

## **FREIGHT MANAGEMENT HOLDINGS BHD**

**(Company No: 380410-P)**

### **Notes on the quarterly report – 30 September 2017**

#### **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 requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 and Part A of Appendix 9B of the 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 year ended 30 June 2017.

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 year ended 30 June 2017.

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 year ended 30 June 2017 except for the adoption of the following new/revised MFRSs and amendments to MFRSs effective for annual periods beginning on or after 1 January 2017:-

Amendments to MFRS 12 *Annual Improvements to MFRS Standards 2014 – 2016 Cycle*

Amendments to MFRS 107 *Disclosure Initiative*

Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the above MFRSs and amendments to MFRSs do not have any significant financial impact on the results and the financial position of the Group for the current quarter.

##### **A2. Qualification of Annual Financial Statements**

The audit report of the Group’s most recent annual audited financial statements for the year ended 30 June 2017 was not qualified.

**FREIGHT MANAGEMENT HOLDINGS BHD**  
**(Company No: 380410-P)**

**Notes on the quarterly report – 30 September 2017**

**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 are no unusual items affecting assets, liabilities, equity, net income or cash flows in the financial year to date.

**A5. Changes in estimates**

There were no changes in estimates of amounts reported in prior interim period or financial year that have material effect in the current quarter.

**A6. Changes in debts and equity securities**

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial year to date.

**A7. Dividend paid**

The interim single tier dividend of 1.5 sen per share amounting to RM2,792,229 in respect of financial year ended 30 June 2017 has been paid on 28 July 2017.

The second interim single tier dividend of 3.5 sen per share amounting to RM6,515,198 in respect of financial year ended 30 June 2017 has been paid on 14 November 2017.



## FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

### Notes on the quarterly report – 30 September 2017

	← Logistics →							Marine Singapore RM'000	Others RM'000	Elimination RM'000	Total RM'000
	Malaysia RM'000	Australia RM'000	Indonesia RM'000	Thailand RM'000	Vietnam RM'000	India RM'000	Sri Lanka RM'000				
<b>Liabilities</b>											
Segment liabilities	211,650	5,155	6,005	5,027	2,317	4,014	1,004	10,960	23,502	(129,621)	140,013
Deferred tax liabilities	16,991	-	-	-	-	-	-	-	421	-	17,412
Current tax liabilities	4,401	129	379	-	34	10	8	-	5	-	4,966
Total liabilities											<u>162,391</u>
<b>Other segment information</b>											
Capital expenditure	2,418	10	857	129	17	-	-	517	-	-	3,948
Depreciation	2,571	36	81	16	64	28	5	775	41	-	3,617
Amortization of Intangible assets	-	-	-	-	-	-	-	-	107	-	107
Other non-cash income	(687)	(54)	(53)	(1)	-	-	-	-	(763)	-	(1,558)
Other non-cash expenses other than depreciation	2,302	-	5	27	115	24	2	10	-	-	2,485



## FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

### Notes on the quarterly report – 30 September 2017

	← Logistics →							Marine Singapore RM'000	Others RM'000	Elimination RM'000	Total RM'000
	Malaysia RM'000	Australia RM'000	Indonesia RM'000	Thailand RM'000	Vietnam RM'000	India RM'000	Sri Lanka RM'000				
<b>Liabilities</b>											
Segment liabilities	205,558	5,069	7,821	2,874	2,694	2,466	1,084	10,207	16,553	(117,091)	137,235
Deferred tax liabilities	18,168	-	-	-	-	-	-	-	230	-	18,398
Current tax liabilities	3,821	-	26	-	137	-	-	-	-	-	3,984
Total liabilities											<u>159,617</u>
<b>Other segment information</b>											
Capital expenditure	1,699	76	53	-	44	37	-	272	-	-	2,181
Depreciation	2,697	31	72	13	35	-	5	696	38	-	3,587
Amortization of Intangible assets	-	-	-	-	-	-	-	-	40	-	40
Other non-cash income	(618)	(10)	(71)	(16)	(6)	-	-	(262)	(54)	-	(1,037)
Other non-cash expenses other than depreciation	1,719	-	4	-	6	94	11	-	-	-	1,834

## **FREIGHT MANAGEMENT HOLDINGS BHD**

**(Company No: 380410-P)**

### **Notes on the quarterly report – 30 September 2017**

#### **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 Sri Lanka.
- ii) Marine – charterers and operators of barges and tugboats, which is operated by a company in Singapore.
- iii) 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.

**FREIGHT MANAGEMENT HOLDINGS BHD**  
**(Company No: 380410-P)**

**Notes on the quarterly report – 30 September 2017**

**A12. Contingent liabilities**

As at the date of this announcement, the Directors of FMHB are not aware of any contingent liability of the Group save as disclosed below:-

	<b>RM'000</b>
Bank guarantees in favour of third parties*	<u>4,234</u>

*\*Note : These are bank guarantees made in the ordinary course of business mainly in favour of vendors and the Pengarah Kastam of Malaysia in the relevant states in Malaysia.*

**A13. Capital commitments**

**Contracted but not provided for :**

	<b>As at</b>
	<b>30.09.17</b>
	<b>RM'000</b>
Warehouse equipment	476
Computers and office equipment	100
	<u>576</u>



## **FREIGHT MANAGEMENT HOLDINGS BHD**

**(Company No: 380410-P)**

**Notes on the quarterly report – 30 September 2017**

### **PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES**

#### **B1. Review of performance**

The Group registered a revenue growth of RM22.9mil or approximately 22% higher than 1QFY17. Details of changes in each service type are as follows:-

<b>Service Type</b>	<b>1QFY18</b>	<b>1QFY17</b>	<b>Changes RM mil</b>	<b>% change</b>
Seafreight	79.1	65.4	13.7	21%
Airfreight	12.3	9.4	2.9	31%
Tug & Barge	4.1	4.2	-0.1	-2%
3PL & Warehousing	14.1	10.9	3.2	29%
Landfreight	4.5	4.4	0.1	2%
Supporting services	13.6	10.5	3.1	30%
<b>TOTAL</b>	<b>127.7</b>	<b>104.8</b>	<b>22.9</b>	<b>22%</b>

Compared to 1QY17, all services reported growth other than the Tug & Barge service where there was a slight decrease in revenue. Seafreight contributed the highest revenue contributions while there are commendable growth registered in Airfreight and 3PL & Warehousing services and also the Supporting services. The increase in revenue are mainly due to increase of activities especially during this 1QFY18.

As compared to 1QFY17, the Group's Profit Before Tax ("PBT") increased from RM7.1mil to RM8.3 million or 17%, as a result of increased activities.

## **FREIGHT MANAGEMENT HOLDINGS BHD**

**(Company No: 380410-P)**

### **Notes on the quarterly report – 30 September 2017**

#### **B2. Variation of results against preceding quarter**

<b>Service Type</b>	<b>1QFY18</b>	<b>4QFY17</b>	<b>Changes</b>	
			<b>RM mil</b>	<b>% change</b>
Seafreight	79.1	78.9	0.2	0%
Airfreight	12.3	11.7	0.6	5%
Tug & Barge	4.1	4.1	0.0	0%
3PL & Warehousing	14.1	12.6	1.5	12%
Landfreight	4.5	3.8	0.7	18%
Supporting services	13.6	13.1	0.5	4%
<b>TOTAL</b>	<b>127.7</b>	<b>124.2</b>	<b>3.5</b>	<b>3%</b>

Revenue as compared to the preceding quarter, increased by 3% or RM3.5mil mainly due to higher activities in Airfreight, 3PL & Warehousing, Landfreight and other Supporting services.

As compared to the preceding quarter for 4QFY17, PBT for 1QFY18 decreased slightly of 2% due to higher losses in Tug & Barge service despite better performance from other divisions such as Seafreight and Airfreight.

#### **B3. Current year prospects**

The International Monetary Fund (“IMF”), in its October 2017 World Economic Outlook report, has raised 2017 projected growth to 3.6% (2016: 3.2%), whilst 2018 growth is projected at 3.5%. Meanwhile, the growth forecast for 2017 and 2018 for the emerging & developing Asia region is at 6.5% which is slightly above 2016’s growth rate of 6.4%. At the same time, Malaysia’s GDP for 3<sup>rd</sup> Quarter 2017 grew 6.2% (3Q 2016 : 4.3%).

The positive improvement in the domestic and global economy as noted above are encouraging to the Group as prospects of the Group are much related to the performance of the economy. Barring unforeseen circumstances, the Group expects its business and performance to be positive for the financial year ending 30 June 2018.

#### **B4. Variance of actual and forecast profit**

The Group has not provided any quarterly profit forecast and therefore no variance information is available for the quarter under review.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 September 2017****B5. Tax expense**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current Year To</b>	<b>Preceding Year</b>
	<b>Quarter</b>	<b>Corresponding Quarter</b>	<b>Date</b>	<b>Corresponding Quarter</b>
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.06.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>In respect of current period:</b>				
Income tax	2,526	1,728	2,526	1,728
Deferred tax	(208)	(130)	(208)	(130)
	<u>2,318</u>	<u>1,598</u>	<u>2,318</u>	<u>1,598</u>
<b>In respect of prior years :</b>				
Income tax	-	-	-	-
Deferred tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u><u>2,318</u></u>	<u><u>1,598</u></u>	<u><u>2,318</u></u>	<u><u>1,598</u></u>

The Group's effective tax rate was above the statutory rate for the current quarter under review is mainly due to non-deductible expenses.

**B6. Status of corporate proposal announced**

The following proposals have been approved by the shareholders at the Annual General Meeting on 29 November 2017:-

- (i) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature; and
- (ii) Proposed Renewal of Share Buy-Back Authority.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 September 2017****B7. Group borrowings**

The Group's borrowings as at the end of the reporting quarter are as follows:

	<b>As at 30.09.2017 RM'000</b>	<b>As at 30.09.2016 RM'000</b>
<b>Payable within 12 months (secured)</b>		
Term loans		
- Ringgit Malaysia	8,992	8,936
- Singapore Dollar (SGD688k / SGD1402.6k)^	2,109	4,170
Hire purchase and lease liabilities		
- Ringgit Malaysia	1,790	1,764
- Australian Dollar (AUD37k / AUD23k)^	122	71
- Singapore Dollar (- / SGD28k)^	-	84
- Indonesia Dollar (IDR187m / IDR466.7m)^	56	141
- Thailand Dollar (THB233k / -)^	20	-
Overdraft		
- Singapore Dollar (SGD218k / -)^	670	-
- India Dollar (INR19m / -)^	1,190	-
	<u>14,949</u>	<u>15,166</u>
<b>Payable after 12 months (secured)</b>		
Term loans		
- Ringgit Malaysia	54,605	63,653
- Singapore Dollar (SGD599k / SGD462k)^	1,838	1,374
Hire purchase and lease liabilities		
- Ringgit Malaysia	5,656	3,240
- Australian Dollar (AUD54k / AUD89.6k)^	177	277
- Indonesia Dollar (- / IDR187.0m)^	-	56
- Thailand Dollar (THB892k / -)^	77	-
	<u>62,353</u>	<u>68,600</u>
<b>Total borrowings</b>	<u><u>77,302</u></u>	<u><u>83,766</u></u>

## ^ Exchange rate

- Australian Dollar	3.27	3.0960
- Singapore Dollar	3.068	2.973
- Indonesian Rupiah	0.000297	0.000301
- Thai Baht	11.65	-
- Indian Rupee	0.0626	-

The weighted average interest rate of Hire purchase and Term loans as at 30 September 2017 was 5.62% and 4.80% (30.9.2016: 5.77% and 4.81%).

## **FREIGHT MANAGEMENT HOLDINGS BHD**

**(Company No: 380410-P)**

### **Notes on the quarterly report – 30 September 2017**

#### **B8. Change in material litigation**

Neither FMHB nor any of its subsidiaries in the Group is engaged in any 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. Trade Receivables**

	<b>As at 30.09.2017 RM'000</b>	<b>As at 30.06.2017 RM'000</b>
Trade Receivables	<u>106,710</u>	<u>107,458</u>

The average credit terms of trade receivables were Sixty (60) days. As at 30 September 2017, the trade receivables has improved by 1% to RM106.7 million as compare to audited financial year ended 30 June 2017.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 September 2017****B11. Earnings per share****Basic**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>Year</b>	<b>Year</b>	<b>Year To</b>	<b>Year</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>Date</b>	<b>Corresponding</b>
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
Profit attributable to equity holders of the parent (RM'000)	5,957	5,269	5,957	5,269
Weighted average number of ordinary shares in issue ('000)	186,148	177,618	186,148	177,618
Effect of exercise of warrants ('000)	-	675	-	675
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary shares('000)	186,148	178,293	186,148	178,293
Basic Earnings Per Ordinary Share (sen)	3.20	2.96	3.20	2.96

**Diluted**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>Year</b>	<b>Year</b>	<b>Year To</b>	<b>Year</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>Date</b>	<b>Corresponding</b>
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
Profit attributable to equity holders of the parent (RM'000)	5,957	5,269	5,957	5,269
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary shares ('000)	186,148	178,293	186,148	178,293
Effect of dilution in potential exercise of warrants ('000)	-	1,306	-	1,306
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)	186,148	179,599	186,148	179,599
Diluted Earnings Per Ordinary Share (sen)	3.20	2.93	3.20	2.93

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 September 2017****B12. Realised and Unrealised Profits or Losses of the Group**

	<b>As at 30.09.17 RM'000</b>	<b>As at 30.09.16 RM'000</b>
Total retained earnings of the Group:		
Realised	168,572	156,630
Unrealised *	(16,896)	(17,570)
Total share of retained earnings from associates:		
Realised	(28)	45
Unrealised	-	-
Total share of accumulated losses from joint ventures:-		
Realised	(947)	(1,931)
Unrealised	-	-
Less: Consolidation adjustments	<u>(32,190)</u>	<u>(31,732)</u>
Total Group retained earnings as per financial statements	<u>118,511</u>	<u>105,442</u>

\* Unrealised comprise of deferred tax liabilities and unrealised foreign exchange losses.

The disclosure of the above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 September 2017****B13. Additional Disclosures on Profit for the period**

	<b>Current Year Quarter 30.09.17 RM'000</b>	<b>Preceding Year Quarter 30.09.16 RM'000</b>
<b>Profit for the period is arrived at after charging/ (crediting):</b>		
Interest income	(206)	(94)
Gain on disposal of property, plant and equipment	(49)	(464)
Loss/(Gain) on foreign exchange	474	(91)
Depreciation of property, plant and equipment	3,617	3,587
Amortization of Intangible asset	107	40
Impairment loss and write off of trade receivables	378	631
Interest expense	948	1,033

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 current quarter and financial period ended 30 September 2017.