

FREIGHT MANAGEMENT HOLDINGS BHD.
(Registration No. 199601008064 (380410-P))

Notes on the quarterly report – 30 September 2021

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 2021.

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 2021.

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 2021 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 2021:-

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform – Phase 2

Amendment to MFRS 16 Leases Covid-19-Related Rent Concessions beyond 30 June 2021

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

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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 2021 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 1.0 sen per share amounting to RM5,584,448.30 in respect of financial year ended 30 June 2021 has been paid on 14 October 2021.

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A8. Segment information

Operating segments for the current financial period ended 30 September 2021:

	← 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	160,013	19,145	12,251	11,120	8,601	7,320	1,328	397	(6,654)	213,521
Inter-segment revenue	(3,872)	(367)	(291)	(609)	(168)	(332)	(618)	(397)	(6,654)	-
Revenue from external customers	156,141	18,778	11,960	10,511	8,433	6,988	710	-	-	213,521
Results										
Segment results	11,614	122	1,189	533	675	198	236	1,135	(826)	14,876
Finance costs	(973)	(5)	(3)	(12)	(2)	(32)	-	-	-	(1,027)
Share of loss of associates	(45)	-	-	-	-	-	-	45	-	-
Share of profit of joint ventures	-	-	-	-	-	-	-	513	-	513
Profit before tax	10,596	117	1,186	521	673	166	236	1,693	(826)	14,362
Tax expense										(3,389)
Profit for the period										10,973
Assets										
Segment assets	576,651	18,428	22,691	11,170	6,858	5,318	2,224	78,860	(132,541)	589,659
Investments in associates	450	-	-	-	-	-	-	-	-	450
Investments in joint ventures	-	-	-	-	-	-	-	7,476	-	7,476
Deferred tax assets	-	-	609	-	-	309	-	-	-	918
Current tax assets	3	-	121	1,268	-	-	-	169	-	1,561
Total assets										600,064

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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	309,653	9,435	6,882	8,519	1,060	4,196	1,364	44,579	(167,705)	217,983
Deferred tax liabilities	29,993	-	-	-	-	-	-	-	532	30,525
Current tax liabilities	1,564	539	-	103	159	56	50	-	-	2,471
Total liabilities										<u>250,979</u>
Other segment information										
Capital expenditure - PPE	273	3	25	47	1	9	-	37	-	395
Capital expenditure – ROU assets (HP)	6,416	-	-	-	-	-	-	-	-	6,416
Depreciation on PPE	1,866	16	80	16	20	4	1	21	109	2,133
Depreciation on right-of-use assets	3,158	17	146	46	44	-	-	-	-	3,411
Amortization of Intangible assets	-	-	-	-	-	-	-	86	-	86

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A8. Segment information

Operating segments for the current financial period ended 30 September 2020:

	← Logistics →								Elimination	Total
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	USA	Others		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
Total revenue	113,455	14,203	7,207	6,713	5,125	4,264	846	1,136	(4,266)	148,683
Inter-segment revenue	(1,342)	(202)	(224)	(508)	(193)	(286)	(658)	(853)	(4,266)	-
Revenue from external customers	112,113	14,001	6,983	6,205	4,932	3,978	188	283	-	143,683
Results										
Segment results	8,660	1,039	216	91	400	322	(47)	(1,040)	(95)	9,546
Finance costs	(586)	(6)	(5)	(8)	(6)	(38)	-	-	-	(649)
Share of loss of associates	(9)	-	-	-	-	-	-	(564)	-	(573)
Share of profit of joint ventures	-	-	-	-	-	-	-	311	-	311
Profit before tax	8,065	1,033	211	83	394	284	(47)	(1,293)	(95)	8,635
Tax expense	-	-	-	-	-	-	-	-	-	(2,332)
Profit for the period	-	-	-	-	-	-	-	-	-	6,303
Assets										
Segment assets	489,276	15,355	17,282	6,736	4,028	4,190	1,630	79,040	(139,678)	477,859
Investments in associates	438	-	-	-	-	-	-	462	-	900
Investments in joint ventures	-	-	-	-	-	-	-	4,997	-	4,997
Deferred tax assets	-	-	635	-	49	562	-	-	-	1,246
Current tax assets	92	-	-	-	-	-	-	175	-	267
Total assets	-	-	-	-	-	-	-	-	-	485,269

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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	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>
Other segment information										
Capital expenditure - PPE	6,655	1	1	16	2	5	-	-	-	6,680
Capital expenditure – ROU assets (HP)	230	-	-	-	-	-	-	-	-	230
Depreciation on PPE	1,718	17	97	14	28	(74)	2	20	-	1,822
Depreciation on right-of-use assets	2,622	22	126	49	43	-	-	-	-	2,862
Amortization of Intangible assets	-	-	-	-	-	-	-	135	-	135

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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	7,424
Guarantees given to financial institutions in respect of credit facilities granted	78,313
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	<u>85,737</u>

A13. Capital commitments

Contracted but not provided for :

	As at 30.09.21 RM'000
Land and buildings	76,192
Forklift	712
Office equipment	488
Trucks	420
Warehouse equipment	191
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	<u>78,003</u>

FREIGHT MANAGEMENT HOLDINGS BHD.**(Registration No. 199601008064 (380410-P))****Notes on the quarterly report – 30 September 2021****PART B: ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES****B1. Review of performance**

The Group registered revenue growth of RM64.8 million or approximately 44% higher than 1QFY21. Details of changes in each service type are as follows:-

Service Type	1QFY22	1QFY21	Changes	
			RM mil	% change
International freight	169.7	108.5	61.2	56%
Domestic Logistics	43.8	40.2	3.6	9%
TOTAL	213.5	148.7	64.8	44%

Compared to 1QFY21, the increased revenue in 1QFY2022 was mainly due to higher freight rates and business activities in the current quarter.

As compared to 1QFY21, the Group's Profit Before Tax ("PBT") increased from RM8.6 million to RM14.4 million or 66% mainly due to an improved performance from both Malaysian and overseas operations.

B2. Variation of results against preceding quarter

Service Type	1QFY22	4QFY21	Changes	
			RM mil	% change
International freight	169.7	174.8	-5.1	-3%
Domestic Logistics	43.8	53.5	-9.7	-18%
TOTAL	213.5	228.3	-14.8	-6%

The Group's revenue for the current quarter of RM213.5 million was RM14.8 million or 6% lower than 4QFY21 mainly due to lower activities as a result of the lockdown imposed by Malaysian Government in the quarter. However, the PBT for 1QFY22 increased by 6% as compared to PBT for 4QFY21 as 4QFY21 recorded higher operating expenses.

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The Group is optimistic of its business activities despite the challenges and potential risks of the uncertain global economic activities and the supply chain due to Covid-19 pandemic. 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	Current Year To	Preceding Year
	Quarter	Corresponding Quarter	Date	Corresponding Quarter
	30.09.2021	30.09.2020	30.09.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	3,785	2,510	3,785	2,510
Deferred tax	(247)	(178)	(247)	(178)
	<u>3,538</u>	<u>2,332</u>	<u>3,538</u>	<u>2,332</u>
In respect of prior years :				
Income tax	(149)	-	(149)	-
Deferred tax	-	-	-	-
	<u>(149)</u>	<u>-</u>	<u>(149)</u>	<u>-</u>
Total	<u><u>3,389</u></u>	<u><u>2,332</u></u>	<u><u>3,389</u></u>	<u><u>2,332</u></u>

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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 30.09.2021 RM'000	As at 30.09.2020 RM'000
Payable within 12 months (secured)		
Term loans		
- Ringgit Malaysia	38,192	10,402
- India Dollar (INR4.6m / -)^	253	-
Lease liabilities (Hire-purchase)		
- Ringgit Malaysia	9,464	5,370
- Australian Dollar (AUD29k / AUD23k)^	88	66
- Indonesia Dollar (IDR161m / IDR498m)^	45	131
- Thailand Dollar (THB727k / THB676k)^	85	84
- India Dollar (INR318k / INR285k)^	17	16
Overdraft		
- Ringgit Malaysia	665	-
- India Dollar (INR20m / INR30m)^	1,072	1,669
	<u>49,881</u>	<u>17,738</u>
Payable after 12 months (secured)		
Term loans		
- Ringgit Malaysia	37,669	44,392
Lease liabilities (Hire-purchase)		
- Ringgit Malaysia	19,940	14,055
- Australian Dollar (AUD82k / AUD112k)^	245	325
- Indonesia Dollar (- / IDR161m)^	-	43
- Thailand Dollar (THB1,107k / THB1,835k)^	129	227
- India Dollar (INR607m / INR928m)^	33	51
	<u>58,016</u>	<u>59,093</u>
Total borrowings	<u><u>107,897</u></u>	<u><u>76,831</u></u>
^ Exchange rate		
- Australian Dollar	2.973	2.969
- Indonesian Rupiah	0.000279	0.000264
- Thai Baht	11.63	13.15
- Indian Rupee	0.0546	0.0545

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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 does not recommend any dividend for the current quarter under review.

B10. Trade Receivables

	As at 30.09.2021 RM'000	As at 30.06.2021 RM'000
Trade Receivables	<u>169,387</u>	<u>168,755</u>

The average credit terms of trade receivables were sixty (60) days. As at 30 September 2021, the trade receivables has increased by 0.4% or RM0.6 million as compared to audited financial year ended 30 June 2021.

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B11. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Quarter
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit attributable to equity holders of the parent (RM'000)	10,285	5,753	10,285	5,753
Weighted average number of ordinary shares in issue ('000)	558,445	558,445	558,445	558,445
Basic Earnings Per Ordinary Share (sen)	1.84	1.03	1.84	1.03

B12. Additional Disclosures on Profit for the period

	Current Year Quarter	Preceding Year Quarter
	30.09.21	30.09.20
	RM'000	RM'000
Profit for the period is arrived at after charging/ (crediting):		
Interest income	(48)	(86)
Loss /(Gain) on disposal of Property plant and equipment	(5)	87
Loss on foreign exchange	509	763
Depreciation on PPE	2,133	1,822
Depreciation on right-of-use assets	3,411	2,862
Amortization of Intangible asset	86	135
Additional on Impairment of receivables	216	132
Impairment loss on advance in associate	-	211
Interest expense	1,027	649

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 September 2021.