

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

Notes on the quarterly report – 31 March 2024

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 2023.

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 2023.

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 2023 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 2023.

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:-

Effective for financial periods beginning on or after 1 January 2023

Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax Related to Assets and Liabilities Arising from Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

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Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangement

A2. Qualification of Annual Financial Statements

The audit report of the Group's latest audited financial statements for the financial year ended 30 June 2023 was not qualified.

A3. Seasonality or cyclicity 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.

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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 2023 has been paid on 13 October 2023.

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 2024 has been paid on 12 April 2024.

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A8. Segment information

	Operating segments for the current financial period ended 31 March 2024:											
	Malaysia RM'000	Australia RM'000	Indonesia RM'000	Thailand RM'000	Logistics RM'000	Vietnam RM'000	India RM'000	USA RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue												
Total revenue	420,112	56,665	50,155	21,028		10,231	22,827	28,640	10,529	1,723	(26,006)	595,904
Inter-segment revenue	(12,226)	(869)	(2,136)	(1,593)		(590)	(1,625)	(5,244)	-	(1,723)	26,006	-
Revenue from external customers	407,886	55,796	48,019	19,435		9,641	21,202	23,396	10,529	-	-	595,904
Results												
Segment results	32,329	2,179	4,971	407		(211)	592	1,172	1,094	(1,928)	(996)	39,609
Finance costs	(5,051)	(27)	(11)	(68)		(3)	(10)	-	-	-	52	(5,118)
Share of loss of associates	2	-	-	-		-	-	-	-	-	-	2
Share of profit of joint ventures	-	-	-	-		-	-	-	-	1,739	-	1,739
Profit before tax	27,280	2,152	4,960	339		(214)	582	1,172	1,094	(189)	(944)	36,232
Tax expense												(9,524)
Profit for the period												26,708
Assets												
Segment assets	619,918	23,594	35,521	14,711		6,399	10,306	25,643	27,486	101,589	(136,845)	728,322
Investments in associates	456	-	-	-		-	-	-	-	-	-	456
Investments in joint ventures	-	-	-	-		-	-	-	-	11,568	-	11,568
Deferred tax assets	-	-	1,191	-		-	31	-	-	-	-	1,222
Current tax assets	8	-	865	931		9	-	247	-	86	-	2,146
Total assets												743,714

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	←			Logistics	→						
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	USA	Singapore	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities											
Segment liabilities	348,528	9,864	9,440	8,623	835	5,674	21,685	17,902	71,720	(196,998)	297,273
Deferred tax liabilities	30,941	-	-	-	-	2	-	-	-	272	31,215
Current tax liabilities	1,728	646	-	308	61	338	375	186	84	-	3,726
Total liabilities											<u>332,214</u>
Other segment information											
Capital expenditure - PPE	34,837	523	175	23	10	32	90	1,323	-	-	37,013
Capital expenditure – ROU assets (HP)	19,057	-	-	394	-	-	-	-	-	-	19,451
Depreciation on PPE	6,198	96	237	51	20	43	28	266	397	325	7,661
Depreciation on right-of-use assets	13,742	-	487	122	137	-	-	-	-	-	14,488
Amortization of Intangible assets	-	-	-	-	-	-	-	-	83	-	83

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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 loss 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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	←			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	377,874	13,551	8,973	8,730	1,147	6,492	16,814	44,968	(199,270)	279,279
Deferred tax liabilities	30,625	-	-	-	-	-	-	23	376	31,024
Current tax liabilities	3,360	1,407	1,034	-	334	565	18	27	-	6,745
Total liabilities										<u>317,048</u>
Other segment information										
Capital expenditure - PPE	3,546	75	131	29	38	29	109	643	-	4,600
Capital expenditure – ROU assets (HP)	16,579	-	149	-	-	-	-	-	-	16,728
Depreciation on PPE	5,434	52	251	68	63	31	10	55	325	6,289
Depreciation on right-of-use assets	13,748	38	426	118	131	-	-	-	-	14,461
Amortization of Intangible assets	-	-	-	-	-	-	-	83	-	83

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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

FM Global Logistics Ventures Sdn. Bhd. ("FMGLV"), an indirect wholly-owned subsidiary of the Company had on 28 February 2024 entered into a Share Purchase Agreement to acquire 1,000,000 ordinary shares representing 50% of the total issued shares of CN FM Logistics (Malaysia) Sdn. Bhd. ("CNFML") from CN Investment Limited for a total cash consideration of RM1,766,722.50 only ("Acquisition"). FMGLV had on 29 April 2024 completed the Acquisition and CNFML has become a wholly-owned subsidiary of FMGLV following the completion of the Acquisition.

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FM Global Logistics (M) Sdn. Bhd. (“FMGLM”), wholly-owned subsidiary of the Company has on 9 April 2024 acquired additional 180,000 ordinary shares in FM Distribution Sdn. Bhd. (“FMD”), representing 21% equity interest in FMD, for a total consideration of RM180,000. Consequently, FMD became a 70% owned subsidiary of the Company.

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	8,789
Guarantees given to financial institutions in respect of credit facilities granted	144,368
	<u>153,157</u>

A13. Capital commitments

Contracted but not provided for :

	As at 31.03.24 RM'000
Land	68,020
Buildings	32,807
PM and Trailers	4,756
Forklifts	1,242
Trucks	1,060
Motor vehicles	505
Office equipment	46
Warehouse equipment	<u>4,277</u>
	<u>112,713</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 increased by RM4.7 million or approximately 2% higher than 3QFY23. Details of changes in each service type are as follows:-

Service Type	3QFY24	3QFY23	Changes	
			RM mil	% change
International freight	144.4	145.0	-0.6	0%
Domestic logistics	62.3	57.0	5.3	9%
TOTAL	206.7	202.0	4.7	2%

Compared to 3QFY23, the higher revenue in 3QFY2024 was mainly due to higher business activities in the current quarter.

The Group's Profit Before Tax ("PBT") decreased from RM15.1 million to RM13.4 million or 11% lower as compared to 3QFY23. The lower PBT of the Group in this 3QFY24 reflects the normalised business activities after the pandemic peaks.

B2. Variation of results against preceding quarter

Service Type	3QFY24	2QFY24	Changes	
			RM mil	% change
International freight	144.4	140.5	3.9	3%
Domestic logistics	62.3	59.6	2.7	5%
TOTAL	206.7	200.1	6.6	3%

The Group's revenue for the current quarter of RM206.7 million was RM6.6 million or 3% higher than 2QFY24 mainly due to increase of business activities in this quarter.

The Group's PBT for 3QFY24 increased to RM13.4 million or 13% from RM11.8 million in 2QFY24 mainly due to the same reason as mentioned above.

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B3. Current year prospects

The Group's performance is expected to remain positive despite the uncertainties in the global economic environment. The Group will continue to focus on expanding its customer base regionally and improving cost management.

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
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	3,521	3,561	9,757	12,952
Deferred tax	30	(4)	(252)	(79)
	<u>3,551</u>	<u>3,557</u>	<u>9,505</u>	<u>12,873</u>
In respect of prior years :				
Income tax	85	72	85	83
Deferred tax	(66)	47	(66)	47
	<u>19</u>	<u>119</u>	<u>19</u>	<u>130</u>
Total	<u><u>3,570</u></u>	<u><u>3,676</u></u>	<u><u>9,524</u></u>	<u><u>13,003</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 31.03.2024 RM'000	As at 31.03.2023 RM'000
Payable within 12 months (secured)		
Term loans		
- Ringgit Malaysia	54,067	45,171
- India Dollar (INR2.2m / INR1.5m)^	102	80
Lease liabilities (Hire-purchase)		
- Ringgit Malaysia	10,844	13,032
- Australian Dollar (AUD14k / AUD18k)^	42	54
- Indonesia Rupiah (IDR 176m / IDR 104m)^	53	31
- Thai Baht (THB402k / THB553k)^	52	71
- Indian Rupee (INR65k / INR370k)^	4	20
Overdraft		
- Ringgit Malaysia	207	542
- Indian Rupee (- / INR15m)^	-	277
	<u>65,371</u>	<u>59,278</u>
Payable after 12 months (secured)		
Term loans		
- Ringgit Malaysia	88,102	66,434
- Indian Rupee (INR1.0m / INR1.9m)^	-	99
Lease liabilities (Hire-purchase)		
- Ringgit Malaysia	19,603	32,689
- Australian Dollar (AUD86k / AUD57k)^	265	169
- Indonesia Rupiah (IDR 235m / IDR 225m)^	70	67
- Thai Baht (THB1.7M / THB296k)^	226	38
- Indian Rupee (- / INR65k)^	-	3
	<u>108,266</u>	<u>99,499</u>
Total borrowings	<u><u>173,637</u></u>	<u><u>158,777</u></u>
^ Exchange rate		
- Australian Dollar	3.074	2.954
- Indonesian Rupiah	0.000298	0.000295
- Thai Baht	12.98	12.92
- Indian Rupee	0.0566	0.0537

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B8. Material Litigation

Neither FMHB nor any of its subsidiaries 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 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.

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
	31.03.2024	Quarter	31.03.2024	Quarter
	31.03.2023	31.03.2023	31.03.2023	31.03.2023
Profit attributable to equity holders of the parent (RM'000)	9,029	10,777	24,240	34,273
Weighted average number of ordinary shares in issue ('000)	558,445	558,445	558,445	558,445
Basic Earnings Per Ordinary Share (sen)	1.62	1.93	4.34	6.14

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B11. Additional Disclosures on Profit for the period

	Current Year Quarter 31.03.24 RM'000	Preceding Year Quarter 31.03.23 RM'000	Current Year To Date 31.03.24 RM'000	Preceding Year To Date 31.03.23 RM'000
Profit for the period is arrived at after charging/(crediting):-				
Interest income	(252)	(247)	(851)	(485)
Gain on disposal of property, plant and equipment	(587)	(38)	(864)	(100)
Loss/(Gain) on foreign exchange	(377)	(162)	427	(1,024)
Depreciation of PPE	2,724	2,197	7,661	6,289
Depreciation of Right-of-use assets	4,703	5,078	14,488	14,461
Amortization of intangible asset	28	27	83	83
(Reversal)/Loss on impairment/ write off of receivables	296	(595)	2,384	(1,526)
Interest expense	1,962	1,865	5,118	5,873

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 2024.