

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

Notes on the quarterly report – 31 December 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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A8. Segment information

Operating segments for the current financial period ended 31 December 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
Revenue										
Total revenue	370,645	71,416	32,791	20,552	12,120	22,828	37,967	1,052	(20,520)	548,851
Inter-segment revenue	(9,842)	(477)	(1,381)	(1,407)	(521)	(2,182)	(3,658)	(1,052)	20,520	-
Revenue from external customers	<u>360,803</u>	<u>70,939</u>	<u>31,410</u>	<u>19,145</u>	<u>11,599</u>	<u>20,646</u>	<u>34,309</u>	<u>-</u>	<u>-</u>	<u>548,851</u>
Results										
Segment results	27,137	3,863	3,138	635	938	1,751	618	1,222	(805)	38,497
Finance costs	(3,916)	(7)	(13)	(41)	(12)	(50)	-	-	31	(4,008)
Share of loss of associates	2	-	-	-	-	-	-	-	-	2
Share of profit of joint ventures	-	-	-	-	-	-	-	1,485	-	1,485
Profit before tax	<u>23,223</u>	<u>3,856</u>	<u>3,125</u>	<u>594</u>	<u>926</u>	<u>1,701</u>	<u>618</u>	<u>2,707</u>	<u>(774)</u>	<u>35,976</u>
Tax expense										<u>(9,327)</u>
Profit for the period										<u>26,649</u>
Assets										
Segment assets	680,747	28,959	29,648	13,997	9,089	10,565	18,927	95,577	(155,652)	731,857
Investments in associates	453	-	-	-	-	-	-	-	-	453
Investments in joint ventures	-	-	-	-	-	-	-	10,349	-	10,349
Deferred tax assets	-	-	913	-	-	32	-	-	-	945
Current tax assets	23	-	-	563	-	-	-	59	-	645
Total assets										<u>744,249</u>

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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	413,006	15,204	7,973	8,627	948	6,549	16,332	44,077	(199,384)	313,332
Deferred tax liabilities	30,372	-	-	-	-	-	-	-	402	30,774
Current tax liabilities	4,506	1,459	1,150	-	339	749	142	95	-	8,440
Total liabilities										<u>352,546</u>
Other segment information										
Capital expenditure - PPE	2,131	22	113	19	22	22	97	643	-	3,069
Capital expenditure – ROU assets (HP)	15,754	-	-	-	-	-	-	-	-	15,754
Depreciation on PPE	3,544	20	169	44	46	30	3	19	217	4,092
Depreciation on right-of-use assets	8,914	26	276	79	88	-	-	-	-	9,383
Amortization of Intangible assets	-	-	-	-	-	-	1	55		56

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A8. Segment information

Operating segments for the current financial period ended 31 December 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
Revenue										
Total revenue	356,049	51,013	29,605	24,893	24,550	17,938	4,577	794	(14,863)	494,556
Inter-segment revenue	(8,472)	(671)	(691)	(1,284)	(562)	(657)	(1,732)	(794)	14,863	-
Revenue from external customers	<u>347,577</u>	<u>50,342</u>	<u>28,914</u>	<u>23,609</u>	<u>23,988</u>	<u>17,281</u>	<u>2,845</u>	<u>-</u>	<u>-</u>	<u>494,556</u>
Results										
Segment results	22,658	1,286	2,960	1,505	2,387	697	368	892	(934)	31,819
Finance costs	(2,165)	(9)	(6)	(35)	(5)	(56)	-	-	-	(2,276)
Share of loss of associates	-	-	-	-	-	-	-	-	-	-
Share of profit of joint ventures	-	-	-	-	-	-	-	1,175	-	1,175
Profit before tax	<u>20,493</u>	<u>1,277</u>	<u>2,954</u>	<u>1,470</u>	<u>2,382</u>	<u>641</u>	<u>368</u>	<u>2,067</u>	<u>(934)</u>	<u>30,718</u>
Tax expense										(7,614)
Profit for the period										<u>23,104</u>
Assets										
Segment assets	611,395	23,112	23,903	12,589	9,199	6,196	23,272	61,472	(128,847)	642,291
Investments in associates	450	-	-	-	-	-	-	-	-	450
Investments in joint ventures	-	-	-	-	-	-	-	8,138	-	8,138
Deferred tax assets	-	-	682	-	-	307	-	-	-	989
Current tax assets	568	-	-	1,449	-	-	-	178	-	2,195
Total assets										<u>654,063</u>

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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	336,755	13,489	6,682	9,136	1,725	4,607	13,844	45,406	(173,200)	258,444
Deferred tax liabilities	29,886	-	-	-	-	-	-	-	506	30,392
Current tax liabilities	2,793	402	128	293	499	174	96	-	-	4,385
Total liabilities										<u>293,221</u>
Other segment information										
Capital expenditure - PPE	978	39	45	96	5	15	6	37	-	1,221
Capital expenditure – ROU assets (HP)	6,728	-	-	-	-	-	-	-	-	6,728
Depreciation on PPE	3,712	44	160	35	41	51	4	43	217	4,307
Depreciation on right-of-use assets	6,248	34	294	92	88	-	-	-	-	6,756
Amortization of Intangible assets	-	-	-	-	-	-	-	153	-	153

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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	8,417
Guarantees given to financial institutions in respect of credit facilities granted	121,455
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	<u>129,872</u>

A13. Capital commitments

Contracted but not provided for :

	As at 31.12.22 RM'000
Prime Mover and Trailers	10,700
Forklifts	1,010
Motor vehicle	629
Trucks	263
Office equipment	142
Plant and Machinery	127
Warehouse equipment	65
Renovation	38
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	<u>12,974</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 decreased by RM35.4 million or approximately 13% lower than 2QFY22. Details of changes in each service type are as follows:-

Service Type	2QFY23	2QFY22	Changes	
			RM mil	% change
International freight	189.9	243.7	-53.8	-22%
Domestic Logistics	55.7	37.3	18.4	49%
TOTAL	245.6	281.0	-35.4	-13%

Compared to 2QFY22, the lower revenue in 2QFY2023 was mainly due to lower freight rates in the current quarter.

The Group's Profit Before Tax ("PBT") increased from RM16.4 million to RM18.0 million or 10% higher as compared to 2QFY22. The increase of PBT are mainly due to the increase of business activities from both Malaysian and overseas operations in the current 2QFY23.

B2. Variation of results against preceding quarter

Service Type	2QFY23	1QFY23	Changes	
			RM mil	% change
International freight	189.9	232.6	-42.7	-18%
Domestic Logistics	55.7	70.6	-14.9	-21%
TOTAL	245.6	303.2	-57.6	-19%

The Group's revenue for the current quarter of RM245.6 million was RM57.6 million or 19% lower than 1QFY23 mainly due to lower freight rate.

The Group's PBT for 2QFY23 was similar to 1QFY23 for RM18.0 million due to the increase of business activities in the current 2QFY23.

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B3. Current year prospects

The Group's performance is expected to remain positive but it is mindful of the challenges such as global inflationary pressure 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
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	4,569	4,433	9,391	8,218
Deferred tax	115	(208)	(75)	(455)
	<u>4,684</u>	<u>4,225</u>	<u>9,316</u>	<u>7,763</u>
In respect of prior years :				
Income tax	11	-	11	(149)
Deferred tax	-	-	-	-
	<u>11</u>	<u>-</u>	<u>11</u>	<u>(149)</u>
Total	<u><u>4,695</u></u>	<u><u>4,225</u></u>	<u><u>9,327</u></u>	<u><u>7,614</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 31.12.2022 RM'000	As at 31.12.2021 RM'000
Payable within 12 months (secured)		
Term loans		
- Ringgit Malaysia	50,274	50,196
- India Dollar (INR1.5m / INR4.6m)^	79	252
Lease liabilities (Hire-purchase)		
- Ringgit Malaysia	13,101	8,611
- Australian Dollar (AUD22k / AUD24k)^	66	72
- Indonesia Rupiah (- /IDR78m)^	-	22
- Thai Baht (THB541k / THB678k)^	69	80
- Indian Rupee (INR361k / INR326k)^	19	18
Overdraft		
- Ringgit Malaysia	155	765
- Indian Rupee (INR15m / INR12m)^	777	661
	<u>64,540</u>	<u>60,677</u>
Payable after 12 months (secured)		
Term loans		
- Ringgit Malaysia	68,819	49,219
- Indian Rupee (INR2.6m / -)^	117	-
Lease liabilities (Hire-purchase)		
- Ringgit Malaysia	35,202	18,862
- Australian Dollar (AUD59k / AUD82k)^	177	242
- Thai Baht (THB439k / THB979k)^	56	115
- Indian Rupee (INR161k / INR522m)^	9	28
	<u>104,380</u>	<u>68,466</u>
Total borrowings	<u><u>168,920</u></u>	<u><u>129,143</u></u>
^ Exchange rate		
- Australian Dollar	2.984	2.964
- Indonesian Rupiah	-	0.000278
- Thai Baht	12.72	11.78
- Indian Rupee	0.0530	0.0543

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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 first interim single tier dividend of 1.0 sen per ordinary share, in respect of the financial year ending 30 June 2023. The dividend will be paid on 14 April 2023 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 31 March 2023.

B10. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year To	Year
	Quarter	Corresponding	Date	Corresponding
	31.12.2022	Quarter	31.12.2022	Quarter
		31.12.2021		31.12.2021
Profit attributable to equity holders of the parent (RM'000)	11,446	10,823	23,496	21,108
Weighted average number of ordinary shares in issue ('000)	558,445	558,445	558,445	558,445
Basic Earnings Per Ordinary Share (sen)	2.05	1.94	4.21	3.78

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B11. Additional Disclosures on Profit for the period

	Current Year Quarter 31.12.22 RM'000	Preceding Year Quarter 31.12.21 RM'000	Current Year To Date 31.12.22 RM'000	Preceding Year To Date 31.12.21 RM'000
Profit for the period is arrived at after charging/(crediting) :				
Interest income	(151)	(47)	(238)	(95)
Gain on disposal of property, plant and equipment	(33)	(5)	(62)	(10)
Loss/(Gain) on foreign exchange	733	106	(862)	615
Depreciation of PPE	2,097	2,174	4,092	4,307
Depreciation of Right-of-use assets	4,980	3,345	9,383	6,756
Amortization of Intangible asset	28	67	56	153
(Reversal)/Loss on Impairment/ write off of receivables	(543)	1,479	(931)	1,695
Interest expense	2,035	1,249	4,008	2,276

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 December 2022.