

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

**Notes on the quarterly report – 30 September 2020**

**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 2020.

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 2020.

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 2020 except for the adoption of those new Malaysian Financial Reporting Standards (“MFRS”) and amendment to MFRS and Interpretations that are applicable to the Group for the financial period beginning on or after 1 July 2020.

The adoption of the new standards, amendments and interpretation to published standards does not have any material impact on the financial statements of the Group.

**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 2020 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.

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#### **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 1.0 sen per share amounting to RM2,792,224 in respect of financial year ended 30 June 2020 has been paid on 27 July 2020.

The second interim single tier dividend of 1.0 sen per share amounting to RM2,792,224 in respect of financial year ended 30 June 2020 has been paid on 16 October 2020.



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	←			Logistics	→						
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	Sri Lanka	USA	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
<b>Liabilities</b>											
Segment liabilities	255,245	7,686	6,009	11,318	2,636	3,974	-	904	39,212	(169,370)	157,614
Deferred tax liabilities	23,639	-	-	-	-	-	-	-	21	-	23,660
Current tax liabilities	5,174	310	(713)	(1,828)	104	71	-	44	-	-	3,162
Total liabilities											<u>184,436</u>
<b>Other segment information</b>											
Capital expenditure	6,655	1	1	16	2	5	-	-	-	-	6,680
Capital expenditure – ROU assets (HP)	230	-	-	-	-	-	-	-	-	-	230
Depreciation	4,340	39	223	63	71	(74)	-	2	20	-	4,684
Amortization of Intangible assets	-	-	-	-	-	-	-	-	135	-	135
Other non-cash income	(284)	-	(30)	(11)	-	-	-	-	-	-	(325)
Other non-cash expenses other than depreciation	1,306	5	31	94	140	44	-	-	457	-	2,077



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	←————— Logistics —————→										
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	Sri Lanka	USA	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
<b>Liabilities</b>											
Segment liabilities	232,739	9,911	6,375	10,403	1,524	2,950	507	861	33,409	(152,454)	146,225
Deferred tax liabilities	24,038	-	-	-	-	-	-	-	77	-	24,115
Current tax liabilities	4,454	-	-	41	25	21	(1)	6	78	-	4,624
Total liabilities											<u>174,964</u>
<b>Other segment information</b>											
Capital expenditure	740	14	56	9	9	4	-	-	-	-	832
Depreciation	5,060	41	101	15	34	57	3	2	20	-	5,333
Amortization of Intangible assets	-	-	-	-	-	-	-	-	125	-	125
Other non-cash income	(537)	(46)	-	(46)	(3)	-	-	-	(201)	-	(833)
Other non-cash expenses other than depreciation	1,246	4	5	18	132	31	14	-	-	-	1,450

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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, Sri Lanka and USA. (note: Sri Lanka is not applicable for FY2021 as this company has been disposed in FY2020)
- 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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### **Notes on the quarterly report – 30 September 2020**

#### **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:-

	<b>RM'000</b>
Guarantees given to third parties in respect of trade performance of subsidiaries	5,331
Guarantees given to financial institutions in respect of credit facilities granted	59,080
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	<b>64,411</b>

#### **A13. Capital commitments**

##### **Contracted but not provided for :**

	<b>As at 30.09.20 RM'000</b>
Prime movers & Trailers	2,712
Warehouse	479
Office equipment	415
Motor vehicle	350
Warehouse equipment	173
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	<b>4,129</b>



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

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

The Group registered revenue growth of RM9.5 million or approximately 7% higher than 1QFY20. Details of changes in each service type are as follows:-

<b>Service Type</b>	<b>1QFY21</b>	<b>1QFY20</b>	<b>Changes RM mil</b>	<b>% change</b>
International freight	108.5	100.2	8.3	8%
Domestic Logistics	40.2	39.0	1.2	3%
<b>TOTAL</b>	<b>148.7</b>	<b>139.2</b>	<b>9.5</b>	<b>7%</b>

Compared to 1QY20, the increased revenue is mainly due to the improvement of business activities in the current quarter.

As compared to 1QFY20, the Group's Profit before Tax ("PBT") increased from RM7.1 million to RM8.6 million or 21% higher due to the increase of business activities and lower losses in the distribution services and share of loss from tug & barge associate.

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

<b>Service Type</b>	<b>1QFY21</b>	<b>4QFY20</b>	<b>Changes RM mil</b>	<b>% change</b>
International freight	108.5	92.0	16.5	18%
Domestic Logistics	40.2	35.0	5.2	15%
<b>TOTAL</b>	<b>148.7</b>	<b>127.0</b>	<b>21.7</b>	<b>17%</b>

Revenue as compared to the preceding quarter increased by 17% or RM21.7 million mainly due to higher activities in all services. As compared to the preceding quarter 4QFY20, PBT for 1QFY21 increased by 164% as 4QFY20 was impacted by impairment of assets and advances to associates.

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#### B3. Current year prospects

The Group is mindful of the continuous challenges and potential downside risks of the uncertain global economic activities and its supply chain due to Covid-19 pandemic. Notwithstanding the challenges, the Group remains optimistic of our business and would continue to focus on expanding its customer base regionally and improving its cost management via operational efficiencies.

#### 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.

#### B5. Tax expense

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current	Preceding
	Quarter	Corresponding	Year To	Year
	30.09.2020	Quarter	Date	Corresponding
	RM'000	30.09.2019	30.09.2020	Quarter
		RM'000	RM'000	30.06.2019
				RM'000
<b>In respect of current period:</b>				
Income tax	2,510	2,363	2,510	2,363
Deferred tax	(178)	(283)	(178)	(283)
	<u>2,332</u>	<u>2,080</u>	<u>2,332</u>	<u>2,080</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>2,332</u></u>	<u><u>2,080</u></u>	<u><u>2,332</u></u>	<u><u>2,080</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.

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#### B6. Status of corporate proposal announced

The following proposals have been approved by the shareholders Meeting on 27 November 2020:-

##### At Annual General Meeting

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

#### B7. Group borrowings

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

	As at 30.09.2020 RM'000	As at 30.09.2019 RM'000
<b>Payable within 12 months (secured)</b>		
Term loans		
- Ringgit Malaysia	10,402	6,700
Hire purchase and lease liabilities		
- Ringgit Malaysia	5,370	4,800
- Australian Dollar (AUD23k / AUD22k)^	66	49
- Indonesia Dollar (IDR498m / IDR289m)^	131	168
- Thailand Dollar (THB676k / THB233k)^	84	29
- India Dollar (INR285k / -)^	16	15
Overdraft		
- India Dollar (INR30m / INR19m)^	1,669	1,154
	<u>17,738</u>	<u>12,915</u>
<b>Payable after 12 months (secured)</b>		
Term loans		
- Ringgit Malaysia	44,392	40,974
Hire purchase and lease liabilities		
- Ringgit Malaysia	14,055	12,053
- Australian Dollar (AUD112k / AUD71k)^	325	253
- Indonesia Dollar (IDR161m / IDR513m)^	43	185
- Thailand Dollar (THB1,835k / THB686k)^	227	62
- India Dollar (INR928m / -)^	51	70
	<u>59,093</u>	<u>53,597</u>
<b>Total borrowings</b>	<u><u>76,831</u></u>	<u><u>66,341</u></u>
<b>^ Exchange rate</b>		
- Australian Dollar	2.969	2.791
- Indonesian Rupiah	0.000264	0.000281
- Thai Baht	13.15	12.92
- Indian Rupee	0.0545	0.0576

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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 per ordinary share, in respect of the financial year ending 30 June 2021. The dividend will be paid on 23 December 2020 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 14 December 2020.

#### **B10. Trade Receivables**

	<b>As at 30.09.2020 RM'000</b>	<b>As at 30.06.2020 RM'000</b>
Trade Receivables	<u>112,860</u>	<u>115,090</u>

The average credit terms of trade receivables were Sixty (60) days. As at 30 September 2020, the trade receivables has decreased by 0.02% or RM2.2 million as compare to audited financial year ended 30 June 2020.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 September 2020****B11. Earnings per share**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year Corresponding Quarter</b>
	<b>30.09.2020</b>	<b>30.09.2019</b>	<b>30.09.2020</b>	<b>30.09.2019</b>
Profit attributable to equity holders of the parent (RM'000)	5,753	4,785	5,753	4,785
Weighted average number of ordinary shares in issue ('000)	279,222	279,222	279,222	279,222
Basic Earnings Per Ordinary Share (sen)	2.06	1.71	2.06	1.71

**B12. Additional Disclosures on Profit for the period**

	<b>Current Year Quarter</b>	<b>Preceding Year Quarter</b>
	<b>30.09.20</b>	<b>30.09.19</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the period is arrived at after charging/ (crediting):</b>		
Interest income	(86)	(103)
Loss /(Gain) on disposal of Property plant and equipment	87	(297)
Loss on foreign exchange	763	210
Depreciation	4,684	5,333
Amortization of Intangible asset	135	125
Additional/(Reversal) on Impairment of trade receivables	132	(135)
Impairment loss on advance in associate (net)	211	-
Interest expense	649	853

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 2020.