

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

Notes on the quarterly report – 30 September 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 2022.

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 2022.

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 2022 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 2022.

The adoption of these new and revised standards, amendments and does not have any material impact on the financial statements of the Group.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the accounting period beginning 1 July 2022.

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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 2022 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 2.0 sen per share amounting to RM11,168,897 in respect of financial year ended 30 June 2022 has been paid on 7 October 2022.

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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
Liabilities										
Segment liabilities	411,353	16,829	9,486	8,480	2,707	7,784	22,386	57,489	(207,662)	328,852
Deferred tax liabilities	30,441	-	-	-	-	-	-	-	428	30,869
Current tax liabilities	3,414	661	821	66	300	498	968	71	-	6,799
Total liabilities										<u>366,520</u>
Other segment information										
Capital expenditure - PPE	1,151	9	43	11	6	19	98	-	-	1,337
Capital expenditure – ROU assets (HP)	9,737	-	-	-	-	-	-	-	-	9,737
Depreciation on PPE	1,734	8	83	21	22	14	1	4	108	1,995
Depreciation on right-of-use assets	4,171	13	135	39	45	-	-	-	-	4,403
Amortization of Intangible assets	-	-	-	-	-	-	-	28	-	28

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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
Liabilities										
Segment liabilities	309,653	9,435	6,882	8,519	1,060	4,196	1,364	44,579	(167,705)	217,983
Deferred tax liabilities	29,993	-	-	-	-	-	-	-	532	30,525
Current tax liabilities	1,564	539	-	103	159	56	50	-	-	2,471
Total liabilities										<u>250,979</u>
Other segment information										
Capital expenditure - PPE	273	3	25	47	1	9	-	37	-	395
Capital expenditure – ROU assets (HP)	6,416	-	-	-	-	-	-	-	-	6,416
Depreciation on PPE	1,866	16	80	16	20	4	1	21	109	2,133
Depreciation on right-of-use assets	3,158	17	146	46	44	-	-	-	-	3,411
Amortization of Intangible assets	-	-	-	-	-	-	-	86	-	86

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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

There were no changes in the composition of the Group during the current financial period.

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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:-

	RM'000
Guarantees given to third parties in respect of trade performance of subsidiaries	8,467
Guarantees given to financial institutions in respect of credit facilities granted	126,721
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	<u>135,188</u>

A13. Capital commitments

Contracted but not provided for :

	As at 30.09.22 RM'000
Prime Movers and Trailers	15,203
Forklifts	1,010
Motor vehicle	629
Office equipment	448
Plant and Machinery	443
Trucks	263
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	<u>17,996</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 RM89.7 million or approximately 42% higher than 1QFY22. Details of changes in each service type are as follows:-

Service Type	1QFY23	1QFY22	Changes RM mil	% change
International freight	232.6	179.0	53.6	30%
Domestic Logistics	70.6	34.5	36.1	105%
TOTAL	303.2	213.5	89.7	42%

Compared to 1QFY22, the increased revenue in 1QFY2023 was mainly due to increase of business activities in the current quarter.

The Group's Profit Before Tax ("PBT") increased from RM14.3 million to RM18.0 million or 25% higher as compared to 1QFY22. The increase of PBT are mainly due to the increase of business activities from both Malaysian and overseas operations in the current 1QFY23.

B2. Variation of results against preceding quarter

Service Type	1QFY23	4QFY22	Changes RM mil	% change
International freight	232.6	281.1	-48.5	-17%
Domestic Logistics	70.6	52.7	17.9	34%
TOTAL	303.2	333.8	-30.6	-9%

The Group's revenue for the current quarter of RM303.2 million was RM30.6 million or 3% lower than 4QFY22 mainly due to lower freight rate whilst the volume was largely maintained.

The Group's PBT for 1QFY23 increased slightly to RM18.0 million or 2% from RM17.6 million in 4QFY22 mainly due to lower operating expenses in the current quarter.

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B3. Current year prospects

The Group's performance is expected to remain positive but it is mindful of the challenges ahead and the potential risks caused by the uncertain global economic situation. 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
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	4,822	3,785	4,822	3,785
Deferred tax	(190)	(247)	(190)	(247)
	<u>4,632</u>	<u>3,538</u>	<u>4,632</u>	<u>3,538</u>
In respect of prior years :				
Income tax	-	(149)	-	(149)
Deferred tax	-	-	-	-
	<u>-</u>	<u>(149)</u>	<u>-</u>	<u>(149)</u>
Total	<u><u>4,632</u></u>	<u><u>3,389</u></u>	<u><u>4,632</u></u>	<u><u>3,389</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:

	As at 30.09.2022 RM'000	As at 30.09.2021 RM'000
Payable within 12 months (secured)		
Term loans		
- Ringgit Malaysia	52,445	38,192
- India Dollar (INR1.5m / INR4.6m) [^]	81	253
Lease liabilities (Hire-purchase)		
- Ringgit Malaysia	12,163	9,464
- Australian Dollar (AUD24k / AUD29k) [^]	70	88
- Indonesia Rupiah (- / IDR161m) [^]	-	45
- Thai Baht (THB529k / THB727k) [^]	60	85
- Indian Rupee (INR352k / INR318k) [^]	19	17
Overdraft		
- Ringgit Malaysia	2,312	665
- Indian Rupee (INR15.6m / INR20m) [^]	861	1,072
	<u>68,011</u>	<u>49,881</u>
Payable after 12 months (secured)		
Term loans		
- Ringgit Malaysia	70,740	37,669
- Indian Rupee (INR2.6m / -) [^]	143	-
Lease liabilities (Hire-purchase)		
- Ringgit Malaysia	33,183	19,940
- Australian Dollar (AUD64k / AUD82k) [^]	189	245
- Indonesia Rupiah (- / -) [^]	-	-
- Thai Baht (THB579k / THB1,107k) [^]	66	129
- Indian Rupee (INR255k / INR607m) [^]	14	33
	<u>104,335</u>	<u>58,016</u>
	<u>172,346</u>	<u>107,897</u>
Total borrowings	<u>172,346</u>	<u>107,897</u>
[^] Exchange rate		
- Australian Dollar	2.946	2.973
- Indonesian Rupiah	-	0.000279
- Thai Baht	11.45	11.63
- Indian Rupee	0.0550	0.0546

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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 does not recommend any dividend for the current quarter under review.

B10. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year To	Year
	Quarter	Corresponding	Date	Corresponding
	30.09.2022	Quarter	30.09.2022	Quarter
	30.09.2021	30.09.2021	30.09.2021	30.09.2021
Profit attributable to equity holders of the parent (RM'000)	12,050	10,285	12,050	10,285
Weighted average number of ordinary shares in issue ('000)	558,445	558,445	558,445	558,445
Basic Earnings Per Ordinary Share (sen)	2.16	1.84	2.16	1.84

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B11. Additional Disclosures on Profit for the period

	Current Year Quarter 30.09.22 RM'000	Preceding Year Quarter 30.09.21 RM'000
Profit for the period is arrived at after charging/(crediting) :		
Interest income	(87)	(48)
Gain on disposal of property, plant and equipment	(29)	(5)
(Gain)/loss on foreign exchange	(1,595)	509
Depreciation of PPE	1,995	2,133
Depreciation of Right-of-use assets	4,403	3,411
Amortization of Intangible asset	28	86
(Reversal)/Loss on Impairment/ write off of receivables	(388)	216
Interest expense	1,973	1,027

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 30 September 2022.