

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

Notes on the quarterly report – 31 March 2023

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.

The first interim single tier dividend of 1.0 sen per share amounting to RM5,584,448 in respect of financial year ending 30 June 2023 has been paid on 14 April 2023.

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A8. Segment information

Operating segments for the current financial period ended 31 March 2023:

	←				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	518,529	92,526	45,314	28,111	15,995	30,270	47,061	1,577	(28,468)	750,915
Inter-segment revenue	(13,837)	(679)	(1,946)	(1,992)	(661)	(2,527)	(5,249)	(1,577)	28,468	-
Revenue from external customers	504,692	91,847	43,368	26,119	15,334	27,743	41,812	-	-	750,915
Results										
Segment results	41,217	4,707	3,788	892	950	1,939	791	1,425	(1,083)	54,626
Finance costs	(5,744)	(16)	(16)	(63)	(18)	(63)	-	-	47	(5,873)
Share of profit of associates	2	-	-	-	-	-	-	-	-	2
Share of profit of joint ventures	-	-	-	-	-	-	-	2,335	-	2,335
Profit before tax	35,475	4,691	3,772	829	932	1,876	791	3,760	(1,036)	51,090
Tax expense										(13,003)
Profit for the period										38,087
Assets										
Segment assets	653,575	27,708	31,905	14,304	9,371	10,523	19,077	96,771	(155,754)	707,480
Investments in associates	454	-	-	-	-	-	-	-	-	454
Investments in joint ventures	-	-	-	-	-	-	-	11,199	-	11,199
Deferred tax assets	-	-	1,167	-	-	33	-	-	-	1,200
Current tax assets	33	-	-	642	-	-	292	63	-	1,030
Total assets										721,363

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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
Revenue										
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
Results										
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 profit 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
Assets										
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
Liabilities										
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>
Other segment information										
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. 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	113,804
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	<u>122,221</u>

A13. Capital commitments

Contracted but not provided for :

	As at 31.03.23 RM'000
Prime Mover and Trailers	11,130
Forklifts	977
Office equipment	131
Plant and Machinery	127
Warehouse equipment	111
Renovation	54
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	<u>12,530</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's revenue decreased by RM122.6 million or approximately 38% in 3QFY23 compared to 3QFY22. Details of changes in each service type are as follows:-

Service Type	3QFY23	3QFY22	Changes	
			RM mil	% change
International freight	145.0	285.1	-140.1	-49%
Domestic Logistics	57.0	39.5	17.5	44%
TOTAL	202.0	324.6	-122.6	-38%

Compared to 3QFY22, the lower revenue in 3QFY2023 was mainly due to lower freight rates and lower activities in international freight services in the current quarter despite the increase of activities in the domestic logistics services.

The Group's Profit Before Tax ("PBT") decreased from RM18.3 million to RM15.1 million or 17% lower as compared to 3QFY22. The decrease in PBT was mainly due to the lower business activities from overseas operations in the current 3QFY23.

B2. Variation of results against preceding quarter

Service Type	3QFY23	2QFY23	Changes	
			RM mil	% change
International freight	145.0	189.9	-44.9	-24%
Domestic Logistics	57.0	55.7	1.3	2%
TOTAL	202.0	245.6	-43.6	-18%

The Group's revenue for the current quarter of RM202.0 million was RM43.6 million or 18% lower than 2QFY23 mainly due lower activities in international freight services.

The Group's PBT for 3QFY23 reported lower to RM15.1 million or 16% from RM18.0 million in 2QFY23 mainly due to lower activities in international freight services.

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B3. Current year prospects

The Group's current year performance is expected to be close to the previous year performance in view 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	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Quarter
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	3,561	4,970	12,952	13,188
Deferred tax	(4)	113	(79)	(342)
	3,557	5,083	12,873	12,846
In respect of prior years :				
Income tax	72	(1)	83	(150)
Deferred tax	47	-	47	-
	119	(1)	130	(150)
Total	3,676	5,082	13,003	12,696

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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 31.03.2023 RM'000	As at 31.03.2022 RM'000
Payable within 12 months (secured)		
Term loans		
- Ringgit Malaysia	45,171	71,966
- India Dollar (INR1.5m / INR4.6m)^	80	249
Lease liabilities (Hire-purchase)		
- Ringgit Malaysia	13,032	9,002
- Australian Dollar (AUD18k / AUD25k)^	54	76
- Indonesia Rupiah (IDR104m / IDR11m)^	31	3
- Thai Baht (THB553k / THB629k)^	71	75
- Indian Rupee (INR370k / INR335k)^	20	18
Overdraft		
- Ringgit Malaysia	542	520
- Indian Rupee (INR5m / INR18m)^	277	987
	<u>59,278</u>	<u>82,896</u>
Payable after 12 months (secured)		
Term loans		
- Ringgit Malaysia	66,434	75,478
- Indian Rupee (INR1.9m / -)^	99	-
Lease liabilities (Hire-purchase)		
- Ringgit Malaysia	32,689	20,204
- Australian Dollar (AUD57k / AUD75k)^	169	233
- Indonesia Rupiah (IDR225m / -)^	67	-
- Thai Baht (THB296k / THB849k)^	38	101
- Indian Rupee (INR65k / INR435m)^	3	24
	<u>99,499</u>	<u>96,040</u>
Total borrowings	<u><u>158,777</u></u>	<u><u>178,936</u></u>
^ Exchange rate		
- Australian Dollar	2.954	3.091
- Indonesian Rupiah	0.000295	0.000279
- Thai Baht	12.92	11.89
- Indian Rupee	0.0537	0.0537

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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 2023. The dividend will be paid on 28 July 2023 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 7 July 2023.

B10. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year To	Year
	Quarter	Corresponding	Date	Corresponding
	31.03.2023	Quarter	31.03.2023	Quarter
	31.03.2022	31.03.2022	31.03.2022	31.03.2022
Profit attributable to equity holders of the parent (RM'000)	10,777	11,914	34,273	33,022
Weighted average number of ordinary shares in issue ('000)	558,445	558,445	558,445	558,445
Basic Earnings Per Ordinary Share (sen)	1.93	2.13	6.14	5.91

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B11. Additional Disclosures on Profit for the period

	Current Year Quarter 31.03.23 RM'000	Preceding Year Quarter 31.03.22 RM'000	Current Year To Date 31.03.23 RM'000	Preceding Year To Date 31.03.22 RM'000
Profit for the period is arrived at after charging/(crediting) :				
Interest income	(247)	(45)	(485)	(140)
Gain on disposal of property, plant and equipment	(38)	(160)	(100)	(170)
(Gain)/Loss on foreign exchange	(162)	329	(1,024)	944
Depreciation of PPE	2,197	2,220	6,289	6,527
Depreciation of Right-of-use assets	5,078	3,323	14,461	10,079
Amortization of Intangible asset	27	63	83	216
(Reversal)/Loss on Impairment/ write off of receivables	(595)	485	(1,526)	2,180
Impairment loss on PPE		917		917
Interest expense	1,865	1,445	5,873	3,721

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 2023.