

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

Notes on the quarterly report – 30 June 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.

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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 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
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 a Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

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
Amendments to MFRS 121	Lack of Exchangeability
MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19	Subsidiaries without Public Accountability: Disclosures
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments

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.

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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 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 30 June 2024:

	←				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
Revenue											
Total revenue	570,117	79,051	68,715	30,124	14,495	31,659	39,641	16,071	2,961	(35,358)	817,476
Inter-segment revenue	(16,268)	(1,066)	(2,565)	(2,338)	(1,130)	(2,173)	(6,857)	-	(2,961)	35,358	-
Revenue from external customers	553,849	77,985	66,150	27,786	13,365	29,486	32,784	16,071	-	-	817,476
Results											
Segment results	43,477	2,535	6,292	355	(170)	991	1,824	1,290	(1,633)	(2,830)	52,131
Finance costs	(7,044)	(83)	(54)	(181)	(10)	(45)	(530)	(807)	(345)	1,066	(8,033)
Share of loss of associates	309	-	-	-	-	-	-	-	-	-	309
Share of profit of joint ventures	-	-	-	-	-	-	-	-	2,249	-	2,249
Profit before tax	36,742	2,452	6,238	174	(180)	946	1,294	483	271	(1,764)	46,656
Tax expense											(12,945)
Profit for the period											33,711
Assets											
Segment assets	667,379	25,164	37,718	15,368	6,473	9,524	23,927	27,412	96,260	(97,116)	812,109
Investments in associates	334	-	-	-	-	-	-	-	1,436	-	1,770
Investments in joint ventures	-	-	-	-	-	-	-	-	8,585	-	8,585
Deferred tax assets	-	-	1,271	-	-	29	-	-	-	-	1,300
Current tax assets	10	-	511	471	-	-	-	11	59	-	1,062
Total assets											824,826

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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	340,594	10,866	11,321	9,606	1,027	4,486	19,714	20,702	71,878	(158,140)	332,054
Deferred tax liabilities	36,461	-	-	-	-	2	-	31	-	-	36,494
Current tax liabilities	2,020	870	-	-	61	497	377	-	41	-	3,866
Total liabilities											<u>372,414</u>
Other segment information											
Capital expenditure - PPE	51,115	564	673	33	10	33	232	1,317	-	-	53,977
Capital expenditure – ROU assets (HP)	23,758	-	-	603	-	-	-	-	-	-	24,361
Depreciation on PPE	8,828	145	336	67	22	75	84	393	528	361	10,839
Depreciation on right-of-use assets	16,937	687	606	168	186	-	-	9,615	-	-	28,199
Amortization of Intangible assets	-	-	-	-	-	-	-	-	110	-	110

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A8. Segment information

Operating segments for the current financial period ended 30 June 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	655,851	115,279	60,694	34,925	19,484	37,025	59,257	2,103	(36,257)	948,361
Inter-segment revenue	(17,878)	(820)	(2,480)	(2,570)	(802)	(3,145)	(6,459)	(2,103)	36,257	-
Revenue from external customers	<u>637,973</u>	<u>114,459</u>	<u>58,214</u>	<u>32,355</u>	<u>18,682</u>	<u>33,880</u>	<u>52,798</u>	<u>-</u>	<u>-</u>	<u>948,361</u>
Results										
Segment results	48,318	6,155	5,728	1,179	959	2,084	1,396	3,017	(1,372)	67,464
Finance costs	(7,572)	(109)	(21)	(84)	(19)	(68)	-	-	65	(7,808)
Share of loss of associates	3	-	-	-	-	-	-	-	-	3
Share of profit of joint ventures	-	-	-	-	-	-	-	2,593	-	2,593
Profit before tax	<u>40,749</u>	<u>6,046</u>	<u>5,707</u>	<u>1,095</u>	<u>940</u>	<u>2,016</u>	<u>1,396</u>	<u>5,610</u>	<u>(1,037)</u>	<u>62,252</u>
Tax expense										(15,100)
Profit for the period										<u>47,152</u>
Assets										
Segment assets	572,336	26,690	33,854	13,848	7,073	8,588	23,115	98,867	(109,720)	674,651
Investments in associates	454	-	-	-	-	-	-	-	-	454
Investments in joint ventures	-	-	-	-	-	-	-	10,414	-	10,414
Deferred tax assets	-	-	1,196	-	-	32	-	-	-	1,228
Current tax assets	33	-	806	952	-	-	433	62	-	2,286
Total assets										<u>689,033</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	294,441	11,766	10,540	8,030	1,021	4,185	20,374	53,520	(153,841)	250,036
Deferred tax liabilities	31,108	-	-	-	-	1	-	29	350	31,488
Current tax liabilities	1,837	215	-	242	77	533	19	65	-	2,988
Total liabilities										<u>284,512</u>
Other segment information										
Capital expenditure - PPE	6,569	316	316	35	40	32	153	2,553	-	10,014
Capital expenditure – ROU assets (HP)	18,637	-	-	-	-	-	-	-	-	18,637
Depreciation on PPE	7,424	184	339	89	72	34	32	123	433	8,730
Depreciation on right-of-use assets	18,612	880	582	160	180	-	-	-	-	20,414
Amortization of Intangible assets	-	-	-	-	-	-	1	110	-	111

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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

The changes in the composition of the Group of the current quarter are as follows:-

- (i) FM Global Logistics (M) Sdn. Bhd. ("FMGLM"), wholly-owned subsidiary of the Company has on 9 April 2024 subscribed 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.

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- (ii) 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.

- (iii) 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 1,737,947 ordinary shares representing 49% of the total issued shares of FM Global Logistics (India) Pte. Ltd. (“FM India”), for a total cash consideration of RM3,697,450 (“Acquisition”). FMGLV had on 29 April 2024 completed the Acquisition and FM India has become a wholly-owned subsidiary of FMGLV following the completion of the Acquisition.

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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:-

	As at 30.06.24 RM'000
Guarantees given to third parties in respect of trade performance of subsidiaries	9,434
Guarantees given to financial institutions in respect of credit facilities granted	171,512
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	180,946

A13. Capital commitments

Contracted but not provided for :

	As at 30.06.24 RM'000
Land	68,020
Buildings	18,508
Prime Movers and Trailers	2,805
Warehouse equipment	2,539
Forklifts	1,230
Trucks	1,005
Motor vehicles	534
Office equipment	149
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	94,790

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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 RM24.1 million or approximately 12% higher than 4QFY23. Details of changes in each service type are as follows:-

Service Type	4QFY24	4QFY23	Changes	
			RM mil	% change
International freight	158.4	147.8	10.6	7%
Domestic logistics	63.1	49.6	13.5	27%
TOTAL	221.5	197.4	24.1	12%

Compared to 4QFY23, all services reported growth. The increase in revenue was mainly due to higher business activities in the current quarter.

As compared to 4QFY23, the Group's Profit before Tax ("PBT") reduced from RM11.1 million to RM10.4 million or 7% lower due to higher operating costs and higher impairment loss on receivables.

B2. Variation of results against preceding quarter

Service Type	4QFY24	3QFY24	Changes	
			RM mil	% change
International freight	158.4	144.4	14.0	10%
Domestic logistics	63.1	62.3	0.8	1%
TOTAL	221.5	206.7	14.8	7%

The Group's revenue for the current quarter of RM221.5 million was RM14.8 million or 7% higher than 3QFY24 mainly due to increase of business activities in this quarter.

The Group's PBT for 4QFY24 decreased to RM10.4 million or 22% from RM13.4 million in 3QFY24 mainly due to higher operating costs and higher impairment loss on receivables.

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B3. Prospects for Next Financial Year

For this coming financial year ending 30 June 2025, the Group is cautiously optimistic on the outlook despite the uncertain market conditions 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
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	3,010	1,482	12,767	14,434
Deferred tax	232	603	(20)	524
	<u>3,242</u>	<u>2,085</u>	<u>12,747</u>	<u>14,958</u>
In respect of prior years :				
Income tax	179	-	264	83
Deferred tax	-	12	(66)	59
	<u>179</u>	<u>12</u>	<u>198</u>	<u>142</u>
Total	<u><u>3,421</u></u>	<u><u>2,097</u></u>	<u><u>12,945</u></u>	<u><u>15,100</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 30.06.2024 RM'000	As at 30.06.2023 RM'000
Payable within 12 months (secured)		
Term loans		
- Ringgit Malaysia	71,543	27,593
- India Dollar (INR1.4m / INR1.5m)^	80	88
Lease liabilities (Hire-purchase)		
- Ringgit Malaysia	11,342	12,795
- Australian Dollar (AUD14k / AUD19k)^	44	57
- Indonesia Rupiah (IDR 551m / IDR 106m)^	158	33
- Thai Baht (THB729k / THB553k)^	93	74
- Indian Rupee (- / INR364k)^	-	20
Overdraft		
- Ringgit Malaysia	20	3,483
- Indian Rupee (INR2m / INR0.06k)^	113	3
	<u>83,393</u>	<u>44,146</u>
Payable after 12 months (secured)		
Term loans		
- Ringgit Malaysia	96,587	64,060
- Indian Rupee (- / INR1.4m)^	-	80
Lease liabilities (Hire-purchase)		
- Ringgit Malaysia	20,424	30,950
- Australian Dollar (AUD83k / AUD93k)^	260	285
- Indonesia Rupiah (IDR 850m / IDR 200m)^	245	62
- Thai Baht (THB2.6M / THB150k)^	332	20
	<u>117,848</u>	<u>95,457</u>
Total borrowings	<u><u>201,241</u></u>	<u><u>139,603</u></u>
^ Exchange rate		
- Australian Dollar	3.135	3.087
- Indonesian Rupiah	0.000288	0.000311
- Thai Baht	12.83	13.14
- Indian Rupee	0.0566	0.0569

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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 of Directors has declared a second interim single tier dividend of 3.0 sen per ordinary share, in respect of the financial year ending 30 June 2024. The dividend will be paid on 18 October 2024 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 30 September 2024.

B10. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year To	Year
	Quarter	Corresponding	Date	Corresponding
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Profit attributable to equity holders of the parent (RM'000)	6,655	7,734	30,895	42,007
Weighted average number of ordinary shares in issue ('000)	558,445	558,445	558,445	558,445
Basic Earnings Per Ordinary Share (sen)	1.19	1.38	5.53	7.52

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B11. Additional Disclosures on Profit for the period

	Current Year Quarter 30.06.24 RM'000	Preceding Year Quarter 30.06.23 RM'000	Current Year To Date 30.06.24 RM'000	Preceding Year To Date 30.06.23 RM'000
Profit for the period is arrived at after charging/(crediting) :				
Interest income	(207)	(382)	(1,058)	(867)
Fair value gain on other investment	(46)	(468)	(46)	(468)
Gain on disposal of property, plant and equipment	(3,197)	(314)	(4,061)	(414)
Gain on foreign exchange	283	(41)	710	(1,065)
Depreciation of PPE	3,178	2,441	10,839	8,730
Depreciation of Right-of-use Assets	13,711	5,953	28,199	20,414
Amortization of Intangible asset	27	28	110	111
(Reversal)/Loss on Impairment/ write off of receivable	3,349	(204)	5,733	(1,730)
Interest expense	2,915	1,935	8,033	7,808

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 June 2024.