63	131	216	401
Additional on Impairment/ write off of receivables	485	4,055	2,180	4,830
Impairment loss on PPE	917	-	917	-
Impairment loss on advance in associate	-	510	-	1,231
Loss on disposal of investment in associate	-	-	-	152
Interest expense	1,445	999	3,721	2,306

Other than the above, there were no gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for the financial period ended 31 March 2022.