



GLOBAL LOGISTICS

FREIGHT MANAGEMENT HOLDINGS BHD

380410-P










# Staying Resilient Shaping Growth

• SEA FREIGHT • AIR FREIGHT • LAND FREIGHT • 3PL, WAREHOUSING & DISTRIBUTION • CUSTOMS BROKERAGE • HAULAGE • TUG & BARGE

## ABOUT FM Global Logistics

Established in 1988, FM Global Group of Companies is a leading international Freight Services Provider based in Malaysia offering multimodal freight services that include sea, land, air and tug & barge. It differentiates itself from competitors by offering its own-operated freight services, thereby minimising outsourcing. This enables the Group to offer dedicated and reliable freight services to its diverse range of customers with a workforce of over 1,000 personnel, who are stationed at all the important maritime and air gateways of Malaysia and also in the Asean Region, India, Australia, the Middle East and the United States of America.

Freight Management Holdings Bhd (FMHB), was first listed on the Second Board of the Kuala Lumpur Stock Exchange (Bursa Malaysia) in February 2005 and was successfully transferred to the Main Board in December 2007, making it one of the first Malaysian-owned freight services companies to be listed on the Main Board of Bursa Malaysia.

 <p><b>11</b> operating countries</p>	 <p><b>100</b> trucks</p>	 <p><b>110</b> prime movers</p>	 <p><b>460</b> trailers</p>
 <p><b>121,000</b> TEUs</p>	 <p><b>1,000,000</b> sq. ft warehousing space (bonded &amp; non-bonded)</p>		 <p><b>1,491</b> employees as at 30 June 2019</p>

## STAYING RESILIENT Shaping Growth

Consistent performance over an extended period is the true measure of corporate and financial resilience. This is especially pertinent in a freight forwarding and logistics industry where business ebb and flow are invariably tied to the health of the global economy and world trade.

It is significant that in a 16-year period straddling a global financial crisis and various other potentially debilitating events, Freight Management Holdings Berhad (FMHB) has consistently returned positive results on all major financial indicators.

That we have kept an even keel throughout even on rough waters is a vindication of our business approach and corporate resolve to sustain the interests of our stakeholders. We continue to employ technology, improve our service offerings and business processes, and further unearth innovative methods to stay resilient in order to achieve optimum growth for the future.

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## 23<sup>rd</sup> AGM

Topas Room, The Saujana Hotel Kuala Lumpur,  
Saujana Resort, Jalan Lapangan Terbang SAAS,  
40150 Shah Alam, Selangor Darul Ehsan.

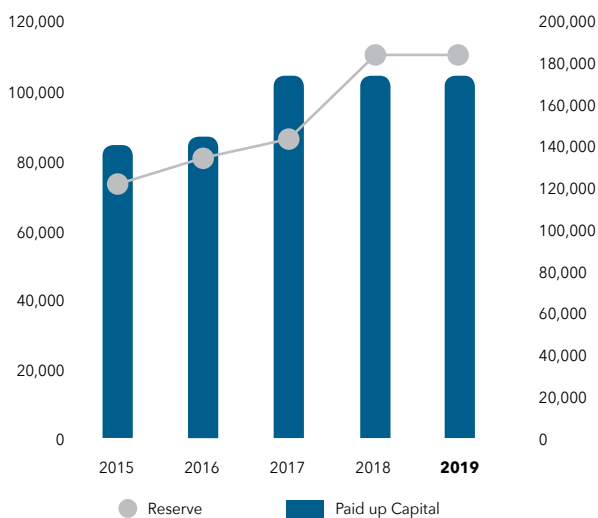
Monday, 25 November 2019  
10:00 a.m.

# FINANCIAL Highlights

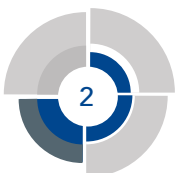
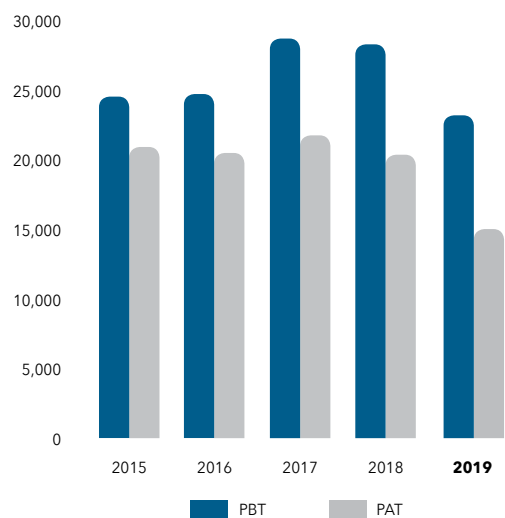
STATEMENTS OF COMPREHENSIVE INCOME (RM'000)	2015	2016	2017	2018	2019
Revenue	420,271	413,771	461,295	511,585	<b>545,353</b>
Profit Before Taxation	24,244	24,761	28,916	28,426	<b>22,602</b>
Profit After Tax and Non-Controlling Interests	20,105	19,874	21,026	19,695	<b>13,600</b>
Net Earnings Per Share (sen)	7.20 <sup>^</sup>	7.12 <sup>^</sup>	7.53 <sup>^</sup>	7.05 <sup>^</sup>	<b>4.87</b>
Gross Dividend Per Share (sen)	5.00	5.00	5.00	5.00	<b>3.50</b>
STATEMENTS OF FINANCIAL POSITION (RM'000)	2015	2016	2017	2018	2019
No. of Shares in Issue ('000)	173,000	177,618	186,148	186,148	<b>279,222</b>
Paid-up Share Capital	86,500	88,809	104,290	104,290	<b>104,290</b>
Reserve	120,953	135,849	142,729	184,254	<b>184,225</b>
Net Asset Per Share (RM)	0.74 <sup>^</sup>	0.80 <sup>^</sup>	0.88 <sup>^</sup>	1.03 <sup>^</sup>	<b>1.03</b>

<sup>^</sup> The comparative figures have been adjusted to take into account the issuance of bonus shares on the basis of 1:2 in the financial year ended 30 June 2019.

**Shareholders' Funds**  
(RM'000)



**Profit Before Tax/Profit After Tax And Non-Controlling Interest (RM'000)**

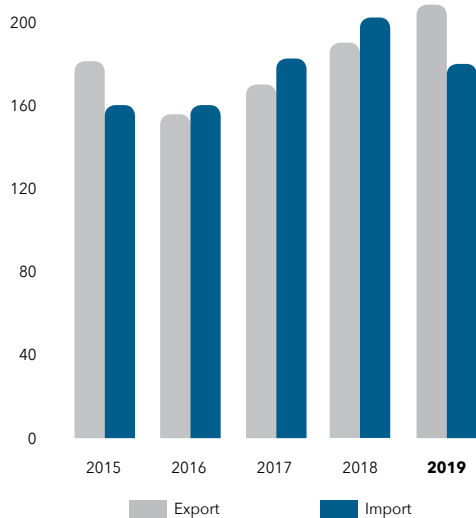


## FINANCIAL Highlights

REVENUE ANALYSIS (RM Million)	2015	2016	2017	2018	2019
<b>Contribution by Service Type</b>					
Sea Freight	259.8	262.9	290.3	325.6	<b>337.5</b>
Air Freight	33.9	35.1	45.3	49.8	<b>63.2</b>
Tug & Barge	19.6	13.8	16.1	6.5	-
3PL, Warehousing & Distribution	39.6	42.7	47.3	58.4	<b>65.9</b>
Land Freight	17.1	16.5	16.0	18.4	<b>20.3</b>
Supporting Services	50.3	42.8	46.2	52.9	<b>58.5</b>
<b>TOTAL</b>	<b>420.3</b>	<b>413.8</b>	<b>461.2</b>	<b>511.6</b>	<b>545.4</b>

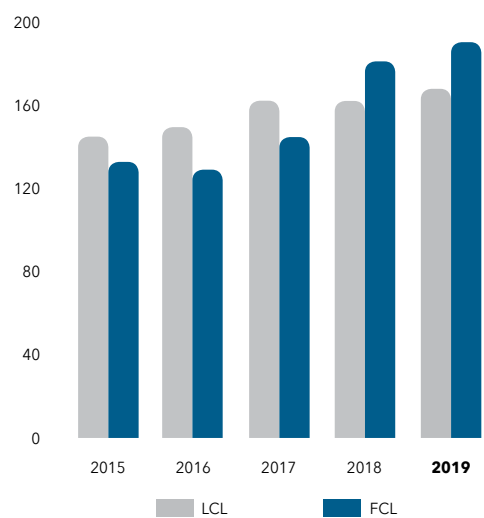


**Revenue Analysis by Service Mode**  
(RM Million)



# The above information includes Sea Freight, Air Freight and Land Freight Services.

**Revenue Analysis by Container Mode**  
(RM Million)



# This mode covers Sea Freight, Land Freight and Supporting Services.



# Reliable & Secure

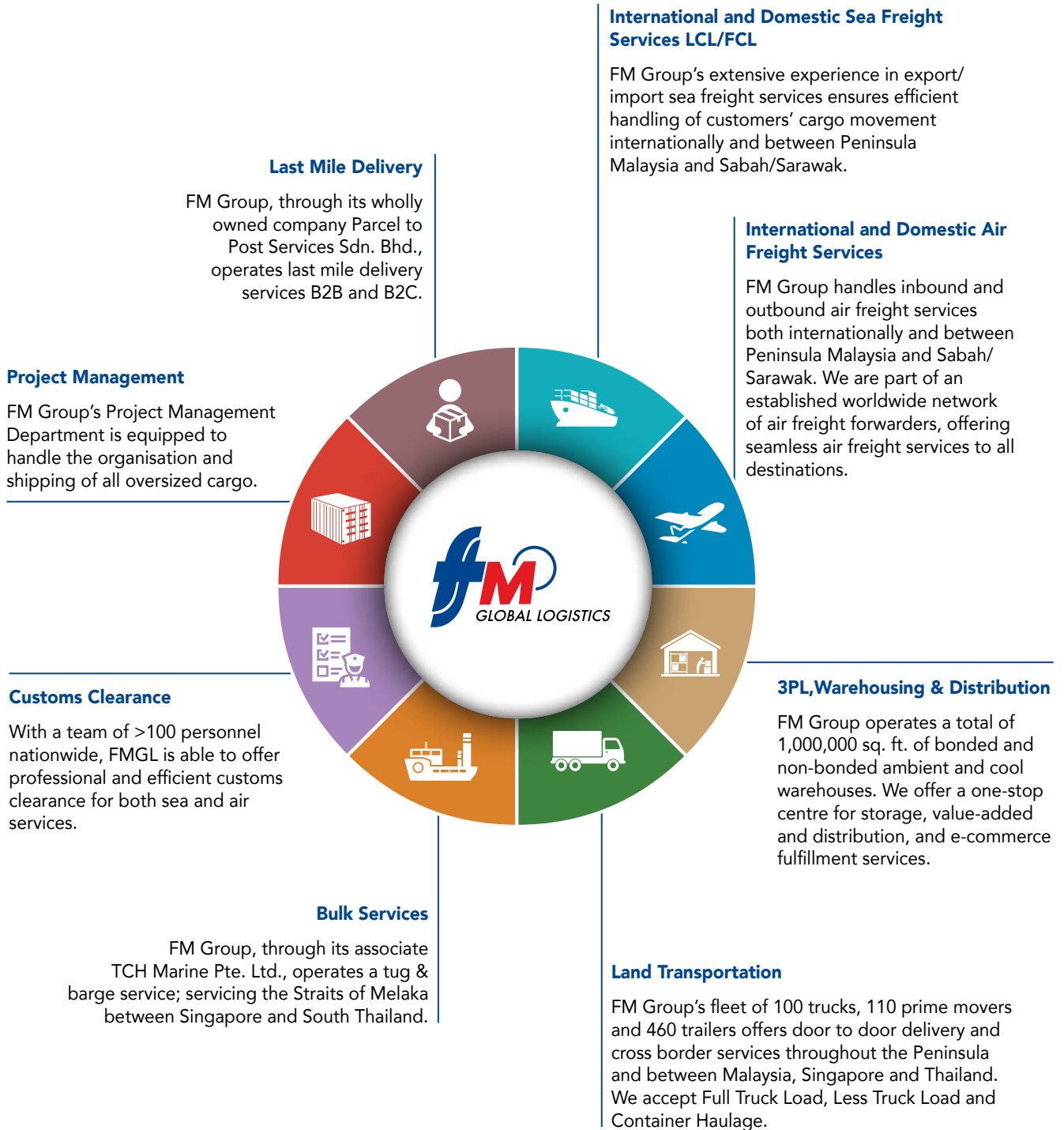
Operating in

**127 Countries** via  
**107 Agents**

# SERVICES OFFERED by the Group

## Your Connection To The World

FM Group is one of the leading international freight forwarders in the Asean Region, operating as an intermediate agent between importers/exporters and carriers.



# CORPORATE Structure



**FREIGHT MANAGEMENT HOLDINGS BHD**  
380410-P

**1**

**PROVISION OF FREIGHT SERVICES**

- 100%** FM Global Logistics (M) Sdn. Bhd.
  - 100%** FM Contract Logistics Sdn. Bhd.\*
  - 100%** Advance Retail Services Sdn. Bhd.\*
  - 49%** FM Distribution Sdn. Bhd.
- 100%** FM Global Logistics (Ipoh) Sdn. Bhd.\*
- 100%** FM Global Logistics (Melaka) Sdn. Bhd.\*
- 100%** FM Global Logistics (Penang) Sdn. Bhd.\*
- 100%** FM Multimodal Services Sdn. Bhd.
  - 51%** Dependable Global Express Malaysia Sdn. Bhd.
- 100%** Advance International Freight Sdn. Bhd.\*
  - 25%** FMG Logistics Co., Ltd., Thailand
- 100%** FM Global Logistics (KUL) Sdn. Bhd.
- 100%** Exterian Enterprise Sdn. Bhd.
  - 100%** Exterian Capital Pte. Ltd., Singapore
  - 24%** FMG Logistics Co.,Ltd., Thailand
- 100%** FM Worldwide Logistics (Penang) Sdn. Bhd.\*
- 100%** FM Global Logistics Ventures Sdn. Bhd.
  - 100%** FM Global Logistics (HK) Limited, Hong Kong\*
  - 100%** FM Global Korea Corporation, South Korea\*
  - 95%** FM Global Logistics Company Limited, Vietnam
  - 70%** FM Global Logistics (USA), LLC, United States of America
  - 67%** PT. FM Global Logistics, Indonesia
  - 55%** FM Global Logistics Pty. Ltd., Australia
  - 51%** FM Global Logistics (India) Private Limited, India
  - 50%** FM Global Logistics (Phil.), Inc. Philippines
  - 50%** Amass Freight Middle East FZCO, United Arab Emirates
  - 49%** FM Global Logistics Co. Ltd, Thailand
  - 40%** FM Global Logistics Lanka (Private) Limited, Sri Lanka
  - 20%** Hubwire Sdn. Bhd.
- 100%** FM Global Logistics (S'pore) Pte. Ltd., Singapore
- 80%** Symphony Express Sdn. Bhd.

**2**

**INVESTMENT HOLDING & OTHER SERVICES**

- 100%** FMG Capital & Management Sdn. Bhd.
  - 100%** Centro Maxx Sdn. Bhd.
- 100%** Freight Management MSC Sdn. Bhd.
- 100%** FMGL Overseas Ventures Limited, Hong Kong
  - 100%** Icon Freight International Inc., British Virgin Island
- 65%** FM Hubwire Sdn. Bhd.

**3**

**PROVISION OF MARINE SERVICES**

- 50%** Transenergy Shipping Pte. Ltd., Labuan
- 50%** Transenergy Shipping Management Sdn. Bhd.

**4**

**SHIPYARD AND DOCK MANAGEMENT**

- 31%** YKP-FM Global Shipyard Co. Ltd, Thailand

**5**

**PROVISION OF TUG & BARGE SERVICES**

- 49%** TCH Marine Pte. Ltd., Singapore

**6**

**LAST-MILE DELIVERY SERVICES**

- 100%** Parcel To Post Services Sdn. Bhd.

\* Dormant Companies





# CORPORATE Information

## BOARD OF DIRECTORS

**Datuk Dr. Hj. Noordin  
Bin Hj. Ab. Razak**  
Chairman/Independent  
Non-Executive Director

**Chew Chong Keat**  
Group Managing Director

**Yang Heng Lam**  
Executive Director

**Gan Siew Yong**  
Executive Director

**Ong Looi Chai**  
Executive Director

**The late Aaron Sim Kwee Lein**  
Independent Non-Executive Director  
(Demised on 30 June 2019)

**Soh Chin Teck**  
Independent Non-Executive Director  
(Appointed on 30 September 2019)

**Tengku Nurul Azian  
Binti Tengku Shahrman**  
Independent Non-Executive Director  
(Appointed on 21 August 2019)

**Lau Swee Chin**  
Independent Non-Executive Director

**Chua Tiong Hock**  
Non-Independent Non-Executive  
Director

**Khua Kian Keong**  
Non-Independent Non-Executive  
Director (Alternate Director to  
Chua Tiong Hock)

### COMPANY SECRETARIES

Fong Sok Yee (MAICSA 7066501)  
Lim Hooi Mooi (MAICSA 0799764)  
Te Hock Wee (MAICSA 7054787)

### REGISTERED OFFICE

Unit 30-01, Level 30, Tower A, Vertical  
Business Suite, Avenue 3, Bangsar  
South, No. 8, Jalan Kerinchi, 59200  
Kuala Lumpur, Malaysia.

+603-2783 9191  
+603-2783 9111

### HEAD/MANAGEMENT OFFICE

Wisma Freight Management,  
Lot 37, Lebuhr Sultan Mohamed 1,  
Kawasan Perindustrian Bandar Sultan  
Suleiman, 42000 Port Klang, Selangor  
Darul Ehsan, Malaysia.

+603-3176 1111  
+603-3176 8634  
www.fmgloballogistics.com

### PRINCIPAL BANKERS

Hong Leong Bank Berhad  
HSBC Amanah Bank Malaysia Bhd  
Malayan Banking Berhad  
OCBC Bank (Malaysia) Bhd  
RHB Islamic Bank Berhad

### AUDITORS

Crowe Malaysia PLT  
(LLP0018817-LCA & AF 1018)  
Chartered Accountants

### AUDIT COMMITTEE

Chairman  
**Soh Chin Teck**  
Independent Non-Executive Director  
(Appointed on 30 September 2019)

Members  
**Datuk Dr. Hj. Noordin  
Bin Hj. Ab. Razak**  
Independent Non-Executive Director  
**Tengku Nurul Azian  
Binti Tengku Shahrman**  
Independent Non-Executive Director  
(Appointed on 21 August 2019)

**Lau Swee Chin**  
Independent Non-Executive Director  
**Chua Tiong Hock**  
Non-Independent Non-Executive  
Director

### NOMINATION COMMITTEE

Chairperson  
**Lau Swee Chin**  
Independent Non-Executive Director

Members  
**Datuk Dr. Hj. Noordin  
Bin Hj. Ab. Razak**  
Independent Non-Executive Director  
**Chua Tiong Hock**  
Non-Independent Non-Executive  
Director

### REMUNERATION COMMITTEE

Chairman  
**Datuk Dr. Hj. Noordin  
Bin Hj. Ab. Razak**  
Independent Non-Executive Director

Members  
**Lau Swee Chin**  
Independent Non-Executive Director  
**Chua Tiong Hock**  
Non-Independent Non-Executive  
Director

### SOLICITORS

Wong Lu Peen & Tunku Alina Advocates  
& Solicitors

### REGISTRAR

**Tricor Investor & Issuing House  
Services Sdn. Bhd.**  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3,  
Bangsar South, No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur, Malaysia.  
+603-2783 9299  
+603-2783 9222

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Code: FREIGHT  
Stock No. : 7210  
(Listed on Second Board on 3 February  
2005)

## BOARD OF Directors' Profile

### Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak *Chairman/Independent Non-Executive Director*



Datuk Dr. Hj. Noordin was appointed to the Board on 22 July 2004. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

He obtained his Bachelor of Arts Degree in Sociology and Master of Arts in Sociology from the University of Malaya in 1971 and 1989 respectively. He later obtained his Doctor of Philosophy (PhD) from the Pacific Western University of the United States of America (USA) in 1991. He is a fellow member of the British Institute of Management and a member of the Malaysian Institute of Management.

He commenced his career as an Education Officer with the Ministry of Education in 1965. In 1972, he left the Ministry of Education to join the City Hall of Kuala Lumpur as Assistant Secretary.

He was promoted to the position of Director General of City Hall of Kuala Lumpur in 1989 and assumed the post until his retirement in 2000. Besides contributing to more than 27 years in the socio-economic development, strategic planning and development of Kuala Lumpur, he also served on the Board of Directors of Urban Development Agency, PGK Sdn. Bhd., Stadium Negara and Badan Seni Lukis Negara between 1988 and 2000.

He is presently involved primarily in non-governmental organisations, where he is the Chairman of various organisations which include University Malaya Alumni Association and Institute Pemikiran Kreatif Malaysia (INSPEK). He is the National Vice-Chairman of the Malaysian Red Crescent, a member of Trustees of Institute of Sultan Iskandar, Universiti Teknologi Malaysia and a member of the Institute of Islamic Understanding Malaysia (IKIM).

### Chew Chong Keat *Group Managing Director*



Mr. Chew joined the Board on 20 March 1996 and is the Group Managing Director and Executive Director of the Group. In 1984, he graduated from the University of Manchester, United Kingdom with a Bachelor's Degree in Economics. He also holds a Diploma from the Business Education Council National, United Kingdom and a Diploma of Competence in Freight Forwarding from the International Federation of Freight Forwarders (FIATA).

He is one of the co-founders of the Group and serves on the board of some of the subsidiaries and associated companies of the Group. He is principally responsible for managing the Group's business and corporate affairs. With more than 30 years of experience in the provision of freight and logistics services, he is also the key person in setting direction for the Group's business strategies.

### Yang Heng Lam *Executive Director*



Mr. Yang joined the Board on 20 March 1996 and also serves on the board of all subsidiaries and associated companies of the Group. He is principally responsible for the business development and operations of the Group, which include exploring overseas markets and overseeing the development of marketing and Group strategies.

He has more than 30 years' experience in the freight and logistics industry and has been instrumental in securing and maintaining major customers for the Group.

## BOARD OF Directors' Profile

### Gan Siew Yong *Executive Director*



Madam Gan joined the Board on 20 March 1996 as Executive Director. She also serves on the board of several subsidiary companies of the Group. She is principally responsible for the export related services of the Group and is actively involved in negotiating rates and securing container space with the shipping lines.

Equipped with more than 30 years' experience, and together with the strong support from her team, she has been instrumental in the establishment of the Group's Less Than a Container Load (LCL) consolidation business at all the major ports of the world.

### Ong Looi Chai *Executive Director*



Mr. Ong was appointed to the Board on 1 June 2006. Mr. Ong joined the Group in 1989 where he was attached to the Port Klang headquarters. In 1995, he assumed the position of Branch Manager in Penang and has been instrumental in the growth and development of the Penang branch.

He is currently responsible for the overall business and development of the northern region of West Malaysia and also East Malaysia. He is also assigned to lead the business development of the Group's overseas offices in Thailand and Indonesia.

### Soh Chin Teck *Independent Non-Executive Director*



Mr. Soh was appointed to the Board on 30 September 2019. He is also the Chairman of the Audit Committee.

Mr. Soh holds a Bachelor of Economics Degree from Monash University, Melbourne, Australia, and a Master of Business Administration - International Management from the RMIT University, Australia. He is a Fellow Member of the Institute of Chartered Accountants, Australia, and a member of the Malaysian Institute of Accountants.

Mr. Soh has more than 13 years' experience in audit and had held various senior positions in member firms of Deloitte in Singapore, Sydney and Kuala Lumpur. He was a former Executive Director and General Manager of CSR Building Materials (M) Sdn Bhd, and was a Business Director and board member of Rockwool Malaysia Sdn Bhd. He was a former Chairman of FMM-Malaysian Insulation Manufacturers Group and former Deputy Managing Director of Saint-Gobain Malaysia Sdn Bhd. Mr. Soh also serves on the board of PPB Group Berhad.

## BOARD OF Directors' Profile

### Tengku Nurul Azian Binti Tengku Shahrman *Independent Non-Executive Director*



Ms. Tengku Azian joined the Board on 21 August 2019. She is also a member of the Audit Committee.

Ms. Tengku Azian graduated with a Law Degree from the School of Oriental & African Studies, University of London. After her graduation, she obtained her Barrister of Law from the Honourable Society of the Inner Temple and was subsequently admitted and enrolled as an Advocate and Solicitor of the High Court in Malaya.

Ms. Tengku Azian is currently the Executive Vice President & Partner of PEMANDU Associates Sdn Bhd, a management consulting firm focused on public sector transformation and business turnaround with global experience. She started her career in 1988 as an Advocate and Solicitor with Messrs. Shook Lin & Bok before pursuing a career in investment banking in 1992. She has over 18 years of broad experience in investment banking and corporate finance. Her last position held was Head of Corporate Finance in RHB Investment Bank Berhad, a member of RHB Banking Group, the 4<sup>th</sup> largest fully integrated financial services group in Malaysia.

In 2010, she was appointed as the Director of Education and Human Capital Development in the Performance Management and Delivery Unit (PEMANDU) and held this position until 2017.

She is also a Board member of Global School Leaders, Malaysia, an organisation involved in providing school leadership programs in 24 public schools and sits on the Board of Governors of her alma mater, Convent Bukit Nanas.

Her current directorship in public companies are Dutch Lady Milk Industries Berhad and Sunway REIT Management Sdn Bhd (management company of Sunway REIT which is listed on Bursa Malaysia).

### Lau Swee Chin *Independent Non-Executive Director*



Madam Lau joined the Board on 21 August 2018. She is also the Chairperson of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee.

Madam Lau started her career in the Audit Department of Hanafiah Raslan & Mohamad before embarking on her studies for The Institute of Chartered Secretaries and Administrators (ICSA) examination.

She completed her ICSA studies in 1986 and subsequently obtained her Associate Membership of ICSA in 1993. She joined TAMS Secretarial Sdn. Bhd. in 1987 where she was later promoted to Head of the Company Secretarial Department.

In 2003, she joined Miomira Corporate Services Sdn. Bhd. as a Partner and Head of the Company Secretarial Department.

Her work covered incorporation of companies and business enterprises, public listing, company secretarial services, deregistrations and liquidations, which included advisory services.

Following her retirement in 2014, she set up a new partnership with Eco Gifts Shoppe where the main focus of the company is on importing natural oils from selected countries for local distribution in Malaysia.

## BOARD OF Directors' Profile

### Chua Tiong Hock *Non-Independent Non-Executive Director*



Mr. Chua was appointed to the Board on 30 July 2007. He is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Chua obtained his Bachelor of Arts Degree from the University of Singapore. He also holds a Graduate Diploma in Business Administration from the National University of Singapore and a Graduate Diploma in Personnel Management from the Singapore Institute of Personnel Management.

Mr. Chua is an Executive Director and Chief Corporate Development Officer of Vibrant Group Limited, Singapore, the holding company of Singapore Enterprises Private Limited, a substantial shareholder of FMHB.

Previously, he was a director of Sabana Shari'ah Compliant REIT and represented the Vibrant Group as a director in its listed subsidiaries, Freight Links Express Holdings (Australia) Limited, Freight Links Express Holdings (Hong Kong) Limited and Cybermast Limited.

He has wide-ranging experience in logistics, operations management and corporate development with various multinational companies and local companies.

### Khua Kian Keong *Non-Independent Non-Executive Director (Alternate Director to Chua Tiong Hock)*



Mr. Khua was appointed as Alternate Director to Mr. Chua Tiong Hock on 30 July 2007. He is the Chief Executive Officer of Vibrant Group Limited, Singapore, the holding company of Singapore Enterprises Private Limited, a substantial shareholder of FMHB.

He obtained his Bachelor of Science Degree in Electrical Engineering and graduated cum laude from the University of the Pacific, United States in 1987.

Mr. Khua is a past president of the Singapore Metal and Machinery Association, a council member of the Singapore Chinese Chamber of Commerce and Industry, Vice-Chairman of the Singapore-China Business Association, a board member and head of Fund-Raising at Singapore Thong Chai Medical Institute. He also serves as a patron at Telok Blangah Citizens' Consultative Committee.

In addition, Mr. Khua is the president of Nanyang Kuah Si Association, chairman of Pei Tong Primary School advisory committee, board member of Tan Kah Kee Foundation and a member of the school management committee of Catholic High School. He is an executive committee member at Singapore Ann Kway Association.

Mr. Khua is a board chairman of Fujian Anxi No. 8 Middle School, vice-president of World Quanzhou Youth Friendship Association, vice-president of Anxi Charity Federation and the Anxi Fenglai Guitou Charity Federation. In 2009, he was conferred with an "Outstanding Charitable Works Contribution" award by Fujian Provincial Government, People's Republic of China.

#### ADDITIONAL INFORMATION

**FAMILY RELATIONSHIPS** : Gan Siew Yong is the spouse of Chew Chong Keat. Save as disclosed, none of the Directors has any family relationships with any director and/or is major shareholder of the Company.

**DIRECTORSHIP OF PUBLIC COMPANIES** : Save as disclosed above, two Directors have any directorships in other public listed companies.

**CONVICTIONS** : None of the Directors has been convicted of any offences (other than traffic offences, if any) within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

**CONFLICT OF INTEREST** : None of the Directors has conflict of interest with the Company.

**KEY SENIOR MANAGEMENT** : The Executive Directors on the Board also occupy the offices of the Key Senior Management of the Company.

# CHAIRMAN'S Statement

## Dear Valued Shareholders,

Freight Management Holdings Berhad (FMHB or the Group) sustained our performance for FY2019 despite the softening of the global economy and sluggishness of world trade impacted by the continuing US-China trade tensions and other developments. As was the case in the previous financial year, FMHB achieved positive growth in revenue and gross profits from our core businesses.

### FINANCIAL PERFORMANCE (IN RM MILLION)



Revenue  
**RM545.4**  
FY2018: 511.6



Profit Before Tax  
**RM22.6**  
FY2018: 28.4



Profit After Tax  
**RM13.6**  
FY2018: 19.7



Net Asset per Share  
**RM1.03**  
FY2018: 1.03

It is my privilege to present on behalf of the Board of Directors (the Board) the Annual Report and Audited Financial Statements of the Group for the financial year ended 30 June 2019 (FY2019).

### FINANCIAL RESULTS

The Group achieved higher Revenue of RM545.4 million for the financial year in review, an increase of 6.6% over RM511.6 million recorded in FY2018 to maintain the steady rate of growth seen since FY2003. However, Profit Before Tax (PBT) declined by 20.5% to RM22.6 million against RM28.4 million the financial year before. This was mainly due to continued losses and asset impairment incurred by the Tug & Barge associate business and initial losses from our new distribution services. Correspondingly, Profit After Tax and Minority Interests (PATAMI) was 31.0% lower at RM13.6 million as compared with RM19.7 million registered in FY2018. We expect our PBT and PAT to grow in strength once we have completely exited from the loss-making associate business.

Earnings Per Share (EPS) was 4.87 sen, a decrease of 30.9% over the previous financial year's 7.05 sen, which is an adjusted figure to account for the issuance of bonus shares on the basis of 1:2 during FY2019. There was no change in the Shareholders' Funds, which remained at RM288.5 million across the two financial periods. Total Assets increased marginally to RM463.5 million from RM455.3 million in FY2018 while Net Asset Per Share was unchanged at RM1.03. The comprehensive review of our financial and operational performance is presented in the Management Discussion & Analysis segment of this Annual Report.

### Dividend

The Board has declared two single-tier interim dividends amounting to 3.5 sen per share for FY2019. The total dividend payout of RM9.8 million represents 72.0% of the Group's PATAMI, the first over 50.0% of net profit and our highest on record. Since FY005, FMHB has paid dividends amounting to no less than 29.0% of annual PATAMI, a reflection of the Group's strong cash flow and willingness to reward our loyal shareholders.

## CHAIRMAN'S Statement



### OUTLOOK & PROSPECTS

The landscape for the global economy and trade is generally perceived to be fraught with uncertainties, given the ongoing trade impasse between the world's two largest economies of the US and China, the discord between Britain and the European Union over Brexit, and the latest developments in the Middle East. Global bodies including the International Monetary Fund (IMF) and the World Trade Organization (WTO) have been downgrading their forecasts on economic and trade growth respectively.

Nevertheless, the Group accepts and expects these challenges and is determined to grow our businesses by capitalising on opportunities in established markets while improving product mix and managing costs to boost profitability.

### ACKNOWLEDGMENT

On behalf of the Board, I would like to once again thank our shareholders for keeping faith in FMHB. We consider our shareholders as partners in the continuing quest to grow the business and reap the rewards.

FMHB is saddened by the demise of Mr. Aaron Sim Kwee Lein, a Senior Independent Non-Executive Director. His invaluable service was a vital element in our success over the years. We will sorely miss his wise counsel and judicious guidance.

I take this opportunity to welcome his replacement, Mr. Soh Chin Teck, who assumed the post of Independent Non-Executive Director and Chairman of the Audit Committee on 30 September 2019.

Please allow me to also extend the Group's appreciation to our customers, partners, associates, relevant government agencies and other stakeholders for your collaboration and cooperation during the financial year in review. It is my pleasure to pay tribute to our management and employees for their diligence and dedication to FMHB. We will need more of the same to meet our aspirations in the years to come.

**Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak**  
Chairman

# MANAGEMENT DISCUSSION and Analysis

Freight Management Holdings Berhad (FMHB or the Group) has established itself as a leading freight and logistics group in Southeast Asia following an extended period of steady growth and sustainable earnings.

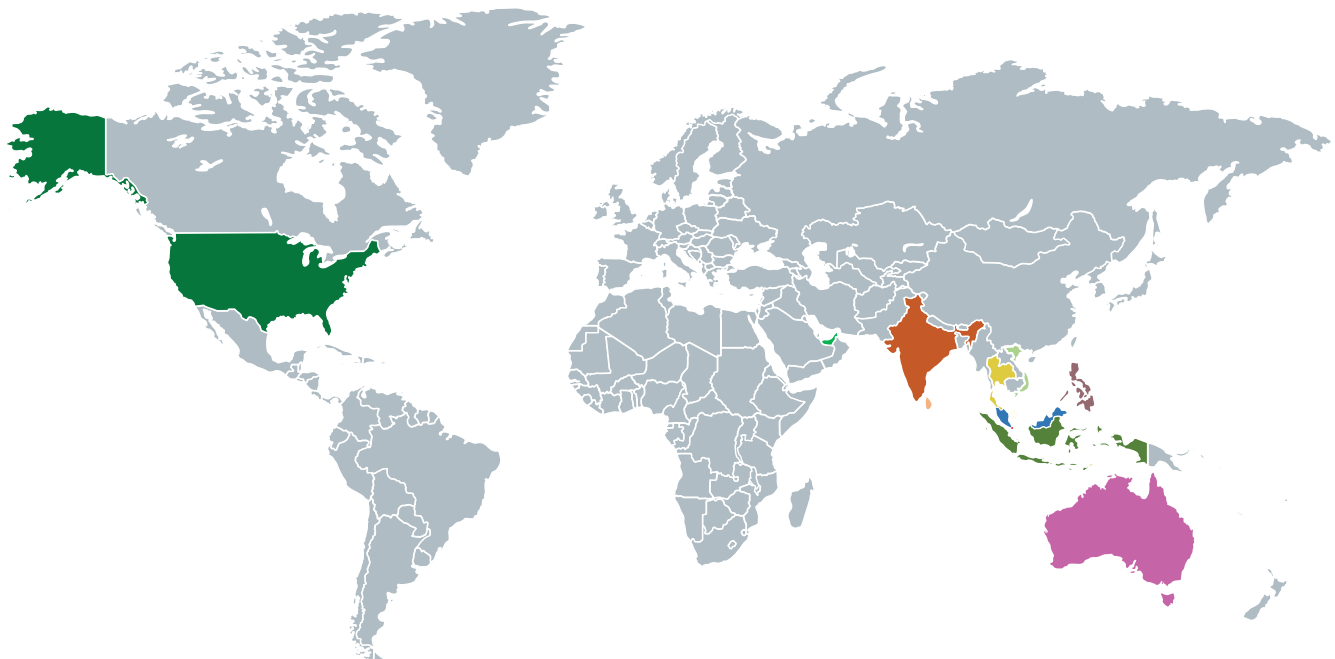
## BUSINESS OVERVIEW & OBJECTIVES

Financial Year 2019 (FY2019) marked the 16<sup>th</sup> consecutive year in which we have achieved healthy financial returns despite operating in occasionally volatile global trade conditions while facing increasing competition on both the local and international fronts.

The Group has sustained its performance on the back of a diverse portfolio of multimodal freight and total logistics services as well as a growing presence across the Asia Pacific region and beyond.



## FMHB PRESENCE THROUGHOUT REGION



- Malaysia
- Vietnam
- Australia
- United Arab Emirates (UAE)
- Thailand
- Singapore
- Sri Lanka
- United States of America (USA)
- Indonesia
- India
- Philippines



## MANAGEMENT DISCUSSION and Analysis

Over the years, this has enabled FMHB to register a compounded annual growth rate (CAGR) of 10.4% in revenue from FY2003 to FY2019, effectively growing almost five times in size over 16 years. During the same period, the Group also sustained its earnings with a CAGR of 7.3% for Profit Before Tax (PBT) and 6.3% for Profit After Tax and Minority Interests (PATAMI).

Benchmarking against our competitors, FMHB is proud to note that we are keeping pace with other major freight and logistics service providers in both the domestic and foreign arenas. Nevertheless, we recognise we still have room to grow to be on par with the largest players and this will only serve as an inspiration for FMHB to redouble our efforts in order to close the gap in the years ahead.

### FINANCIAL PERFORMANCE

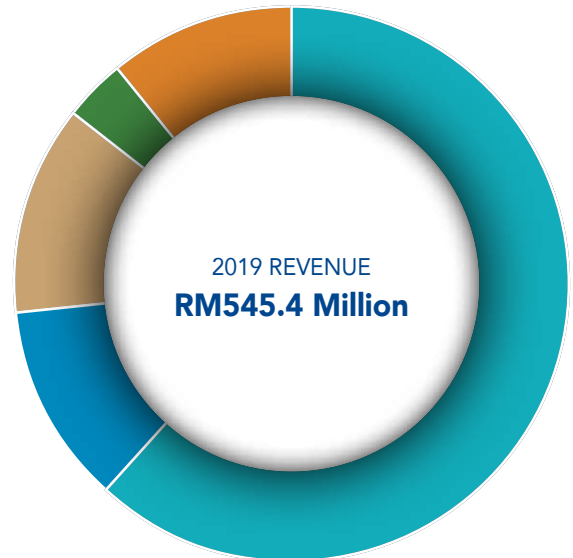
The Group achieved positive growth for the financial year ended 30 June 2019 despite a weakening global economy and slowing world trade. Revenue increased by 6.6% to RM545.4 million from RM511.6 million in the previous financial period.

Our performance was underpinned by relatively robust volume registered by our freight businesses, which is remarkable considering that growth in world trade tapered off towards the second half of 2018 and first half of 2019.

According to the World Trade Organization (WTO), global trade is projected to grow by a considerably slower 1.23% in 2019 against 3.0% the year before largely as a result of the prolonged trade impasse between the US and China, the uncertainty over Brexit and the latest developments in the Middle East. In addition, the global economy appears to be stalling with the International Monetary Fund (IMF) forecasting a growth of 3.0% for 2019 as compared with 3.6% in 2018.

All business divisions registered higher year-on-year (y-o-y) revenue, with Sea Freight the highest contributor to Group Revenue at 61.9% (FY2018: 63.6%) of total revenue, followed by 3PL, Warehousing & Distribution at 12.1% (FY2018: 11.4%), Air Freight at 11.6% (FY2018: 9.7%), Supporting Services at 10.7% (FY2018: 10.3%) and Land Freight at 3.7% (FY2018: 3.6%). The Tug & Barge associate business had contributed 1.3% to Group Revenue the previous financial year in review.

### CONTRIBUTION TO GROUP REVENUE



Sea Freight	<b>61.9%</b>
Air Freight	<b>11.6%</b>
3PL, Warehousing & Distribution	<b>12.1%</b>
Land Freight	<b>3.7%</b>
Supporting Services	<b>10.7%</b>

In terms of revenue by country, Malaysia topped the list at RM415.4 million (76.2% of Group Revenue), next was Australia at RM54.2 million (9.9%), while Indonesia, Thailand, Vietnam, India, Sri Lanka, the US, Singapore and others accounted for the balance 13.9%.

In line with the higher Revenue, Gross Profit (GP) for the Group also went up by 6.7% to RM146.8 million from RM137.5 million in FY2018. However, profits were impacted by continued losses incurred by our Tug & Barge associate business, which included asset impairment amounting to RM2.9 million, RM2.3 million in losses by the distribution businesses and higher minority interests in the case of PATAMI.

PBT fell by 20.5% to RM22.6 million in the financial year in review (FY2018: RM28.4 million) and PATAMI declined by 31.0% to RM13.6 million (FY2018: RM19.7 million).

## MANAGEMENT DISCUSSION and Analysis

Meanwhile, Earnings Per Share (EPS) was 4.87 sen, lower by 30.9% as compared with 7.05 sen in the previous financial year, a figure which was adjusted to account for the issuance of bonus shares on the basis of 1:2 during FY2019. The Shareholders' Funds remained the same at RM288.5 million across the two financial periods. Total Assets increased marginally to RM463.5 million from RM455.3 million in FY2018 while Net Asset Per Share was RM1.03.

During the financial year, the Group generated healthy cash flow with cash and cash equivalent amounting to RM44.9 million which included other investments in money market funds at the end of FY2019. In addition, FMHB has a relatively low net gearing ratio of 0.1x with total borrowings of RM71.1 million.

### Dividend

The Board of Directors (the Board) declared a total dividend of 3.5 sen per share for FY2019, consisting of two interim single-tier dividends of 1 sen per share (paid out in July 2019) and 2.5 sen per share (to be paid out in November 2019) respectively. The Group issued a total dividend of 5 sen per share in FY2018.

### REVIEW OF OPERATIONS

Our business is divided into five segments: Sea Freight, Air Freight, Land Freight, 3PL, Warehousing & Distribution, and Supporting Services.

#### Sea Freight

This business division increased its revenue by 3.7% to RM337.5 million from RM325.6 million the financial year before. Although revenue and GP were lifted by higher freight rates, the unresolved global trade tensions continued to affect demand. This is reflected by our mixed volume performance with Less Than a Container Load (LCL) up by 11.7% but Full Container Load (FCL) down by 6.6%.

#### Air Freight

The Air Freight business performed well in FY2019, registering significantly higher revenue of RM63.2 million (FY2018: RM49.8 million). Furthermore, this business segment achieved higher profitability on the back of volume increase of around 6.0% as well as a higher number of project shipments.

#### Land Freight

Our Land Freight segment enjoyed a 14.0% y-o-y growth in volume, but this was partly tempered by lower margins for new contracts. This business achieved revenue of RM20.3 million, an increase of 10.3% over RM18.4 million in FY2018.

#### 3PL (Third Party Logistics), Warehousing & Distribution

The business division of 3PL, Warehousing & Distribution achieved a better performance in FY2019, increasing revenue by 12.8% to RM65.9 million from RM58.4 million the financial year before. The improved results can be attributed to more efficient usage of capacity coupled with contribution from new activities such as last-mile fulfilment services. As at the end of the financial year, we operate a total complement of nine warehouses offering approximately 1 million sq ft of floor space.

#### Supporting Services

This business segment has been steadily improving and increased its revenue to RM58.5 million in FY2019, up 10.6% from RM52.9 million in the previous financial year. The improvement was underpinned by sustained internal volume.

## MANAGEMENT DISCUSSION and Analysis



### MITIGATING RISKS

Freight forwarding and logistics is a complex business that is open to various risks, some of which are determined by external forces beyond our control. As a company, FMHB has a structured approach towards managing and mitigating the impact of risks on our operations and financial performance. At all times, we remain vigilant of issues at the local level as well as events on a global scale.

### Business and Market Risk

As a business dependent on trade, we continue to monitor the global economic and trade outlook. We are cognisant of the overriding sentiment over the world economy, in which growth is expected to moderate in 2019 before recovering in 2020.

The IMF, in its October 2019 World Economic Outlook update, projected a lower growth rate of 3.0% for 2019 as compared with 3.6% in 2018. The IMF expects the world economy to return to an uptrend in 2020. In the case of the emerging Asia Pacific region, the agency has forecasted growth of 6.2% for 2019 against 6.4% the year before.

Equally as significant, the prolonged trade war between the US and China continues to dampen global trade with the issue no closer to being resolved given the current state of geo-political affairs. Reflecting these uncertainties, the WTO has significantly reduced its world merchandise trade volume growth forecast to 1.2% in 2019 from the 2.6% that had been projected in April. Growth should recover to 2.7% in 2020, but this will depend on an easing of trade tensions.

Added to this is the confusion over Brexit and its potential ramifications on global trade. In September 2019, another event that could have implications for trade is the developing crisis between Saudi Arabia and Iran.

FMHB will remain vigilant in the face of these events, focusing on factors we can control and influence such as improving our operational efficiency, and increasing market share in order to sustain our financial performance now and into the future.

## MANAGEMENT DISCUSSION and Analysis

### Operational Risk

Efficiency is a critical factor in our operations and is vital to market capture and customer retention. This being the case, we will leverage on our quality management systems to optimise our operations. Here, our certifications in quality such as ISO 9001:2015, ISO 14001 and OHSAS 18001 will provide the guidelines for all our processes. We also adhere to the HSSE policy within the Group to safeguard the health, safety and security of our people while minimising the impact of our activities on the environment.

### Financial Risk

In order to mitigate financial risk, our finance and treasury team monitors our daily cash position to ensure all our divisions and branches maintain a healthy liquidity position sufficient to cover their business needs. We place emphasis on the efficient management of working capital for accounts receivable and accounts payable where we maintain sufficient credit lines available to meet our liquidity requirements. While our operations are spread across multiple locations locally and globally, we monitor accounts receivables centrally and also ensure that our suppliers and contractors are managed expeditiously. Due to our trading profile, we are exposed to currency exchange risks, which we mitigate by maintaining a natural hedge by matching payables against receivables in the same foreign currency. The Group also limits our exposure to fluctuation in interest rates. At the present moment, our exposure is not an issue since we have a low gearing ratio.

### Information and System Risk

Cyber crime has emerged as one of the latest business frauds. In order to reduce the negative impact caused by a cyber attack, we have in place a robust firewall to safeguard our IT systems from viruses or hackers. We invested in a web computing system during the previous financial year that enables a safer environment for the sharing of information within the same network.

### PROSPECTS

The Group is prepared to weather the challenging economic and trade conditions for the remainder of 2019 while preparing to capitalise on opportunities the following year when the global economy picks up pace.

In the meantime, we will resume our search for growth opportunities in established markets through aggressive customer acquisition. At the same time, we will improve our product mix and continue to manage costs in order to increase productivity while also extending and improving the performance of our new distribution services.

We expect to achieve better performance once we exit our loss-making marine-related activities of the Tug & Barge associate business in the new financial year (FY2020) and focus our resources on our core freight-related businesses.

Having performed resolutely over the past 16 financial years, the Group looks forward to another extended golden period in the near and intermediate terms. Greater success will ensure we can share the returns with our shareholders as generously if not more in the years ahead.





# SUSTAINABILITY

## Statement

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# SUSTAINABILITY Statement

## ABOUT THIS STATEMENT

[GRI 102-1, 102-4, 102-46, 102-50, 102-52, 102-53]

Sustainability is both a responsibility and an opportunity to secure the future of our business, society and the environment. As a responsible leader in freight and logistics, we aspire to implement sustainable processes to improve profitability and meet with our moral obligations to secure the natural environment for future generations.

In compliance with Bursa Malaysia’s Listing Requirements, we have prepared the second sustainability statement for Freight Management Holdings Berhad (FMHB or the Group), which is headquartered in Port Klang. This statement builds on the inaugural 2018 edition by charting the Group’s commitment and initiatives to embed elements of sustainability into our business operations as well as other corporate and social activities.

The purpose of this statement is to communicate our approach to sustainability which includes how we identify economic, environment and social (EES) risks and opportunities that are important to our business and our stakeholders, and how we monitor and manage our materiality matters.

In accordance with the Listing Requirements, we have aligned our sustainability statement with the internationally-recognised Global Reporting Initiative (GRI) Standards; Core Option. This statement has also been prepared according to Bursa Malaysia’s Sustainability Reporting Guide 2<sup>nd</sup> Edition (Guide). Where applicable, references to the GRI Standards have been provided in parenthesis next to titles throughout this statement.



### SCOPE OF REPORTING

This statement covers our sustainability information from 1 July 2018 to 30 June 2019 (FY2019), unless otherwise stated and extends to the four main operating units:



#### Entity

- FM Global Logistics (M) Sdn. Bhd.
- FM Multimodal Services Sdn. Bhd.



### ASSURANCE

Although this statement has not been subjected to an external assurance process, the information presented herein has been reviewed by relevant subject experts within FMHB and approved by the senior management team and our Board of Directors.

102-1 : Name of the organisation.

102-4 : Location of operations.

102-46 : Defining report content and topic boundaries.

102-50 : Reporting period.

102-53 : Contact point for questions regarding the report.

## SUSTAINABILITY Statement

### OUR COMMITMENT TO SUSTAINABILITY

[GRI 103-2]

As a leading international freight services provider, we contribute to global trade and economic development with our portfolio and presence in the ASEAN region, India, Australia and the Middle East. We are committed to complying with standards for legal and ethical business practices while boosting the economy, minimising our environmental footprint, assuming responsibility for our employees and contributing to communities in which we operate.

We continue to adhere to our corporate mission in driving us towards becoming a sustainable freight and logistics provider.

#### CORPORATE MISSION

- To hire, train and develop a capable group;
- To create a conducive and enjoyable working environment;
- To minimise outsourcing; and
- To provide service levels that meet customer expectations.

Guided by the tripartite concept of sustainability, we have developed our strategies and initiatives around the EES pillars.

Explore business opportunities that facilitate healthy economic and income growth for the Group.



Safeguard the environment by adopting sustainable practices that mitigate any negative impacts which our operations may have on the environment.

Develop our business to create employment opportunities and to give back to the community.



### SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) announced in 2015 by the United Nations define global priorities and aspirations towards addressing issues such as climate change, poverty and peace, among others. The goals are a call to action for all countries, governments and businesses to promote prosperity while protecting the planet.

As the Government of Malaysia has adopted these goals for implementation under its various technical departments, on our part, we support the SDGs through our business activities by contributing to three of the 17 SDGs that are most relevant to our Group.



Boosting productivity and economic growth while providing decent working environment and promoting diversity and inclusivity.



Addressing the growing concern over climate change by practicing green logistics.



Ensuring transparency and accountable governance in addition to promoting sustainable development and equal justice for all.

103-2 : The management approach and its component.

## SUSTAINABILITY Statement

### AWARDS AND RECOGNITION

[GRI 201-4]

We strive to be a good corporate citizen and to continuously create value not only for the growth of our company but for our stakeholders, the environment and society at large. For the year under review, FM Multimodal Services Sdn Bhd (FMMS) was a proud recipient of the Best Employer Award 2018 for 'e-bayaran' from the Employees Provident Fund (EPF)/Kumpulan Wang Simpanan Pekerja (KWSP).



In November 2018, one of our employees won an award for Family Care in the Asia Pacific Middle East South African (APMESA) category hosted by our client. This award aims to cultivate a culture of health and safety beyond the working environment by observing potential risks and hazards in the surrounding environment and taking actions to mitigate them.



201-4 : Financial assistance received from government.



## SUSTAINABILITY Statement

### GOVERNANCE TO STRENGTHEN SUSTAINABILITY

[GRI 102-18, 102-26]

Leadership is an integral facet of sustainability. It is vital for an organisation as it ensures the agenda of sustainability is integrated into its business operations. At FMHB, our sustainability governance structure is headed by our Board of Directors (the Board) and supported by the Sustainability Committee (SC). The SC is helmed by the appointed Chairman and the Group Managing Director, who reports directly to the Board. The committee comprises eight key departments/divisions namely: Export; Import; Customs Brokerage; Haulage and Land Transport; Finance; Human Resources; 3PL, Warehousing & Distribution; and Compliance.



Roles and responsibilities are defined in the table below:

BOARD OF DIRECTORS
<ul style="list-style-type: none"> <li>Oversees the overall implementation of the Group’s sustainability initiatives;</li> <li>Endorses the Group’s sustainability report and materiality matters; and</li> <li>Endorses sustainability strategies and initiatives proposed by the Sustainability Committee.</li> </ul>
CHAIRMAN OF THE SUSTAINABILITY COMMITTEE
<ul style="list-style-type: none"> <li>Proposes sustainability strategies and initiatives;</li> <li>Monitors implementation of sustainability initiatives; and</li> <li>Reports sustainability progress to the Board.</li> </ul>
SUSTAINABILITY COMMITTEE
<ul style="list-style-type: none"> <li>Identifies materiality matters that are relevant to the Group’s business operations;</li> <li>Proposes sustainability initiatives and measures to be implemented across the Group;</li> <li>Implements sustainability initiatives that have been approved by the Board throughout the Group;</li> <li>Conducts data gathering for sustainability reporting; and</li> <li>The Chairman of the Sustainability Committee reports the overall progress of the Group’s sustainability efforts to the Board.</li> </ul>

102-18 : Governance structure.

102-26 : Role of the highest governance body in setting purpose, values, and strategy.








## SUSTAINABILITY Statement

### STAKEHOLDER ENGAGEMENT

[GRI 102-40, 102-43]

Our business is strongly supported by various stakeholders and their participation enables us to build the business. In order to consistently grow and achieve greater milestones in the long run, we believe soliciting feedback from our stakeholders and maintaining open communication are critical.

Stakeholder engagement provides the Group with a platform to identify concerns, issues and areas for improvement in our business approach and overall performance. This effort helps us to better understand our stakeholders’ expectations and subsequently secure trust from our stakeholders. The table below lists our stakeholder groups, their respective areas of interests and engagement methods undertaken to address these matters.

 <p><b>INVESTORS</b></p> <ul style="list-style-type: none"> <li>• Return on investment</li> <li>• Transparent reporting with credible data</li> <li>• Innovative supply chain solutions</li> </ul> <p>Investor conference, earnings disclosure <b>Quarterly</b></p> <p>Shareholders meeting <b>Annually</b></p> <p>Annual Report <b>Annually</b></p>	 <p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>• Competitive pay and benefits</li> <li>• Clear communication</li> <li>• Work-life balance</li> <li>• Career growth and opportunities</li> </ul> <p>Training programmes and workshops <b>Monthly/Bi-monthly</b></p> <p>Town hall meetings (department-wise) <b>Half Yearly/Annually</b></p> <p>Company intranet <b>As and when necessary</b></p>	 <p><b>SUPPLIERS</b></p> <ul style="list-style-type: none"> <li>• Timely pay-outs</li> <li>• Procurement practices</li> <li>• Supplier Code of Conduct</li> </ul> <p>Supplier assessment <b>Annually/As and when necessary</b></p> <p>Supplier registration <b>As and when necessary</b></p>
 <p><b>CUSTOMERS</b></p> <ul style="list-style-type: none"> <li>• Reliable service and on-time delivery</li> <li>• Customer convenience</li> <li>• Competitive pricing</li> <li>• Operational efficiency</li> </ul> <p>Customer feedback and surveys <b>Annually</b></p> <p>Market research <b>As and when necessary</b></p> <p>E-fulfillment of transportation and storage transactions <b>As and when necessary</b></p> <p>Sales and customer visits <b>As and when necessary</b></p>	 <p><b>REGULATORY AUTHORITIES AND STATUTORY BODIES</b></p> <ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Corporate governance</li> <li>• Standards and certification</li> <li>• Risk management</li> </ul> <p>Facility visits <b>As and when necessary</b></p> <p>Collaborative partnerships <b>As and when necessary</b></p> <p>Regular audits and inspections <b>As and when necessary</b></p> <p>Updates from those bodies on regulations and meetings <b>Monthly/As and when necessary</b></p>	 <p><b>COMMUNITIES</b></p> <ul style="list-style-type: none"> <li>• Impact of operations on surrounding environment</li> <li>• Economic development</li> </ul> <p>Community engagement programmes <b>Ad-hoc arrangement</b></p>
		 <p><b>BUSINESS PARTNERS (OVERSEAS AGENTS)</b></p> <ul style="list-style-type: none"> <li>• Financial stability</li> <li>• Service Coverage and Capability</li> <li>• Reputation</li> </ul> <p>Written Communication <b>As and when necessary</b></p> <p>Business exchange <b>As and when necessary</b></p> <p>Meeting visits <b>As and when necessary</b></p>

102-40 : List of stakeholder groups.

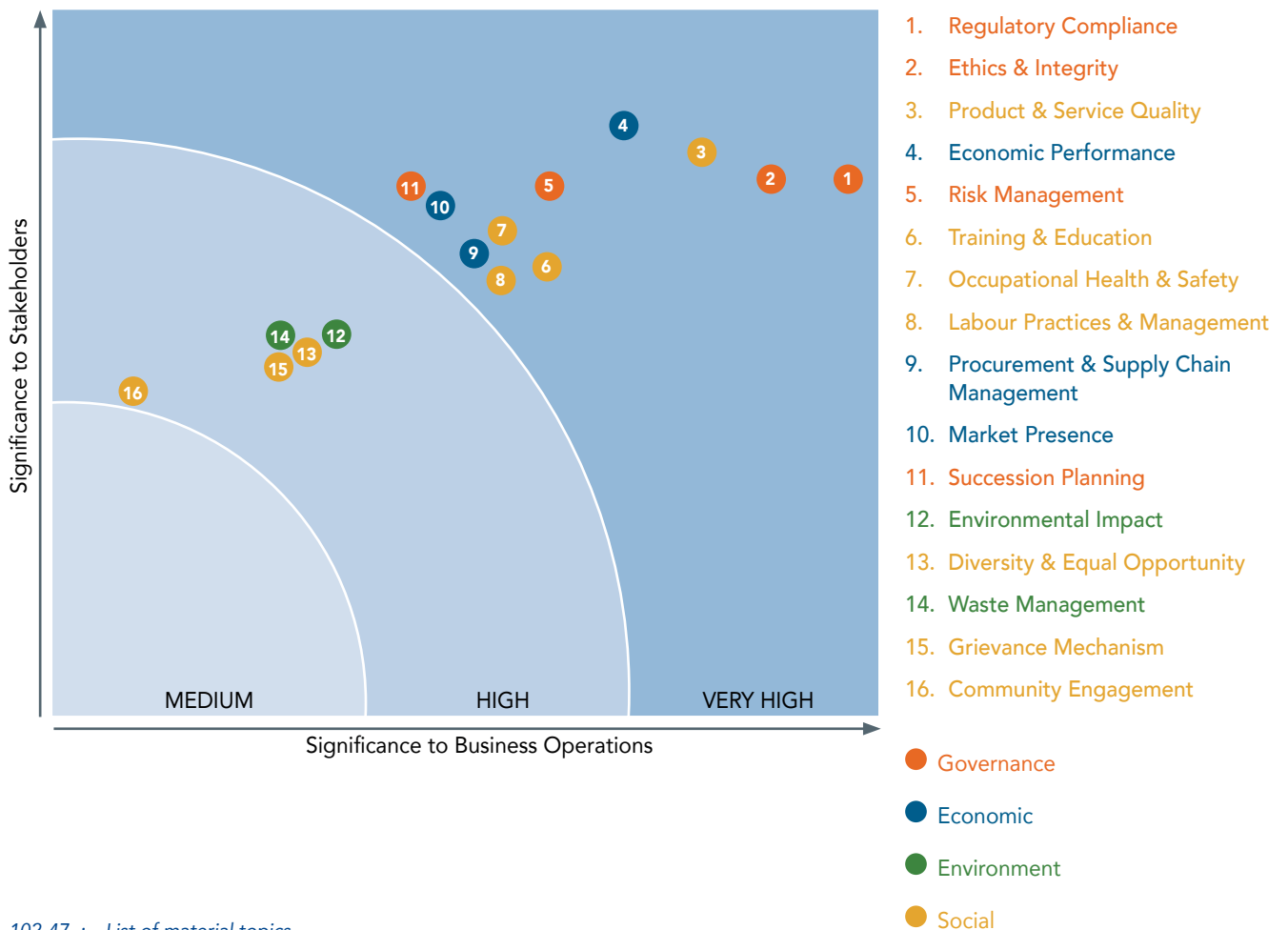
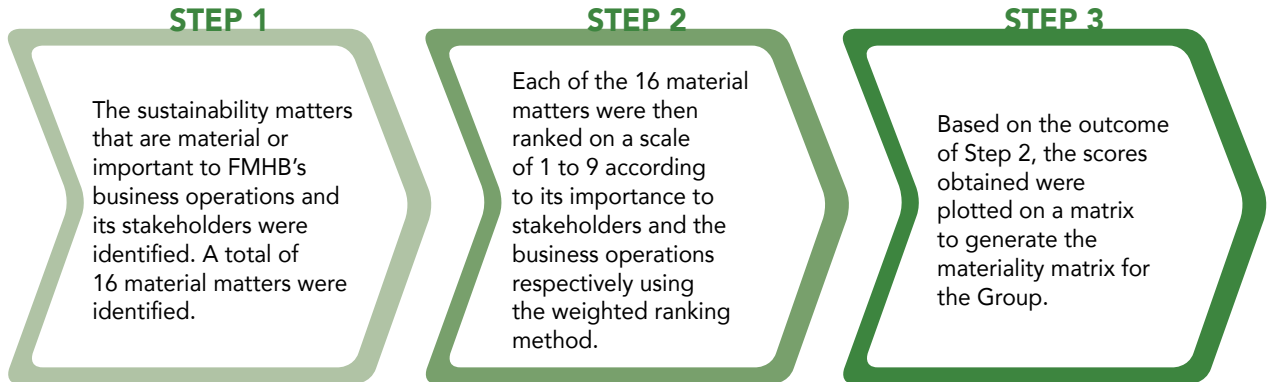
102-43 : Approach to stakeholder engagement.

## SUSTAINABILITY Statement

### MATERIALITY MATTERS

[GRI 102-47]

In FY2019, we conducted a comprehensive materiality assessment to identify material matters that are important to our business and stakeholders. We followed a series of steps to identify and prioritise material matters for FMHB.



102-47 : List of material topics.

# SUSTAINABILITY Statement

## Mapping Our Material Matters

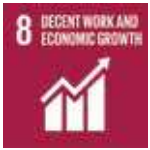
To further enhance our sustainability reporting this year, we mapped our material matters to relevant GRI indicators, stakeholder group(s), and the SDGs.

Material Matters	Applicable GRI Indicator(s)	Relevant Stakeholders	Relevant SDGs
<b>1. Regulatory Compliance</b>	GRI 307: Environmental Compliance GRI 419: Socioeconomic Compliance	Investors, Customers, Regulatory Authorities and Statutory Bodies	
<b>2. Ethics &amp; Integrity</b>	GRI 102: General Disclosure	Employees, Regulatory Authorities and Statutory Bodies, Business Partners	
<b>3. Product &amp; Service Quality</b>	GRI 102: General Disclosure	Customers, Suppliers	
<b>4. Economic Performance</b>	GRI 201: Economic Performance	Investors, Customers, Suppliers, Business Partners	
<b>5. Risk Management</b>	GRI 102: General Disclosure	Investors, Business Partners	
<b>6. Training &amp; Education</b>	GRI 404: Training and Education	Employees	
<b>7. Occupational Health &amp; Safety</b>	GRI 403: Occupational Health and Safety	Employees, Regulatory Authorities and Statutory Bodies	
<b>8. Labour Practices &amp; Management</b>	GRI 402: Labour/Management Relations	Employees	
<b>9. Procurement &amp; Supply Chain Management</b>	GRI 204: Procurement Practices	Investors, Regulatory Authorities and Statutory Bodies, Suppliers, Business Partners	
<b>10. Market Presence</b>	GRI 202: Market Presence	Investors, Business Partners	
<b>11. Succession Planning</b>	GRI 401: Employment	Employees	
<b>12. Environmental Impact</b>	GRI 103: Management Approach GRI 303: Water and Effluents	Regulatory Authorities and Statutory Bodies	
<b>13. Diversity &amp; Equal Opportunity</b>	GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity	Employees	
<b>14. Waste Management</b>	GRI 306: Effluents and Waste	Regulatory Authorities and Statutory Bodies	
<b>15. Grievance Mechanism</b>	GRI 103: Management Approach	Employees, Customers, Regulatory Authorities and Statutory Bodies	
<b>16. Community Engagement</b>	GRI 413: Local Communities	Communities	

## SUSTAINABILITY Statement

### GOVERNANCE

Governance is fundamental to the continuing operation of any corporation. In this section, we focus on risk management, ethics and integrity, as well as regulatory compliance of the Group.



### RISK MANAGEMENT

The Statement on Risk Management and Internal Control, found on pages 57 to 60 of our Annual Report, describes the Group's overall responsibility to constantly monitor potential risks in our business chain. The Group has developed an Enterprise Risk Management Framework (ERM) that guides the Group to identify and evaluate risks affecting business operations as well as to properly manage these risks. By implementing this framework, we will be able to achieve long-term business goals and meet stakeholder expectations.

We are aware that risks relevant to sustainability could have a compelling effect on the Group's financial performance and brand reputation. Therefore, FMHB has identified five main risks pertaining to sustainability: slowdown in the economy; credit risk; inadequate monitoring of overseas operations; ineffective profitability management; and health and safety of employees. FMHB is aware of these risks and has put in place the best practices to deal with these matters. We also periodically monitor the impact of such scenarios on profitability and the sustainable growth of the Group.



#### SLOWDOWN IN ECONOMY

- To monitor economic reports and economic indicators in all areas;
- To consistently monitor business and industry activity levels;
- To improve overall business performance and efficiency; and
- To expand business to other geographical regions.



#### CREDIT RISK

- To establish credit control policies with constant monitoring and reviewing;
- To monitor collections and follow up on delinquent and outstanding amounts and forecasts; and
- To perform credit auditing and reviewing from time to time.



#### INADEQUATE MONITORING OF OVERSEAS OPERATIONS

- To establish reporting requirements for overseas operations and standardisation of operational policies;
- To monitor performance levels and conduct operational site visits; and
- To review monitoring and reporting requirements.



#### INEFFECTIVE PROFITABILITY MANAGEMENT

- To conduct periodic review of investments, budgets and profitability against targets;
- To monitor budget implementation or CAPEX budgeting;
- To incorporate revenue/expenses monitoring and planning into the monthly management meeting;
- To benchmark and monitor profitability indicators; and
- To review achievements based on the Actual vs Forecast Costs Report monthly.



#### HEALTH & SAFETY OF EMPLOYEES

- To establish health and safety policies, and procedures;
- To conduct regular awareness training programmes as part of the health and safety policies;
- To monitor and record all workplace-related incidents; and
- To review and monitor OSHA compliance by all departments and necessary action to be taken for non-compliance.

# SUSTAINABILITY Statement



## ETHICS AND INTEGRITY

[GRI 102-16]

FMHB understands the importance of transparent and ethical business practices and as such, we are committed to adopting the highest ethical standards in our business operations. We expect our employees to demonstrate integrity and ethics in business conduct throughout their tenure with the Group.

We ensure all our employees are aware of Group policies and procedures relevant to ethics and integrity. To this end, we conduct training on Group Policy and Compliance and we provide employment guidelines to new employees, which outline our stance on transparent and fair business dealings. These efforts are crucial to ensure information is disseminated to all employees at all levels.

We acknowledge the importance of proper risk management, especially in matters relating to fraud and sexual harassment. Thus, we have introduced multiple internal controls and policies to prevent or mitigate these risks.

**Anti-Bribery Policy**  
 FMHB exercises zero tolerance towards any misconduct pertaining to corruption or bribery via enforcement of its Anti-Bribery Policy. This policy supports FMHB’s commitment to act professionally, fairly and with integrity. This policy applies to all employees at all levels.

**Sexual Harassment Policy**  
 This policy highlights FMHB’s stance against sexual harassment. Employees are requested to report any potential or actual sexual harassment cases via the appropriate channels. Disciplinary actions will be taken on those who violate this policy.

**Whistleblowing Policy**  
 This policy provides a platform for reporting of any malpractices within the Group. Any incidents of misconduct which violate laws and regulations of this policy are subject to disciplinary action.

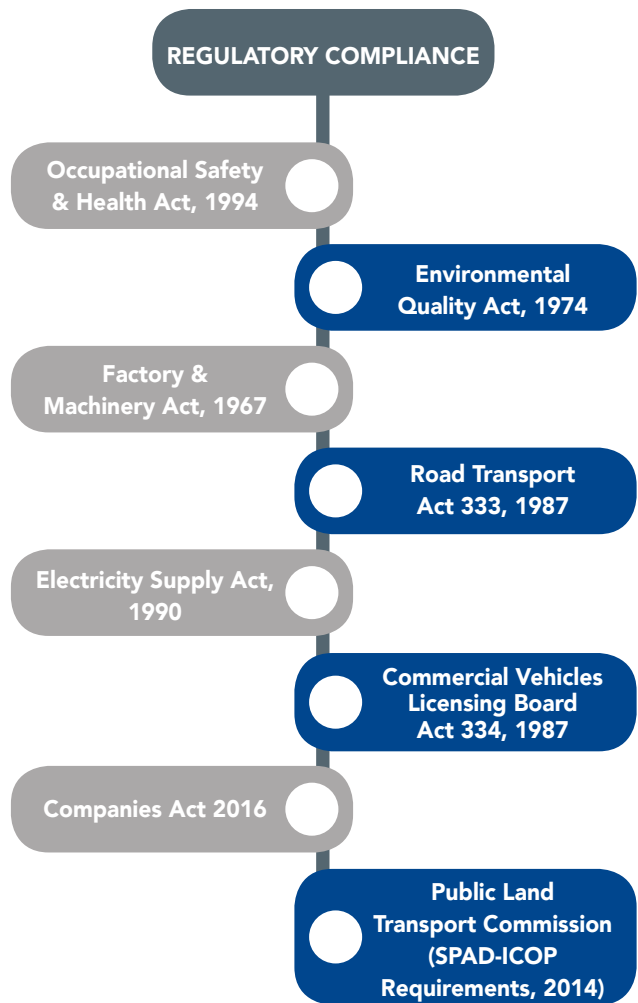
102-16 : Values, principles, standards, and norms of behaviour.



## REGULATORY COMPLIANCE

[GRI 419-1]

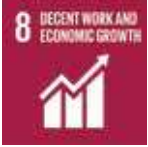
We keep abreast of the latest laws and regulatory requirements relevant to the Group which include the safety and health of our employees. We are committed to ensuring full compliance to the applicable laws and regulations enforced in Malaysia. Maintaining regulatory compliance is vital not only to ensure our operations run smoothly, but also to sustain a positive image and build trust among our stakeholders. During the reporting period, we recorded zero significant fines or non-monetary compounds due to non-compliance.



419-1 : Non-compliance with laws and regulations in the social and economic area.

## SUSTAINABILITY Statement

### STRENGTHENING ECONOMIC SUSTAINABILITY



#### ECONOMIC PERFORMANCE

[GRI 201-1, 201-2]

We are fully aware that delivering and maintaining our financial performance is crucial to ensure business is able to operate profitably in the long-term. Despite our efforts to continuously grow our business, we acknowledge there are multiple challenges we need to overcome such as volatile market conditions and the impact of climate change, among others.

The Group's ERM and its processes assist in identifying financial risks and implications faced by FMHB. In FY2019, the impact of climate change was identified as one of the risks that could potentially affect our operations at the warehouse.

As temperature rises due to climate change, monsoon seasons are altered and rainfall rates are irregular, thus leading to unpredictable weather. Sudden rainfall causes delays in loading and unloading activities at the warehouse.

This condition leads to additional cost for safety measures, lower productivity and damage to cargo conditions. As part of FMHB's preventive measures, a retractable shelter at the door of the stuffing area was built to mitigate this risk. As a logistics provider, FMHB aspires to continuously invest in improving its service quality while simultaneously addressing the climate challenge to our business.



#### MARKET PRESENCE

[GRI 202-2]

The Group believes that each of our employees has different capabilities and has a lot to offer. As a leading international freight services provider based in Malaysia, we are committed to providing employment and career development opportunities to the local community where we operate.

We are pleased to disclose that 100% of our senior management comprising Assistant General Managers and higher levels are Malaysians.

- 201-1 : *Direct economic value generated and distributed.*
- 201-2 : *Financial implications and other risks and opportunities due to climate change.*
- 202-2 : *Proportion of senior management hired from the local economy.*



#### PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

[GRI 204-1]

Throughout our business chain, we engage and hire various types of vendors to assist us in delivering products and services to our customers. We conduct a proper selection of vendors based on our procurement procedures to ensure fair business dealings are exercised throughout the Group. In addition, for our existing vendors and contractors, we conduct annual vendor, contractor and sub-hire evaluations of both new and existing vendors to assess their performances such as responsiveness, quality and pricing.

In FY2019, 100% of our vendors were local, which showcases our commitment in building the domestic economy by providing opportunities to local vendors to be part of FMHB's supply chain.

We are proud to disclose that most of our suppliers do not only comply with the Group's policies and legal requirements, but are also attentive towards economic, environmental and social considerations.

- 204-1 : *Proportion on spending on local suppliers.*

# SUSTAINABILITY Statement

## BUILDING ENVIRONMENTAL SUSTAINABILITY



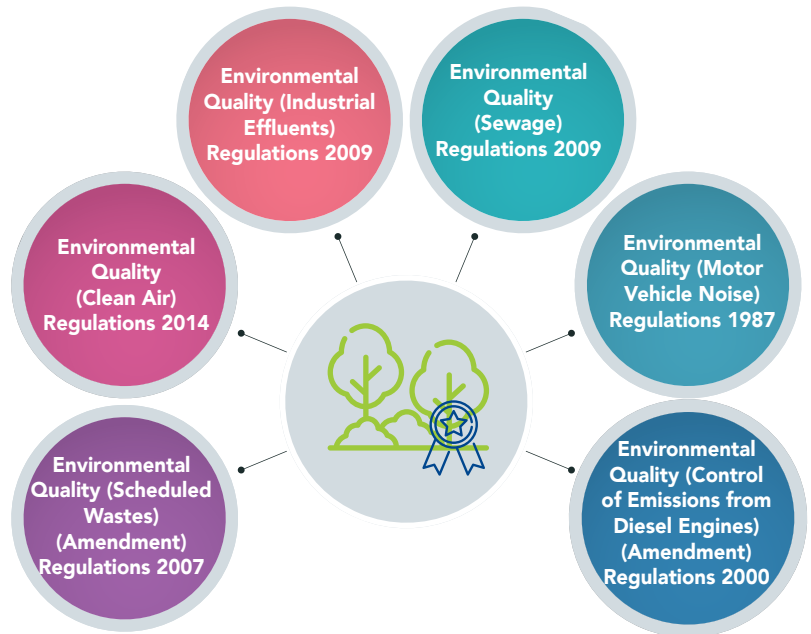
### ENVIRONMENTAL IMPACT

[GRI 307-1, 302-1, 302-4]

The freight and logistics industry involves the use of fuel which leads to greenhouse gases (GHG) emissions. We acknowledge the environmental impact arising from our business operations, therefore, the Group is committed to transitioning towards sustainable solutions by focusing on optimising fuel efficiency, reducing carbon emissions and improving operational efficiency.

In managing our impact on the environment, the Group adheres to the Environmental Quality Act 1974 and its regulations as listed in the graphic.

We consistently monitor our environmental performance and put in place necessary measures to ensure all our operations are in compliance with the relevant environmental laws and regulations. Our commitment to fully comply with the legislation has resulted in zero non-compliance.



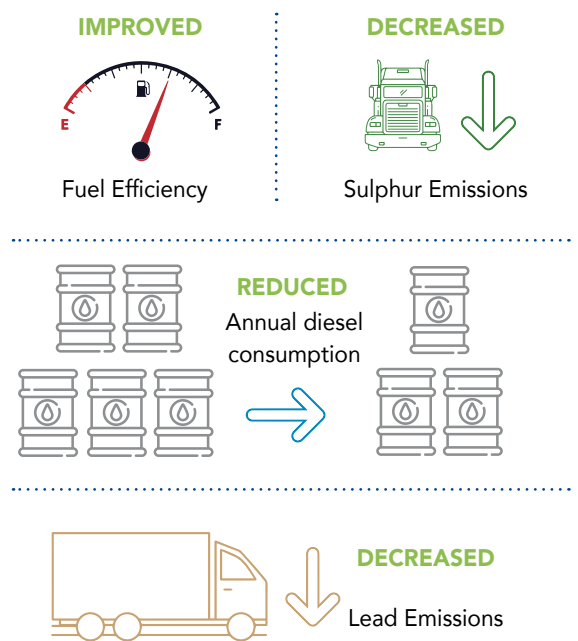
- 307-1 : Non-compliance with environmental laws and regulations.
- 302-1 : Energy consumption within the organisation.
- 302-4 : Reduction on energy consumption.

### IMPROVING FUEL EFFICIENCY

We acknowledge that the release of greenhouse and harmful gases such as sulphur and lead poses a risk to human health and the environment. Therefore, we strive towards reducing carbon, sulphur and lead emissions from our land transport diesel engines. Our land transport services use haulage and small vehicles for transportation of various types of products.

Since December 2018, our Transport Division has embarked on a Fuel Consumption Improvement Project and Sulphur and Lead Emission Reduction Project. One of the initiatives under these projects is switching of fuel types for all our trucks from EURO 2M diesel to EURO 5 diesel. The fuel conversion has incurred additional fuel cost per litre. Despite the additional cost we need to bear, we are pleased to note that our fuel efficiency has improved steadily. In addition, we managed to reduce sulphur and lead emission.

The efficiency in fuel conversion has improved and simultaneously has reduced air pollution, thus minimising environmental degradation. Moving forward, we aim to further enhance our initiatives to contribute more in reducing the impact of global warming.





## SUSTAINABILITY Statement



### REDUCING ELECTRICITY CONSUMPTION

Our logistics service operations provide a one-stop centre for storage, value-added and distribution, and e-commerce fulfilment services. Our warehousing and logistics setup caters to different types of businesses. Our facilities include ambient and premium temperature-controlled spaces to cater for pharmaceutical and food and beverage products. Maintaining stable temperature requires continuous refrigeration and massive amounts of energy. To better manage our energy consumption, we installed LED lights at our warehouse to save more than 50% of energy as compared to fluorescent lights. In addition, we installed lights with motion sensors to further optimise the use of energy within our premises.

### WASTE MANAGEMENT

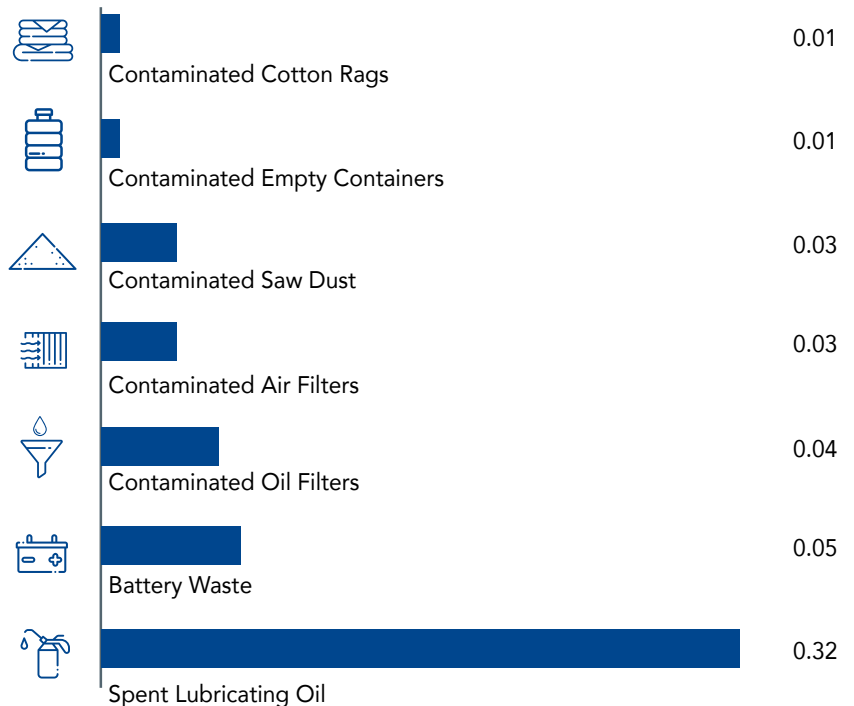
[GRI 306-2]

The most significant source of solid waste generation is from our warehouse. The warehouse operations deal with packaging such as carton boxes, plastic wrap and containers. We have appointed a licensed contractor to collect these waste materials and segregate according to their types i.e. plastics, boxes, wood and metal, for recycling purposes.

In addition, we generate scheduled wastes specifically during maintenance works of our machineries and vehicles. We ensure proper management of scheduled wastes including storage and collection. The scheduled wastes are stored in properly sealed containers and liquid wastes are placed within bounded areas for spill containment.

We have appointed a licensed contractor who is registered with the Department of Environment (DoE), to collect and dispose the wastes according to requirements set by the DoE. The highest amount of scheduled wastes generated for the reporting year was 'spent lubricating oil' at 0.32 metric tonnes, followed by other types of wastes with an average weight of less than 0.06 metric tonnes.

### Total Disposal of Scheduled Wastes (metric tonne)

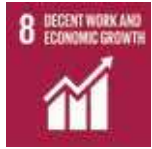


In order to continuously practice good solid waste management, we conduct monthly inspections on our waste management practices, monthly maintenance services and annual sampling of effluent discharged from the workshop and warehouse.

306-2 : Waste by type and disposal method.

# SUSTAINABILITY Statement

## PRIORITISING OUR SOCIAL RESPONSIBILITY



### PRODUCT AND SERVICE QUALITY

[GRI 102-43, 102-44]

Delivering quality services is fundamental to building a sustainable business. At FMHB, we assure our services meet or exceed customers' demands and expectations. Our commitment to provide the best quality of service is captured by our Group's Quality Policy. It focuses on continual improvement and achievement of quality targets in order to satisfy our customers.

To measure the quality of our services, we conduct customer satisfaction surveys on an annual basis to help benchmark our performance. In general, the surveys cover our responsiveness to enquiries and submissions, quality of our services, delivery or completion, courteous customer service and complaint handling. Overall, we have achieved above 80% of customer satisfaction.

Moving forward, we strive towards improving our services and delivering the best quality of services to our customers.

<b>Certification</b> <b>GDPMD</b>	<b>Description</b> Good Distribution Practice for Medical Devices
	<b>Scope</b> Provision of storage and handling, warehousing and delivery of medical devices.
<b>Certification</b> <b>ISO 9001:2015</b>	<b>Description</b> Quality Management System
	<b>Scope</b> Provision of total logistics services.
<b>Certification</b> <b>MS 2400-2:2010</b>	<b>Description</b> Halal Certification
	<b>Scope</b> Provision of warehousing services.

102-43 : Approach to stakeholder engagement.

102-44 : Key topics and concerns raised.



### OCCUPATIONAL HEALTH AND SAFETY

[GRI 403]

#### Workplace Safety

The Group's Health, Safety, Security & Environmental (HSSE) Policy safeguards the health, safety and security of our employees and interests of our stakeholders and communities as well as the conservation of the environment. To ensure the policy remains relevant to the Group's business activities, our top management reviews the HSSE policy and its objectives annually.

Our employees play a critical role in reducing the frequency and severity of incidents. The Group's Stop Work Policy empowers our employees and contractors to stop work if they have concerns of an imminent threat to the safety and health of employees or any adverse environmental impact.

We fulfill the requirements of the Department of Occupational Safety and Health by reviewing the Group's Hazard Identification, Risk Assessment and Risk Control (HIRARC) annually or when there are changes due to legal, process, equipment, material, operations or client issues. Our process of undertaking HIRARC assessment and its relevant documentation is verified by NQA Certification Services (M) Sdn Bhd through the OHSAS 18001:2007 standard audit.

#### HSSE Committees

We fully comply with Malaysian laws when determining the composition of our HSSE committees, which have representations from both employers and employees. Individual HSSE committees have been formed for each of our divisions, namely, transport, warehousing, customs brokerage, import and export. These committees are responsible for periodic monitoring of HSSE parameters and reviewing HSSE performance on a monthly basis.

## SUSTAINABILITY Statement

Generally, each HSSE committee comprises teams responsible for Communication & Training, HIRARC, Legal & Documents, Audit & Incident Investigation, Emergency Response, and Improvement, as described in the table below:

Teams	Communication and Training
<b>Responsibilities</b>	<ul style="list-style-type: none"> <li>Determine training plan and/or any promotion activities.</li> </ul>
<b>KPI</b>	<ul style="list-style-type: none"> <li>Complete all planned training.</li> </ul>

Teams	HIRARC, Legal & Documents
<b>Responsibilities</b>	<ul style="list-style-type: none"> <li>Perform HIRARC.</li> <li>Determine and update any changes to legal requirements.</li> <li>Maintain Standard Operating Procedures (SOP).</li> </ul>
<b>KPI</b>	<ul style="list-style-type: none"> <li>Reduce the "High" and "Medium" risks to "As Low As Reasonable Practice (ALARP)".</li> </ul>

Teams	Audit & Incident Investigations
<b>Responsibilities</b>	<ul style="list-style-type: none"> <li>Perform and report monthly audit results.</li> <li>Perform investigation on any incidents and accidents reported.</li> </ul>
<b>KPI</b>	<ul style="list-style-type: none"> <li>Perform and complete all monthly audits.</li> <li>Investigate and close out all reported incidents.</li> </ul>

Teams	Emergency Response
<b>Responsibilities</b>	<ul style="list-style-type: none"> <li>Determine and plan Emergency Response.</li> <li>Update the evacuation plan and ensure mitigation equipment is in order.</li> </ul>
<b>KPI</b>	<ul style="list-style-type: none"> <li>Perform and complete at least one full drill for different types of emergencies identified (e.g fire evacuation, fire fighting, spillage, first-aid, communication to authorities).</li> </ul>

Teams	Improvement
<b>Responsibilities</b>	<ul style="list-style-type: none"> <li>Determine improvement projects and activities.</li> </ul>
<b>KPI</b>	<ul style="list-style-type: none"> <li>Conduct at least two improvement projects per annum.</li> </ul>

In special cases such as our warehouse division, the HSSE committee covers multiple warehouse locations within the state of Selangor.

### Safety Record

We strive towards providing a safe workplace for all our employees. Therefore, our employees are encouraged to report any hazards or near-miss incidents through the Potential Incident and Near Miss (PINM<sup>1</sup>) reporting mechanism. This report aims to create a culture that seeks to identify and control hazards, which will subsequently reduce risks and harm.

In FY2019, the man hours<sup>2</sup> recorded was 1,070,000 with zero loss time injury.

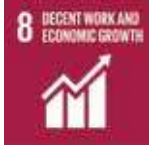
In order to ensure our employees practice safe working acts, we provide relevant key training and activities as listed below:

- 01 Internal Audit ISO 14001:2015 and OSHA 18001:2007
- 02 HSSE Orientation
- 03 Golden rules, lifesaving rules (LSR)
- 04 Rescue and Moving
- 05 Top 12 hazard monthly CARE theme
- 06 Battery Picking
- 07 First Aid Training
- 08 Briefing on risk related matters
- 09 Shell/FM Safety Day Presentation
- 10 Safety Day
- 11 Chemical Spillage
- 12 Daily pre-operation check/structured Safety Walk and Talk (SSWT)

1 An incident that under slightly different circumstances, could have caused harm to people, environment, assets or company reputation, but did not.  
 2 Include exposure hours and HSSE statistics expended by subcontractors performing work sub-contracted by FMHB.

403 : Occupational health and safety.

## SUSTAINABILITY Statement



### SUCCESSION PLANNING

[GRI 401-1]

We hire our employees based on their qualifications and experiences. At FMHB, recruitment processes and decisions are made regardless of gender, ethnicity or age. Among our employees, we are fairly balanced with the distribution of gender at 50%, which reflects our commitment to prohibit gender bias. Besides that, FMHB practices the hiring of the younger generation of under 30 years old as we believe that this group is capable of bringing fresh ideas and knowledge on best practices into the workplace.



**30**

new employee hires

**24**

Below 30 years

**6**

30 – 50 years

**0**

Above 50 years

### Employee Benefits

As a responsible employer, FMMS is attentive towards the needs of our employees and their well-being. Due to the nature of our business operations, we promote a work-life balance and provide health facilities such as a gym and weekly aerobic classes, and health supplements. Moreover, we provide personal care products for the employees, and organise birthday celebrations and awards for Best Positive Attitude Employee.

At FM Global Logistics Sdn Bhd (FMGL), we conduct an annual review of employees' remuneration packages in order to ensure our employee benefits are on par with industry standards and other industries. This includes medical coverage and travelling allowances. In addition, to enhance a strong bond between the employees and the senior management, we organise gatherings on a regular basis in conjunction with festivals such as Chinese New Year, Iftar Ramadhan, Eid-celebration and Christmas, among others.

In appreciation of our employees for their loyalty and commitment, a total of 172 employees were awarded with the long service award during the Group's 30<sup>th</sup> Anniversary celebration.



FMGL celebrated its 30-Year Anniversary with a dinner including a cake cutting ceremony at PJ Hilton on 1 September 2018.

## SUSTAINABILITY Statement



Employees got together to celebrate the year-end season of giving by exchanging gifts with one another to foster closer fellowship.



Traditional Lion Dance performance at our Penang office to usher in the auspicious Chinese New Year.



Employees indulged in a delicious Hari Raya Aidilfitri buffet spread at our headquarters.

401-1 : New employee hires and employee turnover.



### DIVERSITY AND EQUAL OPPORTUNITY

[GRI 405-1]

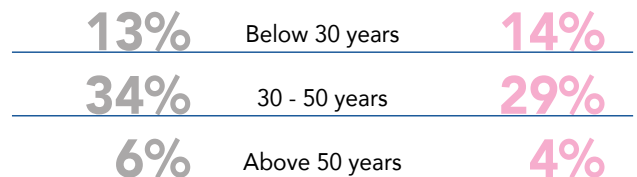
At FMHB, we provide equal job opportunities for potential candidates to be part of our Group. Equal means no biasness in terms of gender, age, race, religion and cultural background. A healthy working environment requires diversity in the workplace with different talents, skills, experiences and strengths that can produce new ideas to grow our Group. The majority of our employees are in the 30 to 50 years age group, followed by those below 30 years of age.

In terms of distribution in employment positions, it is mostly dominated by non-executive positions as our business operations mainly involve technical work and long working hours.

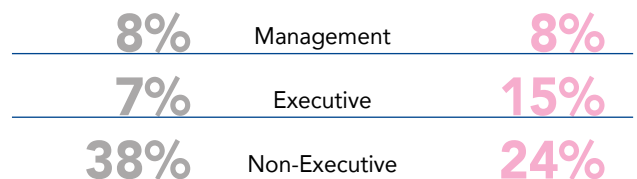
#### Employee Distribution by Gender



#### Employment Age Distribution

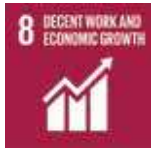


#### Employment Positions



405-1 : Diversity of governance bodies and employees.

## SUSTAINABILITY Statement



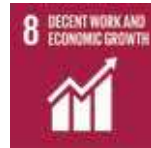
### TRAINING AND EDUCATION

[GRI 404-1; 404-2]

Professional development opportunities and career advancement are powerful catalysts in driving job satisfaction for our employees. To support their success, we provide them tools and resources so they can reach their full potential. Our employees are also encouraged to get involved in our training programmes and to be transparent in sharing their ideas and concerns during appraisal sessions on enhancing their skill sets and knowledge.

In FY2019, our employees completed a total of 2,631 training hours, with 5.72 average training hours per trained employee.

- 404-1 : Average hours of training per year per employee.
- 404-2 : Programs for upgrading employee skills and transition assistance programs.



### GRIEVANCE MECHANISM

[GRI 103-2]

We promote transparent communication with our stakeholders by providing a channel for any concerns, issues and complaints. We established our Whistleblowing Procedures for any misconduct occurring within our organisation. We strongly prohibit any malpractices which are illegal and against Group policies and procedures. The purpose of this Whistleblowing Policy is to encourage reporting of any wrongdoing which may harm the Group and to address the issues immediately.

Further, we have introduced a grievance mechanism for our stakeholders to address any negative impacts arising from our business operations. This mechanism helps in escalating and resolving our stakeholders' concerns to a higher level in our organisation. We are proud to disclose that for this financial year, no grievances were reported.

- 103-2 : The management approach and its components.



### LABOUR PRACTICES AND MANAGEMENT

We believe it is important to create a workplace environment that fosters mutual respect among our employees. A standard operating procedure for HSSE change management was established to ensure safe work procedure for the health, safety, security of all employees and the environment. The management of change (MoC) is the process used to review all proposed changes to any aspects before they are implemented to determine their effect on HSSE vulnerabilities.

In cases where the proposed change would impact safety, all employees whose job tasks would be affected by the change are informed and retained prior to resumption of work.



### COMMUNITY ENGAGEMENT

[GRI 413-1]

FMHB is committed to contributing to our local communities, especially the underprivileged and those in need. Our community engagement programmes aim to add value and to ease their burden through donations to society and charitable organisations. In this section, we will also cover the corporate social responsibility and internal engagement programmes conducted by our overseas operations (Indonesia, Philippines, Sri Lanka and Australia).

## SUSTAINABILITY Statement



### Malaysia

We strive to positively impact and improve the social amenities of the communities in which we operate. For this reporting year, the Group donated to organisations such as “Pertubuhan Orang-orang Bermasalah Perbelajaran Dayspring, Selangor” and to Tabung Harapan.



*Giving back to the Community. The Group was involved in many CSR projects such as charities and social events throughout the year where items such as clothes, books, toys and sports equipment were collected and delivered to the underprivileged.*

*We hope this will raise public awareness on the need to care and help the underprivileged as well as to reduce poverty in our community. The Group also donated to the Pertubuhan Orang-orang Bermasalah Perbelajaran Dayspring in Selangor and the Tabung Harapan.*



The Group conducted three CSR projects at three different areas. Our mission was to donate items such as used clothes, books, toys and sports equipment to underprivileged families.

### Project 1: Kg Bakar Leleh, Rumah Ajez, Pulau Carey

We organised a CSR project for the Orang Asli in Rumah Ajez, Kampung Bakar Leleh, Pulau Carey. The beneficiaries of our community programme were children, the elderly and single parents. We recognise that such donations can increase public awareness and help underprivileged people as well to reduce the scale of poverty.



*On 19 January 2019, FMHB employees visited children, the elderly and single parents at the Orang Asli settlement in Rumah Ajez, Kampung Bakar Leleh, Pulau Carey. Food and grocery items were distributed to alleviate some of their burden.*

## SUSTAINABILITY Statement

### Project 2: Orphanage Promise Home

We also carried out our CSR at the Promise Home where we focused on underprivileged orphans. In order to support the children and encourage them to learn and enjoy their childhood, we donated used toys, stationery and clothes for their daily use. We believe we can make a world of difference to their lives by contributing to their basic needs.



Employees collected toys, stationery and clothes among themselves to assist underprivileged children at the Promised Home with basic materials for their everyday use.

### Project 3: JM Community Berhad

Approximately 50 FMMS employees were involved in the packaging of items such as clothes, books, and toys to be donated in this charity drive. This project's objective was to help both the children and single parents of this community.



### Indonesia

On 17-18 November 2018, PT. FM Global Logistics, Indonesia conducted an event called "Outing & Team Work" with the participation of 135 employees. This event was aimed at team building while having an outing to promote a healthy lifestyle among employees.



Outing & Team Work.

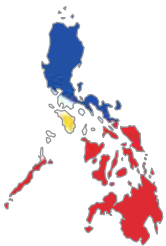


## SUSTAINABILITY Statement

PT. FM Global Logistics, Indonesia continues to contribute to its surrounding communities. On 10 January 2019, a CSR project for Tsunami Banten, Selat Sunda was organised to collect clothes, toys, noodles, rice, and food products from the employees and management of FM Cikarang and FM Jakarta Head Office. This project was aimed at helping those in need, especially tsunami victims who had lost most of their possessions during the natural disaster.



*Donation for victims of Tsunami Banten.*



### Philippines

On 12 October 2018, FM Global Logistics (Phil.), Inc. organised an event entitled “Dental Mission” for its adopted community. We recognise the importance of dental hygiene and the lack of proper guidance for the children in the village. For this year, the kids from Barangay Ampid II Bungahan, Paraiso, San Mateo Rizal actively participated in discussions with the dentist on proper dental care.



*Dental Mission for children in Barangay Ampid II Bungahan, Paraiso, San Mateo Rizal.*

## SUSTAINABILITY Statement

We organised a Christmas party on 15 December 2018 to bring joy to children from our adopted community. This celebration included games and fun fair activities. The highlight of the programme was the gift giving with toys, candies and goodies.



Activities during the Christmas party.



### Sri Lanka

In Sri Lanka, FM Global Logistics Lanka (Private) Limited continued to focus on community engagement since its establishment in 2013. For this year, our CSR project was held on 1 December 2018 in Balangoda. The highlight of the programme was the distribution of books, stationery and school bags to 190 students from the rural area school in Belihuloya, Balangoda.



Students from the rural area school in Belihuloya, Balangoda.



### Australia

For this reporting year, FM Global Logistics Pty. Ltd. donated to Macey's Fun Fund - Go Fund Me for cancer patients. In addition, as we are committed to supporting healthy lifestyles and strong communities, we sponsored a local golf event. To show our support in women's involvement in sport, we also sponsored the Women AFL competition, an Australian rules football league for female players.

In terms of our employees' well-being, we continued to organise quarterly employees' "get-togethers", which follow our business update sessions. We also encourage our employees to enhance their skills of networking, therefore in December 2018, our employees participated in the "National Consol Business Social Function" and Annual Staff Christmas function.

### CONCLUSION

Moving forward, we aspire to be more proactive in managing our economic, environmental and social impact. We pledge to enrich the communities and build partnerships with NGOs, while protecting the environment and contributing positively to the local economy.



## GOVERNANCE

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# AUDIT COMMITTEE Report

## FORMATION

The Audit Committee ("AC") was formed by the Board of Directors on 3 December 2004. The AC assists the Board in fulfilling its fiduciary duties and the oversight objectives for the Company and its subsidiaries ("the Group") in overseeing financial reporting process and evaluating the internal and external audit processes, including issues pertaining to the system of internal control and risk management within the Group.

## COMPOSITION

The AC consists of five (5) following members of which majority of them are Independent Directors:-

Chairman: **Soh Chin Teck**  
*(Independent Non-Executive Director)*  
*\*Appointed on 30 September 2019*

Members: **Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak**  
*(Independent Non-Executive Director)*

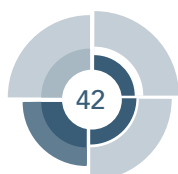
**Tengku Nurul Azian Binti Tengku Shahrman**  
*(Independent Non-Executive Director)*  
*\*Appointed on 21 August 2019*

**Lau Swee Chin**  
*(Independent Non-Executive Director)*  
*\*Appointed on 21 August 2018*

**Chua Tiong Hock**  
*(Non-Independent Non-Executive Director)*

Mr. Soh Chin Teck was appointed as Independent Director of the Company and the Chairman of AC on 30 September 2019 following the demise of the late AC Chairman, Mr. Aaron Sim Kwee Lein on 30 June 2019. Mr. Soh is a Fellow Member of the Institute of Chartered Accountants Australia and a Member of the Malaysian Institute of Accountants (MIA). Accordingly, the AC meets the requirements of Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires at least 1 member of the AC must be a qualified accountant.

There were no alternate Director be appointed as a member of the AC. All AC members are financially literate in providing their oversight function to the significant matters that may have an effect on the financial and audit of the Group and had appropriately communicated their insight, views and concerns to the internal and external auditors.



## AUDIT COMMITTEE Report

### NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

During the financial year, a total of five (5) AC meetings were held and the details of attendance of the AC members are as follows:-

Name of AC Member	Attendance
Aaron Sim Kwee Lein ( <i>Demised on 30 June 2019</i> )	5/5
Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak	5/5
Chua Tiong Hock	5/5
Lau Swee Chin ( <i>Appointed on 21 August 2018</i> )	4/4

\* Mr. Soh Chin Teck was appointed as the Chairman of AC on 30 September 2019.

The Group Managing Director, Executive Directors, Head of Internal Auditors, External Auditors ("EA") and relevant responsible senior management are invited to attend the AC meetings to brief the AC on any matters of interest and to provide input and clarification to the relevant items on the agenda. The Company Secretary acted as Secretary at the meetings to record and to maintain minutes of the proceedings of the meetings.

### TERMS OF REFERENCE

The AC is governed by its Terms of Reference, which is available on the Company's website at [www.fmgloballogistics.com](http://www.fmgloballogistics.com). The Terms of Reference of the AC were last reviewed by the AC and the Board on 21 August 2019.

### SUMMARY OF ACTIVITIES OF THE AC

The AC carried out the following activities during the financial year in the discharge of its functions and duties:-

- Reviewed the quarterly unaudited financial results before recommending them for the Board of Directors' approval;
- Reviewed and endorsed its Terms of Reference duly incorporating the provisions pursuant to the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance on 21 August 2018;
- Reviewed all recurrent related party transactions ("RRPT") entered into by the Group and to ascertain that the transactions are conducted at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders;
- Reviewed and discussed with the EA, Crowe Malaysia PLT:-
  - o the audit review of the Group for the financial year ended 30 June 2018 encompassing, amongst others, significant audit findings, significant deficiencies in internal control, status of audit, summary of audit adjustment and unadjusted difference.
  - o the final report on the audit of the financial statements for the financial year ended 30 June 2018 setting out the EA's comments and conclusions on the significant audit and accounting matters as well as the adequacy of disclosures in the financial statements before recommending the same to the Board for approval.
  - o the audit plan of the financial statements for the financial year ending 30 June 2019 outlining the engagement and reporting requirements, audit approach, areas of audit emphasis, engagement of IT auditors, significant audit events, reporting timelines and deliverables as well as updates in accounting standards and amendments in Listing Requirements.

## AUDIT COMMITTEE Report

### SUMMARY OF ACTIVITIES OF THE AC (CONTINUED)

The AC carried out the following activities during the financial year in the discharge of its functions and duties:-(continued)

- Had private sessions with the EA on 21 August 2018 and 28 May 2019 without the presence of the Executive Board members and Management to discuss issues in relation to the audit of the financial statements (including significant impact arising from new Accounting Standards) and suggestions arising thereon.
- Reviewed the audit and non-audit services provided by the EA or its affiliates to the Group and fees incurred for the financial year ended 30 June 2018.
- Reviewed the External Auditors Assessment Policy as to assess and monitor the performance, suitability and independence of the Company's EA and recommended the adoption of policy to the Board for approval.
- Assessed the effectiveness, competencies and independence of the EA, Crowe Malaysia PLT for the financial year ended 30 June 2018 and recommended the re-appointment of Crowe Malaysia PLT as the EA of the Company to the Board and subsequently to the shareholders for approval at the 2018 AGM.
- Reviewed the assessment on the adequacy of scope, functions, competency and resources of the internal audit function. The AC was satisfied with the competence and independence of Internal Auditors in carrying out its scope of work.
- Reviewed the assessment on the effectiveness of risk management and internal control of the Group. The AC was satisfied that the risk management framework and internal control system of the Group are able to function effectively in identifying, assessing and managing its risks.
- Reviewed and deliberated on the Internal Audit Reports covering the internal audit scope and functions, plans, findings and reviews (including follow-up reviews), performance of the internal audit function for the Group as well as management action plans and responses on a quarterly basis.
- Reviewed Corporate Governance Report and reports/statements for inclusion into the Annual Report 2018, amongst others, Corporate Governance Overview Statement, AC Report, Management Discussion & Analysis and Statement on Risk Management and Internal Control.
- Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for RRPT of a revenue or trading nature.

### INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The Group recognises that an internal audit function is essential in ensuring the effectiveness of the Group's system of internal control and is an integral part of the risk management process.

The Group's Internal Audit Function had since the financial year 2006 been undertaken by an outsourced internal audit consultant namely Grant Thornton Consulting Sdn Bhd. During the year, the Group has decided to set up its in-house internal audit team to replace the outgoing external consultant in view that in-house internal audit team has more in-depth internal and business knowledge and understanding of the culture of organisation as to improve the effectiveness of internal audit function. The function and obligation of ensuring the Group's internal control functions the output of autonomous adequacy and integrity reviews remains the same throughout the financial year.

The outsourced and the newly established Internal Auditors ("IA") of the Group both report directly to the AC and assist the Board in monitoring and managing risks and internal control system. The AC approves the internal audit plan and the scope of internal audit covering the relevant departments within the Group from time to time.

## AUDIT COMMITTEE Report

### INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES (CONTINUED)

The IA had adopted a risk-based approach in undertaking the internal audits for the Group which involved the establishment of a comprehensive audit plan formulated through a risk assessment process. In doing so, the IA had planned the engagement through conducting necessary consultation sessions with the senior management and staff in order to identify the relevant risks faced by the Group. With the necessary understanding of these risks, it had facilitated the IA to develop a comprehensive audit program in order to identify any weaknesses in the system of internal controls.

At the same time, the Board had ensured that relevant control measures were implemented so as to address the control weaknesses identified during the course of the internal audit and enhance the integrity of the Group's system of internal controls ultimately. This was carried out via necessary consultation with the IA and senior management.

During the financial year, the IA conducted reviews on certain key operating functions and procedures and recommended action plans for management improvement. The internal audit reports containing audit findings and recommendations together with management's responses thereto were circulated to all members of the AC. Areas of improvement identified were communicated to the management for further action. The IA also conducted follow-up audit reviews to ensure that all corrective actions were implemented appropriately. All audit reports were reviewed and discussed by the AC while the AC Chairman briefed the Board on audit matters on a quarterly basis.

Areas in which the IA had reviewed during the financial year were as follows:

- Bunkering Management (TCH Marine)
- Workshop Management (Transport & Haulage)
- Billing Management System (Lot 24)

Cost incurred for the internal audit function of the Group to the third party in respect of the financial year ended 30 June 2019 amounting to approximately RM33,550 (2018: RM52,800).

# CORPORATE GOVERNANCE Overview Statement

The Board of Directors ("the Board") of Freight Management Holdings Bhd ("FMHB" or "the Company") is committed to ensure that the highest standards of corporate governance are observed and practised throughout the Group as a fundamental part of discharging its responsibilities to safeguard sustainable and effective operation of the Company's business and affairs in maximising shareholders' value.

This Corporate Governance Overview Statement sets out the principal features of the Company's corporate governance approach guided by Practice Note 9 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the new Malaysian Code on Corporate Governance ("MCCG") which stipulate the three main principles, in particular, Board Leadership and Effectiveness (Principle A), Effective Audit and Risk Management (Principle B) and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (Principle C). This statement provides an overview of the Company's application of these principles and is to be read along with the Corporate Governance Report which is announced to the website of Bursa Securities and published on the Company's website at [www.fmgloballogistics.com](http://www.fmgloballogistics.com).

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

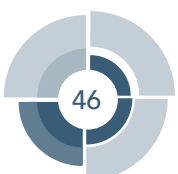
### 1. **Board Responsibilities**

The Board is collectively responsible for the long-term success of the Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership function, it is imperative for the Board to govern and set the strategic direction of the Company while exercising oversight on management. The Board plays a critical role in setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.

The responsibilities of the Board are inclusive of but not limited to:

- Promoting good corporate governance and an ethical culture across all levels of the Group;
- Reviewing and approving annual and quarterly financial results;
- Overseeing the conduct of business and financial operations;
- Overseeing succession planning for the Board and key senior management personnel;
- Identifying principal risk and ensuring the implementation of appropriate internal controls and mitigation measures; and
- Promoting and maintaining effective and timely communication to its stakeholders.

In order to ensure effective discharge of the Board's functions, the Board has delegated its specific powers of the Board to the Board Committees, the Group Managing Director and the Executive Directors, as well as the Management while retains the ultimate responsibility for final decision on all matters lies with the Board.





## CORPORATE GOVERNANCE Overview Statement

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 1. Board Responsibilities (continued)

The following diagram shows a brief overview of the responsibilities of the Board, the Board Committees and each composition of the Board and Management:-



There is a clear distinction and separation of roles and responsibilities between the Chairman and the Group Managing Director to ensure a balance of power and authority for the running of the Board and the Company's business respectively. The Chairman of the Board, Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak, leads the Board in its collective oversight of the Management and ensures effective operation of the Board whereas the Group Managing Director, Mr. Chew Chong Keat ensures effective implementation of the Board's policies, achieves strategic plans and performance targets, exercises high level of business judgement and manages the relationships with stakeholders and the interface with the public.

The Board has formalised a Board Charter which defines the role, responsibilities, functions and authority of the Board, Board Committees and individual Directors as well as the matters that are solely reserved for the Board's decision. The Board Charter is periodically reviewed by the Board incorporating updates and changes of the existing rules and regulations as well as standards of corporate governance to ensure its relevance to the function and needs of the Board. The Board Charter was last reviewed by the Board on 21 August 2019 which can be found in the Company's website ([www.fmgloballogistics.com](http://www.fmgloballogistics.com)).

## CORPORATE GOVERNANCE Overview Statement

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 1. Board Responsibilities (continued)

The Board is supported by three (3) qualified Company Secretaries who provide advisory services to the Board on matters relating to corporate governance and relevant statutory and regulatory requirements, Company's policies and procedures in addition to administrative matters. They are Members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). All Directors have unrestricted access to the advice and services of the Company Secretaries, whom have the relevant working experience and whose appointment and removal is a matter for the Board as a whole.

The Directors are aware of the time commitment expected for them to attend to the matters of the Group including reviewing the meeting materials and attending Company's meetings to discharge their roles and responsibilities. Management provides complete, accurate and adequate information to the Directors in a timely manner to enable them to make informed decisions.

The breakdown of the Directors' attendance at the Company's meetings during the financial year is set out below:-

Total number of meetings held during the year	Board Meetings	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	General Meeting
<b>Name of Directors</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Datuk Dr Hj. Noordin bin Hj. Ab. Razak</b> <i>Chairman, Independent Non-Executive Director</i>	5/5	5/5	1/1	1/1	2/2
<b>Chew Chong Keat</b> <i>Group Managing Director</i>	5/5			1/1	2/2
<b>Yang Heng Lam</b> <i>Executive Director</i>	4/5				2/2
<b>Gan Siew Yong</b> <i>Executive Director</i>	5/5				2/2
<b>Ong Looi Chai</b> <i>Executive Director</i>	4/5				0/2
<b>Tengku Nurul Azian Binti Tengku Shahrman</b> <i>Independent Non-Executive Director (Appointed on 21 August 2019)</i>					
<b>Aaron Sim Kwee Lein</b> <i>Independent Non-Executive Director (Demised on 30 June 2019)</i>	5/5	5/5	1/1	1/1	2/2
<b>Soh Chin Teck</b> <i>Independent Non-Executive Director (Appointed on 30 September 2019)</i>					
<b>Lau Swee Chin</b> <i>Independent Non-Executive Director (Appointed on 21 August 2018)</i>	4/4	4/4			2/2
<b>Chua Tiong Hock</b> <i>Non-Independent Non-Executive Director (Alternate: Khua Kian Keong)</i>	5/5	5/5			2/2

## CORPORATE GOVERNANCE Overview Statement

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 1. Board Responsibilities (continued)

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities.

The Company has adopted a Corporate Code of Business Conduct and Work Ethics Policy ("Code"), available at the Company's website ([www.fmggloballogistics.com](http://www.fmggloballogistics.com)) which applies to Directors, Management and employees of the Company and its subsidiaries. The Code sets out the Group's values and principles to guide standards of behaviour and business conduct when dealing with third party. The Code includes areas concerning compliance with applicable laws, conflict of interest, confidentiality of information, fair dealing, gifts, gratuities and entertainment, anti-bribery, anti-money laundering, human rights as well as protection and proper use of Company's assets. The compliance of the Code is mandatory for all Directors and employees of the Group and where applicable, counterparts and business partners.

The Company recognises that any genuine commitment to detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conduct must include a mechanism whereby employees and other stakeholders can report their concerns freely without fear of reprisal or intimidation. The Company has a Whistleblowing Policy to assist in ensuring that the Group's business and operations are conducted in an ethical, moral and legal manner. It is designed to encourage employees or external parties to disclose suspected malpractice or misconduct and to provide protection to employees or external parties who report allegations of such practices. The policy is accessible on the Company's website at [www.fmggloballogistics.com](http://www.fmggloballogistics.com).

#### 2. Board Composition

Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.

Our Board currently has nine (9) Directors, comprising four (4) Executive Directors, four (4) Independent Directors and one (1) Non-Independent Non-Executive Director. The Board composition is balanced and in compliance with Paragraph 15.02(1) of the Listing Requirements of Bursa Securities which states that at least two (2) Directors or one-third (1/3) of the Board are Independent Directors. The Board considers that its current size is commensurate with the present scope and scale of the Group's business operations with a diverse mix of skill sets, knowledge and experience. Each of the Board members has wide expertise in various fields such as logistics and operations management, economics, accounting etc. They objectively and independently deliberate for views and decision-making on all Board's decision at all times.

Whilst the Board does not comprise a majority of Independent Directors as recommended by the MCCG, in order to promote greater objectivity and independence in boardroom's deliberation and decision making, all Independent Directors are free from any relationships with other Board members and any other corporation in similar industry. Moreover, the Independent Directors have vast experience and exercised due care in discharging their duties and responsibilities as Independent Directors of the Company by contributing independent judgement and provide check and balance to the Board with unbiased and independent views. Notwithstanding that, the Board is committed to embrace the culture of good governance and will continue to source for suitable candidates as additional Independent Directors to the Board.

## CORPORATE GOVERNANCE Overview Statement

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 2. Board Composition (continued)

##### Nomination Committee ("NC")

The NC comprises the following members who are exclusively Non-Executive Directors, a majority of whom are independent. The NC is responsible to ensure the Board composition comprises individuals with the right balance of skills, knowledge and experience to maintain the Board's effectiveness in discharging its responsibilities.

Chairperson : **Lau Swee Chin** (*Independent Non-Executive Director*)  
\*Appointed as Chairperson on 21 August 2019

Members : **Datuk Dr. Hj. Noordin bin Hj. Ab. Razak** (*Independent Non-Executive Director*)  
**Chua Tiong Hock** (*Non-Independent Non-Executive Director*)  
\*Appointed as Member on 21 August 2019

The NC is governed by its Terms of Reference, which is available on the Company's website at [www.fmgloballogistics.com](http://www.fmgloballogistics.com). The Terms of Reference of the NC was last reviewed by the NC and the Board on 21 August 2019.

During the financial year, the NC carried out the following activities in the discharge of its functions and duties:

##### (a) **Appointment of Directors**

The NC plays a vital role in achieving diversity on the Board and considers the following before making its recommendations of suitable candidates to the Board:

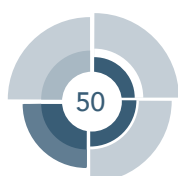
- (i) The benefits of boardroom diversity and to appoint candidate based on merit and without prejudice when reviewing the Board's composition;
- (ii) The balance of skills, experience, independence, knowledge and the diversity of representation on the Board, as part of the annual performance evaluation on the effectiveness of the Board, Board Committees and individual Director; and
- (iii) Implement and monitor the progress of the Diversity Policy towards the achievement of such objectives.

The Diversity Policy of the Company sets out the Board's approach to promote diversity in the workplace of the Group, covers the context of gender, age, ethnicity, cultural background and religious belief. The NC had during the year conducted annual review on the Company's Diversity Policy as to ensure its relevance and efficacy to the Group.

In sourcing and identifying candidates for the Board, the NC obtains recommendation of potential candidates from existing board members or may seek professional advice and/or conduct search by utilising variety of independent source.

The Company will organise orientation and induction programme for any new appointment such as visits to the Company's significant businesses and meetings with senior management personnel to enable them to have full understanding about the Company's structure and operations. The NC had during the year assessed and recommended the appointment of Ms. Tengku Nurul Azian Binti Tengku Shahrman and Mr. Soh Chin Teck for the Board's approval. They were then appointed as Independent Directors of the Company on 21 August 2019 and 30 September 2019, and simultaneously appointed as a member and the Chairman of the Audit Committee respectively.

The NC had also on 21 August 2019 reviewed the composition of the Board Committees namely Remuneration Committee, NC and Audit Committee and recommended the required actions in fulfilling the relevant compliance requirements subsequent to the loss of the late Aaron Sim Kwee Lein on 30 June 2019.



## CORPORATE GOVERNANCE Overview Statement

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 2. Board Composition (continued)

##### (b) Board Evaluation

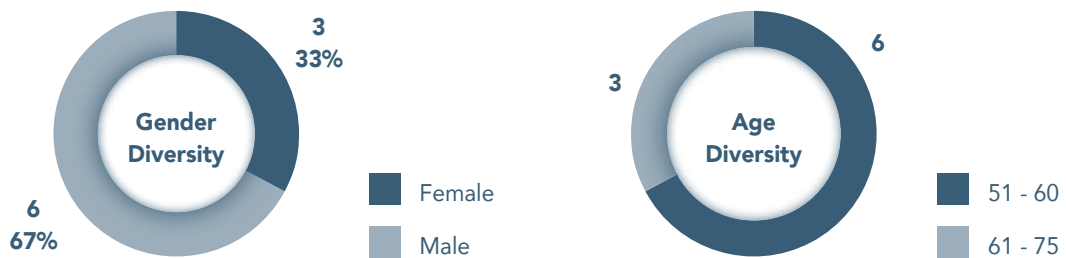
The Board through the NC, has put in place a formal evaluation process to annually assess the effectiveness of the Board as a whole and the Board Committees, as well as the contribution and performance of each individual Director.

The NC meets at least once in a year with additional meetings to be convened, if necessary. During the year, the NC had conducted an annual assessment and evaluation on the Board, the Board Committees and the individual Directors and the assessment results had been deliberated and presented to the Board during the Board Meeting held on 21 August 2019. The evaluation process was based on self and peer assessments whereby the Directors assessed each other and themselves, the Board as a whole and the performance of each Board Committee.

Based on the performance assessment conducted by the NC, it was concluded that the Board has the right size, balance and composition in terms of mix of skills and experience to optimise Company's performance and strategy.

The NC also conducted annual review of the term of office, competency and performance of the Audit Committee and its members and was satisfied that the Audit Committee has carried out its roles and responsibilities appropriately and effectively.

The current Board composition is illustrated below:-



The Company currently has three (3) female Directors on board which constituted a ratio of 33% of the Board composition. The NC will continue to source for suitable candidates to the Board based on diversity measured against meritocracy and other objective criteria such as skills and experience.

##### (c) Tenure of Independent Directors

The Company has in place a policy that the tenure for an Independent Director shall not exceed nine (9) years. Should the Board intends to retain the Independent Director beyond the cumulative term of nine (9) years, it must obtain shareholder's approval commencing the 10th year onwards and justifying review carried out in determining any impairment to the independence of the said Director(s).

In line with Practice 4.2 of the MCCG, the Company continues to obtain shareholder's approval for retaining Independent Directors beyond the 9th year onwards and adopt the two-tier voting process to seek annual shareholders' approval for retaining Independent Directors beyond the 12 years in service.

## CORPORATE GOVERNANCE Overview Statement

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 2. Board Composition (continued)

##### (c) **Tenure of Independent Directors** (continued)

Currently, there is only one (1) Independent Director namely Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak served on the Board for a cumulative term of more than twelve (12) years. However, during the assessment by the NC on the independence of the Independent Director, Datuk Noordin had informed the NC in writing of his intention to resign from his office after the conclusion of the 2019 Annual General Meeting ("AGM") and therefore, he will not be seeking for re-appointment at the said AGM.

##### (d) **Re-election of Retiring Directors**

In accordance with the Company's Constitution, all newly appointed Directors shall retire from office but shall be eligible for re-election at the next AGM subsequent to their appointment. It further provides that at least one-third of the Directors for the time being shall retire by rotation at each AGM at least once in each 3 years but shall be eligible for re-election.

The Board, had via the NC, evaluated the performance of the following Directors who were due to retirement by rotation pursuant to the Company's Constitution and recommended their re-election at the forthcoming AGM for shareholders' approval: -

- (i) Chew Chong Keat (Clause 125);
- (ii) Chua Tiong Hock (Clause 125);
- (iii) Tengku Nurul Azian Binti Tengku Shahrman (Clause 130); and
- (iv) Soh Chin Teck (Clause 130).

##### (e) **Continuing Education Programme**

The Board, via the NC, continues to identify appropriate briefings, seminars and courses for the Directors to attend in order to keep abreast with changes in legislations and regulations affecting the Company. All Directors have completed the Mandatory Accreditation Programme. The Directors are mindful of the need to continue enhancing their skills and knowledge as well as continually being updated on the Company's business and regulatory requirements as to maximise their effectiveness as Directors during their tenure.



## CORPORATE GOVERNANCE Overview Statement

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 2. Board Composition (continued)

##### (e) Continuing Education Programme (continued)

During the financial year 2019, all Directors have attended various training programmes, details as set forth below:-

Name of Director	Training Programme/Conference/Seminar
Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak	<ul style="list-style-type: none"> <li>Guidance on Corporate Disclosure Policy with Case Studies (attended on 28 May 2019)</li> </ul>
Chew Chong Keat	<ul style="list-style-type: none"> <li>Guidance on Corporate Disclosure Policy with Case Studies (attended on 28 May 2019)</li> <li>Cargo World Network Conference (attended on 29 October 2018 - 31 October 2018)</li> </ul>
Yang Heng Lam	<ul style="list-style-type: none"> <li>Guidance on Corporate Disclosure Policy with Case Studies (attended on 28 May 2019)</li> <li>Cargo World Network Conference (attended on 29 October 2018 - 31 October 2018)</li> </ul>
Gan Siew Yong	<ul style="list-style-type: none"> <li>Guidance on Corporate Disclosure Policy with Case Studies (attended on 28 May 2019)</li> <li>Cargo World Network Conference (attended on 29 October 2018 - 31 October 2018)</li> </ul>
Ong Looi Chai	<ul style="list-style-type: none"> <li>Guidance on Corporate Disclosure Policy with Case Studies (attended on 28 May 2019)</li> <li>Cargo World Network Conference (attended on 29 October 2018 - 31 October 2018)</li> </ul>
The late Aaron Sim Kwee Lein	<ul style="list-style-type: none"> <li>Guidance on Corporate Disclosure Policy with Case Studies (attended on 28 May 2019)</li> </ul>
Lau Swee Chin	<ul style="list-style-type: none"> <li>Mandatory Accreditation Programme for Directors of Public Listed Companies (Attended on 29 November 2019 - 30 November 2019)</li> <li>Budget 2019 and Sales and Service Tax (attended on 16 November 2018)</li> </ul>
Chua Tiong Hock	<ul style="list-style-type: none"> <li>Guidance on Corporate Disclosure Policy with Case Studies (attended on 28 May 2019)</li> <li>SGX Corporate Connect – Growing Role for Telecommunications and REITs (attended on 21 March 2019)</li> </ul>

The Company Secretaries have been constantly briefed and highlighted the relevant guidelines on statutory and regulatory requirements from time to time to the Board, amongst others, the amendments to the Listing Requirements of Bursa Securities, the new requirements of MCCG and the Companies Act 2016. The External Auditors also briefed the Board members on any current and future changes to the Malaysian Financial Reporting Standards that affect the Company's financial statements.

## CORPORATE GOVERNANCE Overview Statement

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 2. Board Composition (continued)

##### Remuneration Committee ("RC")

The RC was established on 24 February 2005 to assist the Board in determining and developing a remuneration policy for Directors. The RC consists of the following members:-

Chairman : **Datuk Dr. Hj. Noordin bin Hj. Ab. Razak** (*Independent Non-Executive Director*)

Members : **Chua Tiong Hock** (*Non-Independent Non-Executive Director*)

**Lau Swee Chin** (*Independent Non-Executive Director*)

\*Appointed as Member on 21 August 2019

The RC is governed by its Terms of Reference, which is periodically reviewed and available on the Company's website at [www.fmggloballogistics.com](http://www.fmggloballogistics.com). The Terms of Reference of the RC was last reviewed by the RC and the Board on 21 August 2019.

##### Directors' Remuneration Framework

The Company had adopted a Remuneration Policy and Procedure for Directors and Senior Management which aims to attract, develop and retain high performing and motivated Directors and senior management with a competitive remuneration package. The Remuneration Policy and Procedure for Directors and Senior Management is subject to periodical review and is disclosed on the Company's website at [www.fmggloballogistics.com](http://www.fmggloballogistics.com).

The Board, with the assistance of the RC, reviews the overall remuneration policy of the Non-Executive Directors ("NEDs") and Executive Directors ("ED") to attract, retain and motivate executives and Directors who will create sustainable value and returns for the Company's members and other stakeholders. There is a clear distinction between the remuneration structure of the NEDs and the EDs.

In the case of the EDs, the overall remuneration is structured so as to link rewards to corporate and individual financial performance. A significant portion of an ED's compensation package has been made variable, which is to be determined by financial performance during the year against the budgeted figures which is aligned to the corporate objectives as approved by the Board.

In the case of NEDs, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular NEDs concerned. The Board shall determine and recommend the remuneration of the NEDs to shareholders for approval at the AGM. The NEDs are remunerated by way of fixed monthly fees and allowances.

The Board, as a whole, determines the level of remuneration package of NEDs and EDs with the interested Directors abstaining from any deliberations or voting on their own remuneration. The RC held one (1) meeting during the year under review. The RC reviewed and recommended the Directors' fees and benefits payable to Directors to the Board to seek shareholders' approval at the Company's forthcoming AGM. No Director is involved in deciding his own remuneration.

The detailed disclosure of the remuneration of the individual Directors of the Company for the financial year ended 30 June 2019 are disclosed in the Corporate Governance Report.



## CORPORATE GOVERNANCE Overview Statement

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 1. Audit Committee (“AC”)

The AC comprises five (5) members, all of whom are Non-Executive Directors and a majority of whom are Independent Directors. The AC is chaired by Mr. Soh Chin Teck, an Independent Director who is distinct from the Chairman of the Board.

The AC oversees the integrity of the financial statements, compliance with relevant accounting standards and the Group’s risk management and internal controls. Whilst a stand-alone Risk Management Committee is not established, the AC ensures that deliberations on risk management matters are given adequate attentions including discussions on emerging risks. All AC members are financially literate and had continuously keep themselves abreast with the latest development in the new accounting and auditing standards.

The AC is steered by its Terms of Reference. In line with the recommendation of the MCCG, the Terms of Reference of the AC has been reviewed and revised to include a cooling-off period of at least two (2) years before a former key audit partner could be appointed as a member of the AC to safeguard the independence of the audit of the financial statements.

As part of its remit, the AC keeps under review the effectiveness of the external auditors. The Board had adopted an External Auditors Assessment Policy which outlines the guidelines to monitor and assess the performance of the external auditors in respect of their suitability, objectivity and independence.

The Board has determined that the provision of non-audit service contracts which cannot be entered into with the external auditors include strategic decision, internal audit and policy and standard operating procedures documentation. The Board was of view that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services provided to the Group.

The Board strives to provide true, fair and comprehensive financial reporting of the Group’s performance in the audited financial statements and quarterly financial reports together with material disclosures in the notes to accounts, in accordance with the MFRS and Listing Requirements of Bursa Securities.

The activities of the AC are further detailed in the AC Report as contained in the Annual Report.

#### 2. Risk Management and Internal Control Framework

The Board recognises that it is crucial to achieve a critical balance between risks incurred and potential returns for the viability of the Group. A robust risk management and internal control framework helps the Group to achieve its value-creation targets by providing risk information to enable better formulation of the Group’s strategies and decision making. Thus, the Company has established an Enterprise Risk Management (“ERM”) framework which proactively identifies, evaluates and manages key risks of the Group. The Board has delegated the responsibility to the Executive Directors to approve and review the process and framework formulated to identify, measure and monitor various risk components.

The Group as a whole has established several risk management processes where the responsibility and accountability are with the various Head of Divisions and also involving the participation of the EDs and Internal Auditors. The Head of Divisions are responsible for the day-to-day management of risks inherent in their business activities, while the EDs are responsible for setting the risk management framework as well as developing tools and methodologies.

The responsibility to review the adequacy and integrity of the internal control function has been delegated by the Board to the AC through independent reviews conducted by an outsourced internal audit consultant, namely Grant Thornton Consulting Sdn Bhd and Internal Audit Division (“IAD”) established by the Company during the year. All internal audit work carried out is guided by International Professional Practices Framework published by The Institute of Internal Auditors. The Internal Auditors and their personnel are free from any relationships or conflicts of interest with the Group including the Senior Management that could impair their independence.

The Statement on Risk Management and Internal Control furnished on pages 57 to 60 of the Annual Report provides an overview on the state of internal controls within the Group, in an effort to manage risk.

## CORPORATE GOVERNANCE Overview Statement

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### 1. **Communication With Stakeholders**

There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

The Board endeavours to ensure that communication with the Group's stakeholders are conducted in a continuous and forthcoming manner guided by the Company's Corporate Disclosure Policies and Procedures.

The Group ensures that the Company's corporate website, [www.fmgloballogistics.com](http://www.fmgloballogistics.com) contains all information relating to the Company, corporate announcements, quarterly financial results, Annual Reports, Company's policies and procedures and/or operation reviews so as to promote a closer association with its stakeholders by allowing accessibility of information.

#### 2. **Conduct of General Meetings**

General meetings are the principal forum for dialogue and interaction with the shareholders. The Board is committed to provide shareholders with comprehensive and timely information about the Group's activities and performance to enable investors make informed decisions. Shareholders are encouraged to attend AGM and use the opportunity to enquire and seek clarification on the resolutions being proposed and the Group's performance and future prospects. The Board also encourages participation from shareholders by having a question and answer session during the AGM which the Directors (inclusive of the Chairman of the AC, NC and RC) with the assistance of external auditors, are available to provide meaningful explanations to the questions raised by the shareholders.

In addition, the notice of AGM together with the Annual Report are despatched to shareholders at least 28 days before the meeting. The Company also encourages shareholders and investors to access the Company's Annual Report and up-to-date announcements, which are made available at Bursa Securities and the Company's website.

Investors and the public, who wish to contact the Group on any enquiry, comment or proposal can channel them through email: [enquiry-my@fmgloballogistics.com](mailto:enquiry-my@fmgloballogistics.com) any time throughout the year.

#### **Focus Areas and Future Priorities**

The Board took cognisance of the MCCG recommendation to have at least half of the Board must comprise Independent Directors. The Board will review the Board size and composition and take appropriate steps to discuss the merits of increasing the number of Independent Directors to the Board that could bring a wider range of perspectives, experience and knowledge.

#### **Conclusion**

The Board recognises the importance of the Group practising good corporate governance and has made it a corporate policy to continuously improve on its corporate governance practices and structure to achieve an optimal governance framework.

# STATEMENT ON Risk Management and Internal Control

The Statement on Risk Management and Internal Control by the Board of Directors ("Board") of the Company is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by Bursa Securities.

## BOARD RESPONSIBILITY

The Board of the Company acknowledges its responsibility for maintaining sound internal control and risk management systems that would provide reasonable assurance in the reliability of financial reporting and compliance with applicable laws and regulations, to safeguard shareholders' interests. The system of internal control is designed to manage the Company's risk within acceptable risk profile, rather than eliminate the risk of failure to achieve the Company's policies and business objectives, and provides reasonable assurance against material errors, misstatement or irregularities.

The system of internal control covers, inter alia, risks management, financial and compliance controls. The Board confirms that the system of internal control of the Group was in place during the financial year and the system is subject to regular review by the Board.

## RISK MANAGEMENT

The risk management objectives of the Group include the following: -

- Ensure the continuity of business;
- Safeguard the assets of the Group;
- Safeguard the interest of all shareholders;
- Ensure the continuity of its quality service to customers at all times;
- Preserve the safety and health of its employees; and
- Promote an effective risk awareness culture where risk management is an integral aspect of the Group's management systems.

The Board recognises that it is crucial to achieve a critical balance between risks incurred and potential returns for the viability of the Group. Thus, the Company adopts the Enterprise Risk Management ("ERM") Framework which proactively identifies, evaluates and manages key risks of the Group. The ERM Framework and its methodology are in line with ISO 31000:2018 – Risk Management Principles and Guidelines, to promote risk ownership and the continuous monitoring of key risks identified. The Board has delegated the responsibility to the Executive Directors to approve and review the process and framework formulated to identify, measure and monitor various risk components.

Furthermore, the Board has established an organisation structure with clearly defined lines of responsibility and accountability which are aligned to its business and operations requirements which support the maintenance of a strong control environment. It has extended the responsibilities of the Audit Committee ("AC") to include the assessment of internal controls through the Internal Audit function.

## STATEMENT ON Risk Management and Internal Control

### RISK MANAGEMENT (CONTINUED)

The Group as a whole has established several risk management processes where the responsibility and accountability are with the various Head of Divisions and also involving the participation of the Executive Directors and Internal Auditors. The Head of Divisions are responsible for the day-to-day management of risks inherent in their business activities, while the Executive Directors are responsible for setting the risk management framework as well as developing tools and methodologies. Complementing this is internal audit, which provides an independent assurance on the effectiveness of the risk management approach. These risk management processes are aligned across the business units and subsidiaries of the Group through the streamlining of the risk frameworks, policies and organisational structures in order to embed and enhance a risk management culture based on the Group's business segments, its regional growth and expansion plans.

In addition to the above, the ERM Manual which outlines the Risk Policy, Risk Governance Structure and the Risk Management Processes in line with the ISO 31000:2018 – Risk Management Principles and Guidelines had also been established. The Risk Register outlines and categorises the sources of risks, the impacts, the risk owners and the controls that are in place. The ERM plan had also been implemented and is a continuous on-going process to check and review the key risks for ensuring the controls are adequate, effective and where necessary developing further actions for continuous improvement.

### RISK ASSESSMENT

The risk appetite defines the value and type of risks that the Group is prepared to accept in pursuit of its strategic business objectives. It stipulates the level of tolerance and limits established to govern and manage the Group's risk-taking activities. The Group's risk appetite serves as a benchmark for all divisions to develop risk tolerances and limits in accordance to their specific business or operational requirements and objectives.

ERM methodology is being adopted in identifying, evaluating and managing significant risks faced by the Group.

### INTERNAL CONTROL MECHANISM

The responsibility to review the adequacy and integrity of the internal control system has been delegated by the Board to the AC. The AC, in turn, assesses the adequacy and integrity of the internal control system through independent reviews conducted on reports received from outsourced Internal Auditors and the management. In addition, the AC also consider findings from the external auditors in the form of management letters, which highlight certain internal control areas for improvement identified during the course of the external audit. Any areas of improvement identified by the external auditors and internal auditors are being brought to the attention of the AC.

### KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system are described below:-

- Organisation structure with clearly defined delegation of responsibilities to the Board;
- Regular meetings are held at operational and management levels to identify and resolve business, financial, operational and management issues;
- Three subsidiaries were accredited ISO 9001:2015 certification on quality management system. Documented internal procedures and standard operating procedures have been put in place and surveillance audits are conducted by assessors of the ISO certification bodies on a yearly and biannual basis to ensure that the system is adequately implemented;
- Documented guidelines on operating procedures have been put in place for relevant departments;



## STATEMENT ON Risk Management and Internal Control

### KEY ELEMENTS OF INTERNAL CONTROL SYSTEM (CONTINUED)

- Quarterly information is provided by the management to the Board on financial performance and key business indicators;
- Monthly monitoring of results by the management through financial reports;
- Quarterly internal audit visits and other specific assignments, if the need arises, assigned by the AC and/ or the Board who monitors compliance with procedures and assesses the integrity of financial information provided; and
- AC holds quarterly meetings with the management on the actions taken on internal control issues, identified through reports prepared by the internal auditors, external auditors (identified during the course of their audits) and/or the management.

### Internal Audit Function

The Internal Auditors had reviewed the Group's system of internal controls and had reported the yearly internal audit activities to the AC on a quarterly basis. For the financial year 2019, independent review on the effectiveness of internal control system was conducted by outsourced internal audit consultant, namely Grant Thornton Consulting Sdn Bhd and Internal Audit Division ("IAD") established by the Group. Furthermore, Mr. Soh Chin Teck was appointed as Audit Committee Chairman.

The Internal Auditors had adopted a risk-based approach in undertaking the internal audits for the Group which involved the establishment of a comprehensive audit plan formulated through a risk assessment process. In doing so, the Internal Auditors had planned the engagement through conducting necessary consultation sessions with the senior management and staff in order to identify the relevant risks faced by the Group. With the necessary understanding of these risks, it had facilitated the Internal Auditors to develop comprehensive audit programs in order to identify any weaknesses in the system of internal controls.

At the same time, the Board had ensured that relevant control measures were implemented so as to address the control weaknesses identified during the course of internal audits and enhance the integrity of the Group's system of internal controls ultimately. This was carried out via necessary consultation with the Internal Auditors and senior management.

The Board recognises that the development of good system of internal controls for the Group is a continuous process. Hence, the Board encourages interactive discussion of audit findings through the AC, taking into consideration possible establishment of additional control measures in managing its risk within the Group from time to time.

### Effectiveness of Risk Management and Internal Control System

The Board's review of risk management and internal control effectiveness is based on information from:

- Executive Directors and Heads of Divisions who are responsible for the maintenance and continuous improvements and development of the risk management and internal control system; and
- Internal audit reports and review work by the Internal Auditors which reports to the AC together with the assessment of the internal controls systems relating to key risks and recommendations for improvement.

The review and assurance of the system of internal control is continuously reviewed by the AC and weaknesses and incidents of non-compliance with policies and procedures are highlighted to the management for further improvement actions in order to achieve business objectives.

The Board are of the opinion that that the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board and senior management will continue the ERM methodology to strengthen and also monitor the risk and control environment and the internal controls of the Group.

## STATEMENT ON Risk Management and Internal Control

### KEY ELEMENTS OF INTERNAL CONTROL SYSTEM (CONTINUED)

#### Review of Statement by External Auditors

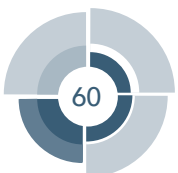
As required by Paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control, and reported to the Board that nothing has come to their attention that cause them to believe that the Statement on Risk Management and Internal Control, in all material aspects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers, or is factually inaccurate. Their limited assurance review was performed in accordance with the scope set out in Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report in the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG3"), issued by the Malaysian Institute of Accountants.

#### Assurance from Management

The Statement on Risk Management and Internal Control has been prepared in compliance with the Listing Requirements and the Statement on Risk Management and Internal Control – Guidance for Directors of Listed Issuer. In making the above assurance, the Group Managing Director and the Group Financial Controller acknowledged that the risk management and internal control systems are operating adequately and effectively in all material aspects based on the risk management and internal control systems of the Group.

For the financial year under review, the Board is of the opinion that the system of internal control and risk management processes are adequate and sound to provide reasonable assurance in safeguarding shareholders' investments, the Group's assets and other stakeholders' interests as well as in addressing key risks impacting the business operations of the Group. There was no major internal control weakness identified that may result in any material loss or uncertainty that would require disclosure in this Annual Report.

This statement is made in accordance with the resolution of the Board dated 22 October 2019.



## ADDITIONAL Compliance Information

### 1. Utilisation of Proceeds Raised from Corporate Proposals

The Company did not raise any funds from any corporate proposals during the financial year.

### 2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid or payable to the Company's External Auditors by the Group and the Company for the financial year ended 30 June 2019 are as follows:-

	Group (RM)	Company (RM)
Audit services	343,175	66,000
Non-audit services	58,500	58,500
<b>Total fees:</b>	<b>401,675</b>	<b>124,500</b>

### 3. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors and major shareholders which were still subsisting as at 30 June 2019 or entered into since the end of the previous financial year.

### 4. Recurrent Related Party Transactions

All recurrent related party transactions entered into by the Group during the financial year are disclosed in Note 36 of the Financial Statement in pages 146 to 148 of this Annual Report.

## STATEMENT OF Directors' Responsibilities

### In respect of the preparation of the Annual Audited Financial Statements

The Directors are responsible for ensuring that the financial statements of the Company and the Group are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016.

In preparing the financial statements for the financial year ended 30 June 2019, the Directors have: -

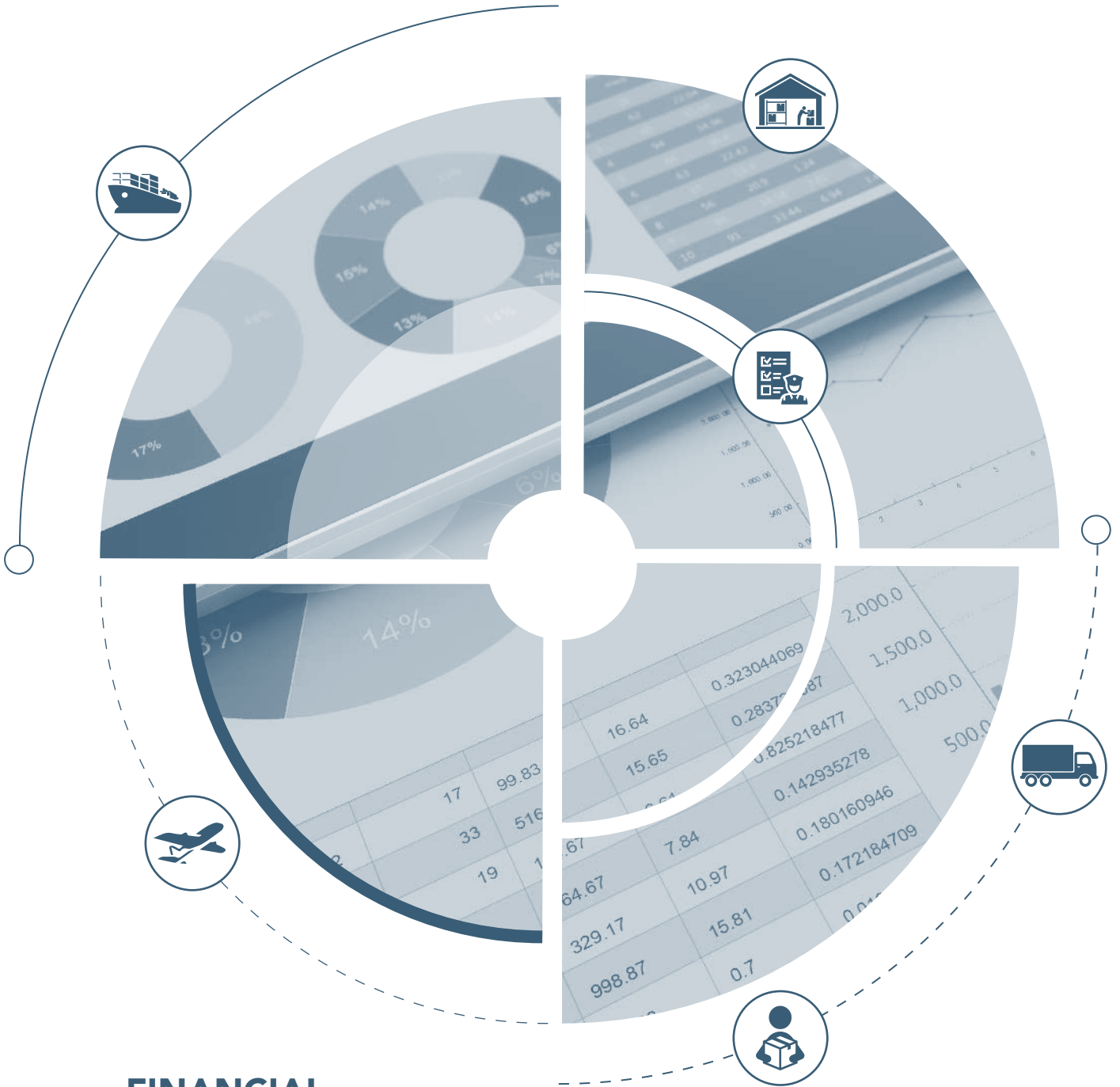
- Adopted appropriate accounting policies and applied them consistently;
- Ensured that applicable approved Accounting Standards in Malaysia and the requirements of the Companies Act 2016 have been followed; and
- Considered the going concern basis used as being appropriate.

The Directors are also responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Company and of the Group to enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and of the Group and to prevent and detect fraud and other irregularities.







## FINANCIAL Statements

- |           |   |           |  |
|-----------|---|-----------|--|
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## DIRECTORS' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities and details of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	14,700	11,215
Attributable to:		
Owners of the parent	13,600	11,215
Non-controlling interests	1,100	-
	14,700	11,215

### DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM'000
In respect of the financial year ended 30 June 2018:	
Second interim single tier dividend of 3.5 sen per ordinary share, paid on 14 November 2018	6,515
In respect of the financial year ended 30 June 2019:	
First interim single tier dividend of 1.0 sen per ordinary share, paid on 26 July 2019	2,792
	9,307

A second interim single tier dividend in respect of the financial year ended 30 June 2019 of 2.5 sen per ordinary share had been declared by the Directors on 21 August 2019.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 30 June 2019.

### RESERVES AND PROVISIONS

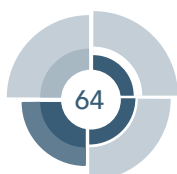
There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

### ISSUES OF SHARES AND DEBENTURES

During the financial year, the Company issued 93,073,969 new ordinary shares by way of an issuance of bonus issue ("Bonus Share") on the basis of one (1) Bonus Share for every two (2) existing ordinary shares held in the Company on 7 November 2018.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issuance of debentures during the financial year.



## DIRECTORS' Report

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up any unissued ordinary shares of the Company during the financial year.

### DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

#### Freight Management Holdings Bhd

Datuk Dr. Hj. Noordin bin Hj. Ab. Razak  
 Chew Chong Keat  
 Yang Heng Lam  
 Gan Siew Yong  
 Ong Looi Chai  
 Chua Tiong Hock  
 Khua Kian Keong (Alternate Director to Chua Tiong Hock)  
 Lau Swee Chin (appointed on 21 August 2018)  
 Tengku Nurul Azian binti Tengku Shahrizan (appointed on 21 August 2019)  
 Soh Chin Teck (appointed on 30 September 2019)  
 Aaron Sim Kwee Lein (demised on 30 June 2019)

#### Subsidiaries of Freight Management Holdings Bhd

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this report are as follows:

Yeow Soon Guat  
 Leong Wan Keng  
 Bradley John O' Donnell  
 Chew Chong Ngai  
 Tay Nguang Yeow Andrew  
 Gan Siew Hooi  
 Stuart Eshantha Fernando  
 Low Gim Beng  
 Dang Anh Binh  
 Sanila Jayaprakash  
 Gan Siew Geok  
 Won Mi-Yeon  
 Juliana Eddy  
 Phatteera Sirijitjinda  
 Yupadee Sirijitjinda (appointed on 29 August 2019)  
 Pimyada Thitkulthanasat (appointed on 29 August 2019)  
 Yeo Hock Choon (resigned on 7 March 2019)  
 Teoh Beng Keat (resigned on 7 March 2019)  
 Liew Willip (resigned on 7 March 2019)  
 Mukundan Kunchunni Nair (resigned on 31 May 2019)

## DIRECTORS' Report

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:

	<----- Number of ordinary shares ----->			Balance as at 30.6.2019
	Balance as at 1.7.2018	Bonus Issue	Sold	
<b>Shares in the Company</b>				
<u>Direct interests</u>				
Chew Chong Keat	44,791,743	22,395,871	-	67,187,614
Yang Heng Lam	34,137,559	17,068,779	-	51,206,338
Gan Siew Yong	8,098,536	4,049,268	-	12,147,804
Ong Looi Chai	2,279,889	1,139,944	-	3,419,833
<u>Indirect interests</u>				
Chew Chong Keat	183,333#	91,666	-	274,999
Yang Heng Lam	613,299*#	306,649	-	919,948
Gan Siew Yong	183,333#	91,666	-	274,999
Chua Tiong Hock	37,325,800	18,662,900	-	55,988,700
Khua Kian Keong (Alternate Director to Chua Tiong Hock)	37,325,800	18,662,900	-	55,988,700

\* Interest of spouse by virtue of Section 59(11)(c) of the Companies Act 2016 in Malaysia.

# Interest of children by virtue of Section 59(11)(c) of the Companies Act 2016 in Malaysia.

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, Chew Chong Keat, Yang Heng Lam, Chua Tiong Hock and Khua Kian Keong are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

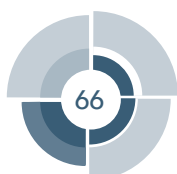
None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and its related corporations during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the following:

- (i) remuneration received or due and receivable by certain Director/executives of the subsidiaries; and
- (ii) deemed benefits arising from related party transactions as disclosed in Note 36 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



## DIRECTORS' Report

### DIRECTORS' REMUNERATION

The details of the Directors' remuneration are disclosed in Note 36 to the financial statements.

### INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of indemnity coverage and insurance premium paid by the Company for the financial year ended 30 June 2019 were RM10,000,000 and RM19,670 respectively.

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

#### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables; and
  - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

#### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
  - (i) which would further render the amounts written off for bad debts or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

## DIRECTORS' Report

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

#### (III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

#### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 40 to the financial statements.

#### SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period is disclosed in Note 41 to the financial statements.

#### AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office.

Details of the auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2019 are disclosed in Note 30 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors.

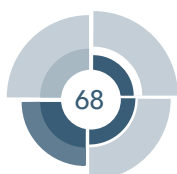
**Chew Chong Keat**

Director

Port Klang  
22 October 2019

**Yang Heng Lam**

Director



## STATEMENT BY Directors PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Chew Chong Keat and Yang Heng Lam, being two of the Directors of Freight Management Holdings Bhd, state that, in the opinion of the Directors, the financial statements set out on pages 74 to 161 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 22 October 2019.

**Chew Chong Keat**  
Director

Port Klang  
22 October 2019

**Yang Heng Lam**  
Director

## STATUTORY Declaration PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Chew Chong Keat, being the Director primarily responsible for the financial management of Freight Management Holdings Bhd, do solemnly and sincerely declare that the financial statements set out on pages 74 to 161 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly  
declared by the abovenamed at  
at Kuala Lumpur in the state of  
Federal Territory on this  
22 October 2019

**Chew Chong Keat**

Before me:

**Datin Hajah Raihela Wanchik (No. W-275)**  
Commissioner for Oaths

# INDEPENDENT Auditors' Report

## to the Members of Freight Management Holdings Bhd

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Freight Management Holdings Bhd, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 74 to 161.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

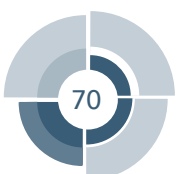
We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





## INDEPENDENT Auditors' Report to the Members of Freight Management Holdings Bhd

### Key Audit Matters (Continued)

We have determined the matters described below to be the key audit matters to be communicated in our report.

<b>Revenue recognition</b> Refer to Note 28 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>The major revenue stream of the Group as disclosed in Note 4 to the financial statements is freight and forwarding services, which are included in the logistics segment. Details of the logistics segment are set out in Note 4(a) to the financial statements.</p> <p>The accounting policies for revenue recognition and the different revenue streams of the Group have been disclosed in Note 28 to the financial statements.</p> <p>We have considered revenue recognition for freight and forwarding services to be a key audit matter due to the lead time between rendering of services and receipt of proof of delivery of services to trigger the revenue recognition and billing process. This includes keeping track of services rendered up to the end of the reporting period which requires significant management judgements and estimates.</p>	<p>Our procedures, with involvement of the component auditors, included the following:</p> <ul style="list-style-type: none"> <li>• obtained an understanding of the revenue recognition process and evaluated the controls surrounding revenue recognition;</li> <li>• verified recorded revenue before and after the end of the reporting period, covering a period in excess of the normal lead time between rendering of services and receipt of proof of delivery of services, and verified against the underlying proof of delivery to ascertain whether revenue are recognised during the period in which control over the promised services have been transferred to customers; and</li> <li>• critically assessed basis of management in computing accrued revenue in respect of unbilled services rendered before the end of reporting period and verified against the underlying proof of delivery to ascertain whether control over the promised services have been transferred to customers during the period of revenue recognition.</li> </ul>

<b>Recoverability of trade receivables</b> Refer to Note 13 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>As at 30 June 2019, the Group's trade receivables amounted to RM119.83 million net of impairment losses. Trade receivables are a major component of the financial position of the Group's total assets.</p> <p>We focused on this area due to the magnitude of the amount involved and significant judgements are required to assess the allowance for impairment losses of trade receivables.</p>	<p>Our procedures, with involvement of the component auditors, included the following:</p> <ul style="list-style-type: none"> <li>• reviewed ageing analysis of trade receivables and tested the reliability thereof;</li> <li>• reviewed subsequent cash collections for major receivables and overdue amounts;</li> <li>• tested the adequacy of the Group's allowance for impairment losses on trade receivables by assessing management's policy; and</li> <li>• reviewed the adequacy of the Group's disclosure in this area.</li> </ul>

## **INDEPENDENT** Auditors' Report to the Members of Freight Management Holdings Bhd

### **Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

## INDEPENDENT Auditors' Report to the Members of Freight Management Holdings Bhd

### Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):-

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Malaysia PLT**  
LLP0018817-LCA & AF 1018  
Chartered Accountants

Kuala Lumpur  
22 October 2019

**Chan Kuan Chee**  
02271/10/2019 J  
Chartered Accountant

# STATEMENTS OF Financial Position

as at 30 June 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	248,099	243,033	-	-
Intangible assets	6	982	1,629	-	-
Investments in subsidiaries	7	-	-	67,356	67,356
Investments in associates	8	7,499	11,417	8,869	7,574
Investments in joint ventures	9	4,360	3,644	-	-
Other investments	10	360	360	-	-
Deferred tax assets	11	1,048	908	-	-
		<b>262,348</b>	<b>260,991</b>	<b>76,225</b>	<b>74,930</b>
<b>Current assets</b>					
Other investments	10	4,998	4,160	-	-
Inventories	12	1,077	-	-	-
Trade receivables	13	119,827	116,001	-	-
Other receivables, deposits and prepayments	14	17,128	17,313	259	265
Amounts owing by subsidiaries	15	-	-	25,074	31,294
Amounts owing by associates	16	8,148	6,204	4,783	3,810
Amounts owing by related parties	17	193	335	-	-
Amounts owing by joint ventures	18	5,313	4,886	5,208	3,912
Current tax assets		3,628	3,079	-	-
Cash and cash equivalents	19	40,886	42,345	7,310	8,754
		<b>201,198</b>	<b>194,323</b>	<b>42,634</b>	<b>48,035</b>
<b>TOTAL ASSETS</b>		<b>463,546</b>	<b>455,314</b>	<b>118,859</b>	<b>122,965</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	20	104,290	104,290	104,290	104,290
Reserves	21	184,225	184,254	7,194	9,470
		<b>288,515</b>	<b>288,544</b>	<b>111,484</b>	<b>113,760</b>
Non-controlling interests		7,899	5,178	-	-
<b>TOTAL EQUITY</b>		<b>296,414</b>	<b>293,722</b>	<b>111,484</b>	<b>113,760</b>

## STATEMENTS OF Financial Position as at 30 June 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Hire purchase and lease liabilities	22	13,683	7,445	-	-
Term loans	23	42,649	47,861	-	-
Deferred tax liabilities	11	24,398	25,129	-	-
Post-employment benefits obligation	24	1,453	1,089	-	-
		<b>82,183</b>	81,524	-	-
<b>Current liabilities</b>					
Trade payables	25	40,612	36,555	-	-
Other payables and accruals	26	22,814	19,826	215	628
Amounts owing to subsidiaries	15	-	-	4,322	5,781
Amount owing to an associate	16	6	-	-	-
Amount owing to a related party	17	6	-	-	-
Amount owing to a joint venture	18	198	34	-	-
Hire purchase and lease liabilities	22	5,041	2,747	-	-
Term loans	23	6,700	8,992	-	-
Bank overdrafts - secured	27	3,118	4,894	-	-
Dividend payable		2,792	2,792	2,792	2,792
Current tax liabilities		3,662	4,228	46	4
		<b>84,949</b>	80,068	<b>7,375</b>	9,205
<b>TOTAL LIABILITIES</b>		<b>167,132</b>	161,592	<b>7,375</b>	9,205
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>463,546</b>	455,314	<b>118,859</b>	122,965

*The accompanying notes form an integral part of the financial statements.*

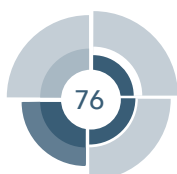
## STATEMENTS OF Profit or Loss and Other Comprehensive Income for the Financial Year Ended 30 June 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	28	<b>545,353</b>	511,585	<b>15,390</b>	12,383
Cost of services		<b>(398,601)</b>	(374,109)	-	-
Gross profit		<b>146,752</b>	137,476	<b>15,390</b>	12,383
Other income		<b>7,932</b>	11,229	<b>524</b>	347
Administrative expenses		<b>(124,210)</b>	(116,234)	<b>(4,463)</b>	(9,212)
Finance costs	29	<b>(3,695)</b>	(3,577)	-	-
Share of loss of associates	8(d)	<b>(4,893)</b>	(2,594)	-	-
Share of profit of joint ventures	9(e)	<b>716</b>	2,126	-	-
Profit before tax	30	<b>22,602</b>	28,426	<b>11,451</b>	3,518
Tax expense	31	<b>(7,902)</b>	(8,310)	<b>(236)</b>	(21)
Profit for the financial year		<b>14,700</b>	20,116	<b>11,215</b>	3,497
Profit for the financial year attributable to:					
Owners of the parent		<b>13,600</b>	19,695	<b>11,215</b>	3,497
Non-controlling interests		<b>1,100</b>	421	-	-
		<b>14,700</b>	20,116	<b>11,215</b>	3,497

Earnings per ordinary share attributable to equity holders of the Company:

Basic earnings per ordinary share (sen)	34	<b>4.87</b>	7.05
Diluted earnings per ordinary share (sen)	34	<b>4.87</b>	7.05

The accompanying notes form an integral part of the financial statements.



## STATEMENTS OF Profit or Loss and Other Comprehensive Income for the Financial Year Ended 30 June 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Profit for the financial year</b>		<b>14,700</b>	20,116	<b>11,215</b>	3,497
<b>Other comprehensive income</b>					
<b>Items that will be reclassified subsequently to profit or loss</b>					
Foreign currency translations	31(d)	<b>327</b>	(6,836)	-	-
		<b>327</b>	(6,836)	-	-
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Actuarial (loss)/gain on defined benefits plan	31(d)	<b>(33)</b>	105	-	-
Revaluation surplus on land and buildings	31(d)	-	36,913	-	-
		<b>(33)</b>	37,018	-	-
<b>Other comprehensive income for the financial year, net of tax</b>		<b>294</b>	30,182	-	-
<b>Total comprehensive income for the financial year</b>		<b>14,994</b>	50,298	<b>11,215</b>	3,497
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		<b>13,800</b>	50,520	<b>11,215</b>	3,497
Non-controlling interests		<b>1,194</b>	(222)	-	-
		<b>14,994</b>	50,298	<b>11,215</b>	3,497

*The accompanying notes form an integral part of the financial statements.*

# CONSOLIDATED STATEMENT OF Changes in Equity

for the Financial Year Ended 30 June 2019

GROUP	Note	Non-distributable			Distributable			Total equity RM'000
		Share capital RM'000	Foreign exchange translation reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Attributable to owners of the parent RM'000	Non-controlling interests RM'000	
Balance as at 1 July 2017		104,290	7,569	22,780	112,380	247,019	16,030	263,049
Profit for the financial year		-	-	-	19,695	19,695	421	20,116
Actuarial gain on defined benefits plan, net of tax		-	-	-	64	64	41	105
Foreign currency translations, net of tax		-	(6,152)	-	-	(6,152)	(684)	(6,836)
Revaluation surplus on land and buildings, net of tax		-	-	36,913	-	36,913	-	36,913
Total comprehensive income, net of tax		-	(6,152)	36,913	19,759	50,520	(222)	50,298
Balance c/f		104,290	1,417	59,693	132,139	297,539	15,808	313,347
<b>Transactions with owners</b>								
Disposal of a subsidiary	35	-	-	-	-	-	(10,584)	(10,584)
Dilution of equity by non-controlling interests of a subsidiary		-	-	-	312	312	(312)	-
Dividends paid	32	-	-	-	(9,307)	(9,307)	-	(9,307)
Dividends paid to non-controlling interests of a subsidiary		-	-	-	-	-	(498)	(498)
Ordinary shares contributed by non-controlling interests of a subsidiary		-	-	-	-	-	764	764
Total transactions with owners		-	-	-	(8,995)	(8,995)	(10,630)	(19,625)
Transfer due to crystallisation of revaluation reserve		-	-	(373)	373	-	-	-
Balance as at 30 June 2018		104,290	1,417	59,320	123,517	288,544	5,178	293,722

The accompanying notes form an integral part of the financial statements.



## CONSOLIDATED STATEMENT OF Changes in Equity for the Financial Year Ended 30 June 2019

GROUP	Note	Non-distributable			Distributable			Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Foreign exchange translation reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Attributable to owners of the parent RM'000			
Balance as at 1 July 2018, as previously reported		104,290	1,417	59,320	123,517	288,544	5,178	293,722	
Adjustments on initial application of MFRS 9	42.1(a)	-	-	-	(3,371)	(3,371)	(47)	(3,418)	
Balance as at 1 July 2018, as restated		104,290	1,417	59,320	120,146	285,173	5,131	290,304	
Profit for the financial year		-	-	-	13,600	13,600	1,100	14,700	
Actuarial loss on defined benefits plan, net of tax		-	-	-	(22)	(22)	(11)	(33)	
Foreign currency translations, net of tax		-	222	-	-	222	105	327	
Total comprehensive income, net of tax		-	222	-	13,578	13,800	1,194	14,994	
Balance c/f		104,290	1,639	59,320	133,724	298,973	6,325	305,298	
<b>Transactions with owners</b>									
Dilution of equity by non-controlling interests of a subsidiary		-	-	-	(1,151)	(1,151)	1,151	-	
Dividends paid	32	-	-	-	(9,307)	(9,307)	-	(9,307)	
Dividends paid to non-controlling interests of a subsidiary		-	-	-	-	-	(200)	(200)	
Ordinary shares contributed by non-controlling interests of subsidiaries		-	-	-	-	-	623	623	
Total transactions with owners		-	-	-	(10,458)	(10,458)	1,574	(8,884)	
Transfer due to crystallisation of revaluation reserve		-	-	(837)	837	-	-	-	
Balance as at 30 June 2019		<b>104,290</b>	<b>1,639</b>	<b>58,483</b>	<b>124,103</b>	<b>288,515</b>	<b>7,899</b>	<b>296,414</b>	

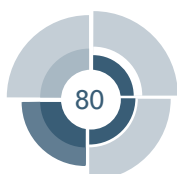
The accompanying notes form an integral part of the financial statements.

## STATEMENT OF Changes in Equity

for the Financial Year Ended 30 June 2019

COMPANY	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2017		104,290	15,280	119,570
Profit for the financial year		-	3,497	3,497
Other comprehensive income, net of tax		-	-	-
Total comprehensive income, net of tax		-	3,497	3,497
<b>Transactions with owners</b>				
Dividends paid	32	-	(9,307)	(9,307)
Balance as at 30 June 2018		104,290	9,470	113,760
Balance as at 1 July 2018, as previously reported		104,290	9,470	113,760
Adjustments on initial application of MFRS 9	42.1(a)	-	(4,184)	(4,184)
Balance as at 1 July 2018, as restated		104,290	5,286	109,576
Profit for the financial year		-	11,215	11,215
Other comprehensive income, net of tax		-	-	-
Total comprehensive income, net of tax		-	11,215	11,215
<b>Transactions with owners</b>				
Dividends paid	32	-	(9,307)	(9,307)
Balance as at 30 June 2019		<b>104,290</b>	<b>7,194</b>	<b>111,484</b>

The accompanying notes form an integral part of the financial statements.



## STATEMENT OF Cash Flows

for the Financial Year Ended 30 June 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		<b>22,602</b>	28,426	<b>11,451</b>	3,518
Adjustments for:					
Amortisation of intangible assets	6	<b>426</b>	447	-	-
Bad debts written off		<b>900</b>	23	-	-
Depreciation of property, plant and equipment	5	<b>12,687</b>	12,706	-	-
Dividend income		<b>(25)</b>	(23)	<b>(10,800)</b>	(8,105)
Fair value loss/(gain) on:					
-short-term fund	10	<b>(62)</b>	(297)	-	-
-quoted shares	10	<b>168</b>	(355)	-	-
Gain on disposal of:					
-a subsidiary	35	-	(1,523)	-	(263)
-property, plant and equipment		<b>(710)</b>	(655)	-	-
Impairment losses on:					
-investments in subsidiaries	7	-	-	-	1,650
-investments in associates	8	<b>320</b>	1,280	-	-
-investments in joint ventures	9	-	-	-	997
-intangible assets	6	234	-	-	-
-amounts owing by joint ventures	18	-	1,757	-	1,757
-property, plant and equipment	5	-	3	-	-
-trade receivables	13	<b>100</b>	1,487	-	-
Interest expense	29	<b>3,695</b>	3,577	-	-
Interest income		<b>(436)</b>	(294)	<b>(121)</b>	(86)
Property, plant and equipment written off	5	<b>5</b>	95	-	-
Provision for post-employment benefits obligation	24	<b>316</b>	591	-	-
Reversal of impairment losses on:					
-trade receivables	13	<b>(2,370)</b>	(1,107)	-	-
-other receivables	14	<b>(186)</b>	-	-	-
Share of loss of associates		<b>4,893</b>	2,594	-	-
Share of profit of joint ventures		<b>(716)</b>	(2,126)	-	-
Unrealised loss/(gain) on foreign currency transactions		<b>575</b>	1,545	<b>(403)</b>	581
Operating profit before changes in working capital		<b>42,416</b>	48,151	<b>127</b>	49
Increase in inventories		<b>(1,077)</b>	-	-	-
Increase in trade receivables		<b>(4,059)</b>	(13,804)	-	-
Decrease/(Increase) in other receivables, deposits and prepayments		<b>714</b>	(7,790)	6	(162)
Decrease in amounts owing by related parties		<b>142</b>	288	-	-
Decrease/(Increase) in amounts owing by joint ventures		<b>718</b>	(1,057)	-	-
Balance c/f		<b>38,854</b>	25,788	133	(113)

## STATEMENT OF Cash Flows

for the Financial Year Ended 30 June 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>					
Balance c/f		<b>38,854</b>	25,788	<b>133</b>	(113)
Increase/(Decrease) in amount owing to a related party		<b>6</b>	(284)	-	-
Increase/(Decrease) in amount owing to a joint venture		<b>164</b>	(157)	-	-
Increase in trade payables		<b>3,747</b>	5,788	-	-
Increase/(Decrease) in other payables and accruals		<b>1,507</b>	3,052	<b>(413)</b>	(80)
Cash generated from/(used in) operations		<b>44,278</b>	34,187	<b>(280)</b>	(193)
Contributions paid for post-employment benefits obligation	24	<b>(53)</b>	(83)	-	-
Interest paid		<b>(123)</b>	(150)	-	-
Tax paid		<b>(9,730)</b>	(9,869)	<b>(194)</b>	(27)
Net cash generated from/(used in) operating activities		<b>34,372</b>	24,085	<b>(474)</b>	(220)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Additional investment in an existing associate	8	<b>(1,295)</b>	-	<b>(1,295)</b>	-
Acquisition of a subsidiary company, net of cash and cash equivalents acquired		<b>(9)</b>	-	-	-
Repayment from subsidiaries		-	-	<b>1,251</b>	4,046
Advances to a joint venture		<b>(1,131)</b>	(849)	<b>(1,131)</b>	(849)
Advances to associates		<b>(2,786)</b>	(4,841)	<b>(1,409)</b>	(3,121)
Disposal of a subsidiary, net of cash and cash equivalents disposed of	35	-	(1,665)	-	-
Dividends received		<b>25</b>	23	<b>10,800</b>	8,105
Dividends received from a joint venture	9(e)	-	532	-	-
Interest received		<b>436</b>	294	<b>121</b>	86
Placements of:					
- fixed deposits pledged to licensed banks		<b>(175)</b>	(94)	-	-
- fixed deposits placed with a licensed bank with original maturity of more than three (3) months		<b>(19)</b>	(17)	-	-
Proceeds from disposals of:					
- a subsidiary	35	-	-	-	448
- property, plant and equipment		<b>1,711</b>	2,720	-	-
Purchase of:					
- intangible assets	6(e)	<b>(4)</b>	(6)	-	-
- property, plant and equipment	5(f)	<b>(5,903)</b>	(6,328)	-	-
Repayment of cost of investment in a joint venture		-	182	-	-
Net cash (used in)/generated from investing activities		<b>(9,150)</b>	(10,049)	<b>8,337</b>	8,715

## STATEMENT OF Cash Flows

for the Financial Year Ended 30 June 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid		(9,307)	(9,307)	(9,307)	(9,307)
Dividends paid to non-controlling interests of a subsidiary		(200)	(498)	-	-
Drawdown of term loans		22,389	-	-	-
Interest paid		(3,572)	(3,427)	-	-
Ordinary share capital contributed by non-controlling interests of a subsidiaries		623	764	-	-
Repayments of:					
- hire purchase and lease liabilities	19(h)	(4,261)	(2,976)	-	-
- term loans	19(h)	(29,893)	(9,836)	-	-
Net cash used in financing activities		(24,221)	(25,280)	(9,307)	(9,307)
Net increase/(decrease) in cash and cash equivalents		1,001	(11,244)	(1,444)	(812)
Effects of exchange rate changes on cash and cash equivalents		128	(882)	-	-
Cash and cash equivalents at beginning of the financial year		36,470	48,596	8,754	9,566
Cash and cash equivalents at end of the financial year	19(d)	37,599	36,470	7,310	8,754

*The accompanying notes form an integral part of the financial statements.*

# NOTES TO THE Financial Statements

30 June 2019

## 1. CORPORATE INFORMATION

Freight Management Holdings Bhd (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Lot 37, Lebuhr Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 30 June 2019 comprise the Company and its subsidiaries and the interests of the Group in associates and joint ventures. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 22 October 2019.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities and details of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

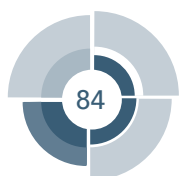
## 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and amendments to MFRSs adopted during the financial year are disclosed in Note 42.1 to the financial statements.

The Group and the Company applied MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* for the first time during the current financial year, using the cumulative effect method as at 1 July 2018. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.



## NOTES TO THE Financial Statements

30 June 2019

### 4. OPERATING SEGMENTS

The Group is principally engaged in the freight and forwarding industry. The Group has arrived at eight (8) (2018: eight (8)) reportable segments that are organised and managed separately according to the nature of services that is either logistics or marine, which requires different business and marketing strategies.

The reportable segments are Malaysia, Australia, Indonesia, Thailand, Vietnam, India, Sri Lanka and the United States of America ("USA"), which are involved in two separate nature of services as summarised below:

(a) Logistics

There are eight (8) (2018: seven (7)) reportable segments involved in providing 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.

(b) Marine

The Group discontinued its marine segment following the disposal of TCH Marine Pte. Ltd., in previous financial year.

Other operating segments comprise operations related to investment holdings and provision of management services, provision of IT application solutions, support services and trading of goods.

The accounting policies of operating segments are the same as those described in the respective sections of the notes to the financial statements.

The Group evaluates operating segments' performance on the basis of profit or loss from operations before tax not including non-recurring losses such as goodwill impairment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude current tax assets and deferred tax assets.

Segment liabilities exclude current tax liabilities and deferred tax liabilities. Details are provided in the reconciliation from segment assets and segment liabilities to the statements of financial position of the Group.

# NOTES TO THE Financial Statements

30 June 2019

## 4. OPERATING SEGMENTS (CONTINUED)

	Logistics										Other operating segments	Total
	Malaysia RM'000	Australia RM'000	Indonesia RM'000	Thailand RM'000	Vietnam RM'000	India RM'000	Sri Lanka RM'000	USA RM'000	Eliminations RM'000	RM'000		
<b>2019</b>												
Revenue												
Total revenue	420,275	56,492	36,237	21,718	10,741	8,364	1,529	2,126	11,269	(23,398)	545,353	
Inter-segment revenue	(4,759)	(2,305)	(1,434)	(2,200)	(631)	(341)	(13)	(1,460)	(10,255)	23,398	-	
<b>Revenue from external customers</b>	<b>415,516</b>	<b>54,187</b>	<b>34,803</b>	<b>19,518</b>	<b>10,110</b>	<b>8,023</b>	<b>1,516</b>	<b>666</b>	<b>1,014</b>	<b>-</b>	<b>545,353</b>	
Finance costs	(3,544)	(19)	(22)	(4)	-	(106)	-	-	-	-	(3,695)	
Share of loss of associates	68	-	-	-	-	-	-	-	(4,961)	-	(4,893)	
Share of profit of joint ventures	-	-	-	-	-	-	-	-	716	-	716	
<b>Segment profit/(loss) before income tax</b>	<b>21,159</b>	<b>1,174</b>	<b>3,640</b>	<b>161</b>	<b>(392)</b>	<b>131</b>	<b>(143)</b>	<b>(206)</b>	<b>7,827</b>	<b>(10,749)</b>	<b>22,602</b>	
Investments in associates	500	-	-	-	-	-	-	-	6,999	-	7,499	
Investments in joint ventures	-	-	-	-	-	-	-	-	4,360	-	4,360	
Other investments	4,007	-	-	-	-	-	-	-	1,351	-	5,358	
Additions to non-current assets other than financial instruments	17,360	204	567	54	176	262	-	29	36	-	18,688	
<b>Segment assets</b>	<b>442,261</b>	<b>13,424</b>	<b>17,720</b>	<b>5,604</b>	<b>2,554</b>	<b>3,319</b>	<b>371</b>	<b>1,430</b>	<b>82,855</b>	<b>(110,668)</b>	<b>458,870</b>	
<b>Segment liabilities</b>	<b>220,385</b>	<b>6,401</b>	<b>5,891</b>	<b>10,296</b>	<b>1,625</b>	<b>3,151</b>	<b>464</b>	<b>821</b>	<b>30,341</b>	<b>(140,303)</b>	<b>139,072</b>	



## NOTES TO THE Financial Statements

30 June 2019

### 4. OPERATING SEGMENTS (CONTINUED)

	Logistics										Other operating segments	Total
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	Sri Lanka	USA	Eliminations			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2019 (continued)</b>												
<b>Other material non-cash items</b>												
Depreciation of property, plant and equipment	11,745	171	345	61	175	47	11	4	128	-	-	12,687
Impairment losses on:												
- intangible assets	225	-	-	9	-	-	-	-	-	-	-	234
- investments in associates	-	-	-	-	-	-	-	-	320	-	-	320
- trade receivables	6	-	-	93	1	-	-	-	-	-	-	100
Provision for post-employment benefits obligation	-	-	316	-	-	-	-	-	-	-	-	316
Reversal of impairment losses on:												
- trade receivables	(2,161)	(138)	-	(24)	(9)	(22)	(16)	-	-	-	-	(2,370)
- other receivables	-	-	-	-	-	-	-	-	(186)	-	-	(186)

# NOTES TO THE Financial Statements

30 June 2019

## 4. OPERATING SEGMENTS (CONTINUED)

	← Malaysia		Australia		Indonesia		Logistics		← Sri Lanka		← Marine		Other		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Thailand	Vietnam	India	RM'000	RM'000	Singapore	operating segments	Eliminations		RM'000
<b>2018</b>																
Revenue																
Total revenue	389,033	44,800	33,296	14,451	13,164	10,731	7,182	6,512	11,886	(19,470)	511,585					
Inter-segment revenue	(3,968)	(838)	(1,291)	(1,672)	(483)	(255)	(49)	-	(10,914)	19,470	-					
<b>Revenue from external customers</b>	<b>385,065</b>	<b>43,962</b>	<b>32,005</b>	<b>12,779</b>	<b>12,681</b>	<b>10,476</b>	<b>7,133</b>	<b>6,512</b>	<b>972</b>	<b>-</b>	<b>511,585</b>					
Finance costs	(3,317)	(18)	(75)	(4)	-	(128)	-	(114)	-	79	(3,577)					
Share of loss of associates	71	-	-	-	-	-	-	-	(2,665)	-	(2,594)					
Share of profit of joint ventures	-	-	-	-	-	-	-	-	2,126	-	2,126					
<b>Segment profit/(loss) before income tax</b>	<b>23,869</b>	<b>1,522</b>	<b>2,129</b>	<b>(814)</b>	<b>(177)</b>	<b>(85)</b>	<b>59</b>	<b>(840)</b>	<b>6,333</b>	<b>(3,570)</b>	<b>28,426</b>					
Investments in associates	528	-	-	-	-	-	-	-	10,889	-	11,417					
Investments in joint ventures	-	-	-	-	-	-	-	-	3,644	-	3,644					
Other investments	3,001	-	-	-	-	-	-	-	1,519	-	4,520					
Additions to non-current assets other than financial instruments	10,288	209	1,310	187	42	-	4	678	6	-	12,724					
<b>Segment assets</b>	<b>437,033</b>	<b>11,366</b>	<b>14,068</b>	<b>1,832</b>	<b>3,093</b>	<b>2,642</b>	<b>614</b>	<b>-</b>	<b>80,038</b>	<b>(99,359)</b>	<b>451,327</b>					
<b>Segment liabilities</b>	<b>215,242</b>	<b>5,089</b>	<b>5,257</b>	<b>6,440</b>	<b>1,742</b>	<b>2,608</b>	<b>513</b>	<b>-</b>	<b>28,673</b>	<b>(133,329)</b>	<b>132,235</b>					

## NOTES TO THE Financial Statements

30 June 2019

### 4. OPERATING SEGMENTS (CONTINUED)

	← Malaysia		Australia		Indonesia		Logistics		→ Sri Lanka		→ Singapore		→ Other operating segments		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Thailand	Vietnam	India	RM'000	RM'000	RM'000	Eliminations	RM'000	
2018 (continued)	10,398	150	321	93	228	66	17	1,273	160	-	-	-	-	12,706	
<b>Other material non-cash items</b>															
Depreciation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses on:															
- investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,650)	-	
- investments in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	1,280	
- investments in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	997	-	
- amounts owing by joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	1,757	
- trade receivables	1,200	59	109	23	-	96	-	-	-	-	-	-	-	1,487	
Provision for post-employment benefits obligation	-	-	591	-	-	-	-	-	-	-	-	-	-	591	
Gain on disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(1,523)	(1,523)	
Reversal of impairment losses on trade receivables	(834)	-	(167)	(58)	-	(48)	-	-	-	-	-	-	-	(1,107)	

## NOTES TO THE Financial Statements

30 June 2019

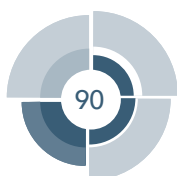
### 4. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2019 RM'000	2018 RM'000
<b>Profit for the financial year</b>		
Total profit or loss for reportable segments	22,602	28,426
Tax expense	(7,902)	(8,310)
Profit for the financial year of the Group per consolidated statement of profit or loss	<b>14,700</b>	20,116
<b>Assets</b>		
Total assets for reportable segments	458,870	451,327
Deferred tax assets	1,048	908
Current tax assets	3,628	3,079
Assets of the Group per consolidated statement of financial position	<b>463,546</b>	455,314
<b>Liabilities</b>		
Total liabilities for reportable segments	139,072	132,235
Deferred tax liabilities	24,398	25,129
Current tax liabilities	3,662	4,228
Liabilities of the Group per consolidated statement of financial position	<b>167,132</b>	161,592

### Major customers

The Group does not have any major customers with revenue equal to or more than ten percent (10%) of the revenue of the Group.



## NOTES TO THE Financial Statements

30 June 2019

### 5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2018 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year		Balance as at 30.6.2019 RM'000
					RM'000	Translations adjustments RM'000	
<b>Carrying amount</b>							
<b>At valuation</b>							
Freehold land	55,560	-	-	-	-	-	55,560
Long-term leasehold land	56,400	-	-	-	(785)	-	55,615
Buildings	95,056	-	-	-	(2,259)	32	92,829
<b>At cost</b>							
Machinery, furniture and fittings	9,762	1,148	(317)	(1)	(1,743)	(1)	8,848
Office equipment	3,318	1,624	(80)	(4)	(1,246)	2	3,614
Renovations	1,535	1,585	-	-	(339)	9	2,790
Motor vehicles	7,151	5,621	(224)	-	(2,379)	33	10,202
Forklifts	348	-	-	-	(205)	-	143
Storage containers	513	24	(4)	-	(117)	-	416
Prime movers and trailers	13,390	8,682	(376)	-	(3,614)	-	18,082
	243,033	18,684	(1,001)	(5)	(12,687)	75	248,099

## NOTES TO THE Financial Statements

30 June 2019

### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	At 30.6.2019				
	Cost RM'000	Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
<b>At valuation</b>					
Freehold land	-	55,560	-	-	55,560
Long-term leasehold land	-	56,400	(785)	-	55,615
Buildings	-	95,197	(2,296)	(72)	92,829
<b>At cost</b>					
Machinery, furniture and fittings	20,519	-	(11,671)	-	8,848
Office equipment	19,221	-	(15,607)	-	3,614
Renovations	4,273	-	(1,483)	-	2,790
Motor vehicles	23,388	-	(13,186)	-	10,202
Forklifts	4,942	-	(4,799)	-	143
Storage containers	1,682	-	(1,266)	-	416
Prime movers and trailers	43,782	-	(25,700)	-	18,082
	<b>117,807</b>	<b>207,157</b>	<b>(76,793)</b>	<b>(72)</b>	<b>248,099</b>

## NOTES TO THE Financial Statements

30 June 2019

### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Balance as at 1.7.2017 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Impairment losses RM'000	Revaluation surplus RM'000	Disposal of a subsidiary (Note 35) RM'000	Reclassification adjustments RM'000	Translations adjustments RM'000	Balance as at 30.6.2018 RM'000
<b>Carrying amount</b>											
<b>At valuation</b>											
Freehold land	42,494	-	-	-	-	-	13,066	-	-	-	55,560
Long-term leasehold land	40,095	-	-	-	(552)	-	16,857	-	-	-	56,400
Buildings	80,661	756	-	-	(1,723)	(3)	15,362	-	-	3	95,056
<b>At cost</b>											
Machinery, furniture and fittings	9,212	2,351	(11)	(7)	(1,682)	-	-	(63)	(32)	(6)	9,762
Office equipment	3,476	1,329	(7)	(14)	(1,308)	-	-	(101)	-	(57)	3,318
Renovations	1,166	634	-	(12)	(238)	-	-	-	-	(15)	1,535
Motor vehicles	7,679	2,044	(261)	-	(2,186)	-	-	-	-	(125)	7,151
Forklifts	577	-	-	-	(229)	-	-	-	-	-	348
Storage containers	718	-	(90)	-	(147)	-	-	-	32	-	513
Tugboats and barges	31,141	678	(1,674)	-	(1,245)	-	-	(28,545)	-	(355)	-
Prime movers and trailers	11,944	4,926	(22)	(62)	(3,396)	-	-	-	-	-	13,390
	229,163	12,718	(2,065)	(95)	(12,706)	(3)	45,285	(28,709)	-	(555)	243,033

**NOTES TO THE Financial Statements**

30 June 2019

**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Group	At 30.6.2018				
	Cost RM'000	Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
<b>At valuation</b>					
Freehold land	-	55,560	-	-	55,560
Long-term leasehold land	-	56,400	-	-	56,400
Buildings	-	95,128	-	(72)	95,056
<b>At cost</b>					
Machinery, furniture and fittings	20,103	-	(10,341)	-	9,762
Office equipment	17,939	-	(14,621)	-	3,318
Renovations	2,697	-	(1,162)	-	1,535
Motor vehicles	19,155	-	(12,004)	-	7,151
Forklifts	5,097	-	(4,749)	-	348
Storage containers	1,984	-	(1,471)	-	513
Prime movers and trailers	36,680	-	(23,290)	-	13,390
	103,655	207,088	(67,638)	(72)	243,033



## NOTES TO THE Financial Statements 30 June 2019

### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except for 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 less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land and buildings are revalued regularly (or at least once in every three (3) years) to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Depreciation is calculated to write down the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal depreciation periods and annual rates are as follows:

Long-term leasehold land	60 years - 99 years
Buildings	50 years
Machinery, furniture and fittings	10% - 33%
Office equipment	10% - 66%
Renovations	10% - 25%
Motor vehicles	10% - 20%
Forklifts	20%
Storage containers	10%
Prime movers and trailers	10%

Freehold land has unlimited useful life and is not depreciated.

- (b) The Group has assessed and classified land use rights as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 Leases.
- (c) Freehold land, long-term leasehold land and buildings (collectively known as land and buildings) classified under property, plant and equipment were measured at valuation with effect as at 30 June 2018. The valuation exercise on the land and buildings was performed by an independent professional valuer using the open market value method.

The amounts recognised in the financial statements arising from the revaluation were as follows:

	Group	
	2019 RM'000	2018 RM'000
Revaluation reserve	-	45,285
Deferred tax liabilities (Note 11(a))	-	(8,372)
	-	36,913

## NOTES TO THE Financial Statements

30 June 2019

### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) Had the revalued assets been carried out at cost less accumulated depreciation, the carrying amount would have been:

	Group	
	2019 RM'000	2018 RM'000
Freehold land	42,480	42,480
Long-term leasehold land	17,802	18,060
Buildings	70,109	71,782
	<b>130,391</b>	132,322

(e) The fair value of land and buildings (at valuation) of the Group are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2019</b>				
Freehold land	-	55,560	-	55,560
Long-term leasehold land	-	55,615	-	55,615
Buildings	-	92,829	-	92,829
	-	<b>204,004</b>	-	<b>204,004</b>
<b>2018</b>				
Freehold land	-	55,560	-	55,560
Long-term leasehold land	-	56,400	-	56,400
Buildings	-	95,056	-	95,056
	-	207,016	-	207,016

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 30 June 2019.
- (ii) Level 2 fair value of land and buildings (at valuation) was determined by external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuer provides the fair value of the land and buildings (at valuation) of the Group on a regular basis.
- (iii) The fair value measurements of the land and buildings (at valuation) were based on the highest and best use, which did not differ from their actual use.

## NOTES TO THE Financial Statements

30 June 2019

### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(f) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2019 RM'000	2018 RM'000
Purchase of property, plant and equipment Financed by hire purchase and lease arrangements	18,684 (12,781)	12,718 (6,390)
Cash payments on purchase of property, plant and equipment	<b>5,903</b>	6,328

(g) The net carrying amount of the property, plant and equipment of the Group under hire purchase and lease arrangements at the end of the reporting period are as follows:

	Group	
	2019 RM'000	2018 RM'000
Motor vehicles	7,469	4,406
Prime movers and trailers	14,303	8,495
Forklifts	130	194
	<b>21,902</b>	13,095

Details of the terms of the hire purchase and lease arrangements are disclosed in Note 22 to the financial statements.

(h) Property, plant and equipment pledged as security for banking facilities granted to the Group as disclosed in Notes 23 and 27 to the financial statements are as follows:

	Group	
	2019 RM'000	2018 RM'000
<b>Carrying amount</b>		
Freehold land	55,560	55,560
Long-term leasehold land	55,615	56,400
Buildings	91,405	93,600
	<b>202,580</b>	205,560

## NOTES TO THE Financial Statements

30 June 2019

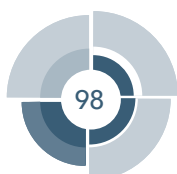
### 6. INTANGIBLE ASSETS

Group	Balance as at 1.7.2018 RM'000	Additions RM'000	Acquisition of a subsidiary RM'000	Impairment losses RM'000	Amortisation charge for the financial year RM'000	Balance as at 30.6.2019 RM'000
Goodwill on consolidation	-	-	9	(9)	-	-
Computer software	1,404	4	-	-	(426)	982
Rights to participate in hub business	225	-	-	(225)	-	-
	1,629	4	9	(234)	(426)	982

Group	As at 30.6.2019 Accumulated amortisation and impairment		Carrying amount RM'000
	Cost RM'000	RM'000	
Goodwill on consolidation	226	(226)	-
Computer software	2,124	(1,142)	982
Rights to participate in hub business	250	(250)	-
	2,600	(1,618)	982

Group	Balance as at 1.7.2017 RM'000	Additions RM'000	Disposal of a subsidiary (Note 35) RM'000	Amortisation charge for the financial year RM'000	Balance as at 30.6.2018 RM'000
Goodwill on consolidation	1,659	-	(1,659)	-	-
Computer software	1,820	6	-	(422)	1,404
Rights to participate in hub business	250	-	-	(25)	225
	3,729	6	(1,659)	(447)	1,629

Group	As at 30.6.2018 Accumulated amortisation and impairment		Carrying amount RM'000
	Cost RM'000	RM'000	
Goodwill on consolidation	217	(217)	-
Computer software	2,120	(716)	1,404
Rights to participate in hub business	250	(25)	225
	2,587	(958)	1,629



## NOTES TO THE Financial Statements

30 June 2019

### 6. INTANGIBLE ASSETS (CONTINUED)

- (a) Intangible assets are initially measured at cost. After initial recognition, intangible assets, excluding goodwill are carried at cost less accumulated amortisation and any accumulated impairment losses.
- (b) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.
- (c) Goodwill on consolidation

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The carrying amount of goodwill allocated to each unit is as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Logistics:		
- Malaysia	<b>179</b>	179
- Thailand	<b>32</b>	23
- Australia	<b>4</b>	4
Others	<b>11</b>	11
	<b>226</b>	217
Less: Impairment losses		
Logistics:		
- Malaysia	<b>(179)</b>	(179)
- Thailand	<b>(32)</b>	(23)
- Australia	<b>(4)</b>	(4)
Others	<b>(11)</b>	(11)
	<b>-</b>	-
	<b>226</b>	217

- (d) Rights to participate in hub business are the rights to operate and manage the hub business, which was acquired from an associate, Hubwire Sdn. Bhd. to a subsidiary, FM Hubwire Sdn. Bhd.. The rights is initially measured at cost and is amortised on a straight line basis over its estimated useful life of ten (10) years.

During the financial year, there was an impairment loss of approximately RM225,000 recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss due to the recoverable amount of the rights was less than its carrying amount.

- (e) During the financial year, the Group made the following cash payments to purchase intangible assets:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash payments on purchase of intangible assets	<b>4</b>	6
	<b>4</b>	6
	<b>4</b>	6

## NOTES TO THE Financial Statements

30 June 2019

### 6. INTANGIBLE ASSETS (CONTINUED)

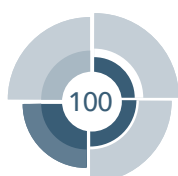
- (f) Computer software that does not form an integral part of the related hardware is treated as intangible assets with finite useful lives and is amortised on a straight line basis over its estimated useful life of five (5) years.

### 7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Unquoted equity shares, at cost	43,495	43,495
Equity loan to a subsidiary	26,161	26,161
	<b>69,656</b>	69,656
Less: Impairment losses	(2,300)	(2,300)
	<b>67,356</b>	67,356

- (a) Investments in subsidiaries are measured at cost in the separate financial statements of the Company. Non-controlling interests are measured at their proportionate share of the net assets of subsidiaries, unless another measurement basis is required by MFRSs.
- (b) Equity loan to a subsidiary is unsecured and interest-free. Equity loan represents non-trade loan granted by the Company to a subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future and is intended to provide the subsidiary with a long-term source of additional capital.
- (c) The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2019	2018	
FM Global Logistics (M) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
FM Multimodal Services Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
FM Global Logistics (KUL) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
# FM Worldwide Logistics (Penang) Sdn. Bhd.	Malaysia	100%	100%	Dormant
# FM Global Logistics (Ipoh) Sdn. Bhd.	Malaysia	100%	100%	Dormant
# FM Global Logistics (Melaka) Sdn. Bhd.	Malaysia	100%	100%	Dormant
# FM Global Logistics (Penang) Sdn. Bhd.	Malaysia	100%	100%	Dormant
# Advance International Freight Sdn. Bhd.	Malaysia	100%	100%	Dormant



## NOTES TO THE Financial Statements 30 June 2019

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2019	2018	
# FMG Capital & Management Sdn. Bhd. ("FMGC")	Malaysia	100%	100%	Investment holding
# Freight Management MSC Sdn. Bhd.	Malaysia	100%	100%	Developing, providing and maintaining IT software application solutions
Symphony Express Sdn. Bhd.	Malaysia	80%	80%	Provision of freight services
# Exterian Enterprise Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
# FM Global Logistics (S'pore) Pte. Ltd.	Singapore	100%	100%	Provision of freight services
# FM Global Logistics Ventures Sdn. Bhd. ("FMGLV")	Malaysia	100%	100%	Investment holding
+ Icon Freight International Inc.	British Virgin Islands	100%	100%	Provision of management services
# FM Hubwire Sdn. Bhd.	Malaysia	65%	65%	Provision of e-commerce logistics services
Parcel To Post Services Sdn. Bhd.	Malaysia	100%	100%	Provision of parcel services
+ FMGL Overseas Venture Limited	Hong Kong	100%	-	Investment holding
<b>Subsidiaries of FM Global Logistics Ventures Sdn. Bhd.</b>				
* PT. FM Global Logistics ("PTFM")	Indonesia	67%	67%	Provision of freight services
+ FM Global Logistics Pty. Ltd.	Australia	55%	75%	Provision of integrated freight and logistic services
# FM Global Logistics Co., Ltd.	Thailand	100%	100%	Provision of freight services
+ FM Global Korea Corporation	South Korea	100%	100%	Provision of trading services
* FM Global Logistics Company Limited	Vietnam	95%	95%	Provision of freight services
+ FM Global Logistics (HK) Limited	Hong Kong	100%	100%	Provision of freight services

## NOTES TO THE Financial Statements

30 June 2019

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2019	2018	
<b>Subsidiaries of FM Global Logistics Ventures Sdn. Bhd. (continued)</b>				
#@ FM Global Logistics (India) Private Limited	India	51%	51%	Provision of integrated freight and logistic services
#^@ FM Global Logistics Lanka (Private) Limited ("FMGLL")	Sri Lanka	40%	40%	Provision of integrated freight and logistic services
+ FM Global Logistics (USA), LLC	United States of America	70%	-	Provision of freight services
<b>Subsidiary of FM Global Logistics Co., Ltd.</b>				
# FMG Logistics Co., Ltd. ("FMGT")	Thailand	49%	-	Provision of freight services
<b>Subsidiary of FM Multimodal Services Sdn. Bhd.</b>				
# Dependable Global Express Malaysia Sdn. Bhd.	Malaysia	51%	51%	Provision of freight services
<b>Subsidiaries of FM Global Logistics (M) Sdn. Bhd.</b>				
# FM Contract Logistics Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
# Advance Retail Services Sdn. Bhd. (Formerly known as Advance Cargo Logistics Sdn. Bhd.)	Malaysia	100%	100%	Provision of freight services
<b>Subsidiary of FMG Capital &amp; Management Sdn. Bhd.</b>				
Centro Maxx Sdn. Bhd.	Malaysia	100%	-	Trading of goods

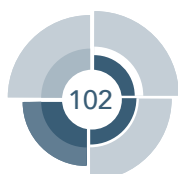
^ The financial statements of FMGLL was consolidated as a subsidiary as the Group has control over the Board and power to govern the relevant activities of this entity (Note 7(d)).

+ Subsidiaries are consolidated based on management accounts for the financial year ended 30 June 2019. The financial statements of these subsidiaries are not required to be audited in their country of incorporation.

\* Subsidiaries audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.

# Subsidiaries audited by other firms of chartered accountants.

@ Subsidiaries had financial year ended 31 March 2019 and were consolidated based on management accounts for the financial year ended 30 June 2019.





## NOTES TO THE Financial Statements

30 June 2019

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (d) Consolidation of entities in which the Group holds less than majority of voting rights

The Group considers that it controls FM Global Logistics Lanka (Private) Limited ("FMGLL") by virtue of the substantial options it owns, which are convertible into ordinary shares to give the Group additional voting rights of eleven percent (11%) over the relevant activities of FMGLL. The eventual exercise of options would bring the shareholdings of the Group in FMGLL to fifty-one percent (51%). The existence and effect of the potential voting rights have been considered when assessing whether the Group has control in FMGLL.

- (e) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

2019	PT. FM Global Logistics	FM Global Logistics Pty. Ltd.	Other individual immaterial subsidiaries	Total
NCI percentage of ownership and voting interests	33%	45%		
Carrying amount of NCI (RM'000)	4,004	3,138	757	7,899
Profit allocated to NCI (RM'000)	835	191	74	1,100
Other comprehensive loss allocated to NCI (RM'000)	(11)	-	-	(11)
Dividend paid to NCI (RM'000)	-	-	(200)	(200)

2018	TCH Marine Pte. Ltd.	PT. FM Global Logistics	FM Global Logistics Pty. Ltd.	Other individual immaterial subsidiaries	Total
NCI percentage of ownership and voting interests	-	33%	25%		
Carrying amount of NCI (RM'000)	-	3,022	1,556	600	5,178
(Loss)/Profit allocated to NCI (RM'000)	(411)	455	272	105	421
Other comprehensive income allocated to NCI (RM'000)	-	41	-	-	41
Dividend paid to NCI (RM'000)	(298)	-	-	(200)	(498)

The NCI of all other subsidiaries that are not wholly-owned by the Group are deemed to be immaterial.

## NOTES TO THE Financial Statements

30 June 2019

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of the reporting period are as follows:

2019	PT. FM Global Logistics RM'000	FM Global Logistics Pty. Ltd. RM'000	
<b>Assets and liabilities</b>			
Non-current assets	2,460	616	
Current assets	15,659	12,808	
Non-current liabilities	(227)	(267)	
Current liabilities	(5,759)	(6,150)	
Net assets	12,133	7,007	
<b>Results</b>			
Revenue	36,237	56,492	
Profit for the financial year	2,531	773	
Total comprehensive income	2,531	773	
Cash flows from/(used in) operating activities	1,688	(74)	
Cash flows used in investing activities	(220)	(89)	
Cash flows (used in)/from financing activities	(96)	151	
Net increase/(decrease) in cash and cash equivalents	1,372	(12)	
<b>2018</b>			
<b>Assets and liabilities</b>			
Non-current assets	-	2,094	
Current assets	-	12,322	
Non-current liabilities	-	(122)	
Current liabilities	-	(5,135)	
Net assets	-	9,159	
<b>Results</b>			
Revenue	6,512	33,296	
(Loss)/Profit for the financial year	(840)	1,173	
Total comprehensive (loss)/income	(840)	1,285	
Cash flows from operating activities	-	2,071	
Cash flows used in investing activities	-	(1,148)	
Cash flows from/(used in) financing activities	-	527	
Net increase in cash and cash equivalents	-	1,450	
	TCH Marine Pte. Ltd. RM'000	PT. FM Global Logistics RM'000	FM Global Logistics Pty. Ltd. RM'000
Non-current assets	-	2,094	598
Current assets	-	12,322	10,768
Non-current liabilities	-	(122)	(222)
Current liabilities	-	(5,135)	(4,919)
Net assets	-	9,159	6,225
Revenue	6,512	33,296	44,800
(Loss)/Profit for the financial year	(840)	1,173	1,087
Total comprehensive (loss)/income	(840)	1,285	1,087
Cash flows from operating activities	-	2,071	2,083
Cash flows used in investing activities	-	(1,148)	(43)
Cash flows from/(used in) financing activities	-	527	(113)
Net increase in cash and cash equivalents	-	1,450	1,927

## NOTES TO THE Financial Statements

30 June 2019

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(g) The following subsidiaries have significant restrictions applied to their assets as follows:

(i) Restriction imposed by bank covenants

The covenants of borrowings taken by FM Multimodal Services Sdn. Bhd., FM Global Logistics (KUL) Sdn. Bhd. and FM Global Logistics (M) Sdn. Bhd., direct subsidiaries of the Company, restrict the ability of these subsidiaries to declare dividends to their shareholders in excess of their profit after tax for each of the financial year.

(ii) Restriction imposed by shareholders' agreements

In certain subsidiaries not wholly-owned by the Company, the non-controlling shareholders hold protective right, which restricts the ability of the Group to transfer its shares to any other third party at any point in time, unless approval is obtained from the non-controlling interest shareholders.

### 8. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted equity shares, at cost	16,630	15,335	8,869	7,574
Share of post-acquisition losses	(7,531)	(2,638)	-	-
	<b>9,099</b>	12,697	<b>8,869</b>	7,574
Less: Impairment losses	(1,600)	(1,280)	-	-
	<b>7,499</b>	11,417	<b>8,869</b>	7,574

(a) Investments in associates are measured at cost less impairment losses, if any, in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements of the Group.

(b) The details of the associates are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2019	2018	
* TCH Marine Pte. Ltd. ("TCH")	Singapore	49%	49%	Charterers of barges and tugboats
*^ YKP-FM Global Shipyard Co., Ltd.	Thailand	31%	25%	Development and operation of shipyard
<b>Associate of FM Global Logistics (M) Sdn. Bhd.</b>				
* FM Distribution Sdn. Bhd.	Malaysia	49%	49%	Provision of warehouse services
<b>Associate of FM Global Logistics Ventures Sdn. Bhd.</b>				
*^ Hubwire Sdn. Bhd.	Malaysia	20%	20%	Provision of e-commerce business

\* Associates audited by other firms of chartered accountants.

^ Associates had financial year ended 31 December 2018 and were equity accounted based on management accounts for the financial year ended 30 June 2019.

## NOTES TO THE Financial Statements

30 June 2019

### 8. INVESTMENTS IN ASSOCIATES (CONTINUED)

(c) The summarised financial information of the associates is as follows:

	TCH Marine Pte. Ltd. RM'000	FM Distribution Sdn. Bhd. RM'000	YKP-FM Global Shipyards Co., Ltd. RM'000	Hubwire Sdn. Bhd. RM'000
<b>2019</b>				
<b>Assets and liabilities</b>				
Non-current assets	19,583	-	39,732	-
Current assets	1,968	894	2,526	15
Non-current liabilities	-	-	(20,119)	-
Current liabilities	(15,763)	(13)	(7,725)	(101)
Net assets	5,788	881	14,414	(86)
<b>Results</b>				
Revenue	11,444	88	3,222	-
Profit/(Loss) for the financial year	(10,125)	(56)	309	-
Total comprehensive (loss)/income	(10,125)	(56)	309	-
<b>2018</b>				
<b>Assets and liabilities</b>				
Non-current assets	26,332	-	35,486	2,017
Current assets	2,453	996	1,152	197
Non-current liabilities	(179)	-	(18,579)	-
Current liabilities	(12,405)	(59)	(7,536)	(504)
Net assets	16,201	937	10,523	1,710
<b>Results</b>				
Revenue	6,020	597	2,711	-
(Loss)/Profit for the financial year	(5,400)	145	(77)	-
Total comprehensive (loss)/income	(5,400)	145	(77)	-

## NOTES TO THE Financial Statements

30 June 2019

### 8. INVESTMENTS IN ASSOCIATES (CONTINUED)

(d) The reconciliation of net assets of the associates to the carrying amount of the investments in associates is as follows:

	TCH Marine Pte. Ltd. RM'000	FM Distribution Sdn. Bhd. RM'000	YKP-FM Global Shipyards Co., Ltd. RM'000	Hubwire Sdn. Bhd. RM'000	Total RM'000
<b>As at 30 June 2019</b>					
Share of net assets of the Group	2,978	432	4,021	342	7,773
Goodwill	-	68	-	1,258	1,326
Less: Impairment losses	-	-	-	(1,600)	(1,600)
Carrying amount in the statements of financial position	<b>2,978</b>	<b>500</b>	<b>4,021</b>	<b>-</b>	<b>7,499</b>
<b>Share of results of the Group for the financial year ended 30 June 2019</b>					
Share of (loss) profit/other comprehensive (loss)/income of the Group	<b>(4,961)</b>	<b>(27)</b>	<b>95</b>	<b>-</b>	<b>(4,893)</b>
<b>As at 30 June 2018</b>					
Share of net assets of the Group	7,938	460	2,631	342	11,371
Goodwill	-	68	-	1,258	1,326
Less: Impairment losses	-	-	-	(1,280)	(1,280)
Carrying amount in the statements of financial position	<b>7,938</b>	<b>528</b>	<b>2,631</b>	<b>320</b>	<b>11,417</b>
<b>Share of results of the Group for the financial year ended 30 June 2018</b>					
Share of (loss)/profit/other comprehensive (loss)/ income of the Group	<b>(2,646)</b>	<b>71</b>	<b>(19)</b>	<b>-</b>	<b>(2,594)</b>

(e) The Group has not recognised losses relating to Hubwire Sdn. Bhd., where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM316,308, of which RM316,308 was the share of the current financial year's losses. The Group has no obligation in respect of these losses.

**NOTES TO THE Financial Statements**

30 June 2019

**9. INVESTMENTS IN JOINT VENTURES**

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted equity shares, at cost	<b>2,987</b>	2,987	<b>997</b>	997
Long-term advances to a joint venture	<b>1,413</b>	1,413	<b>1,413</b>	1,413
Share of post-acquisition losses	<b>(40)</b>	(756)	-	-
	<b>4,360</b>	3,644	<b>2,410</b>	2,410
Less: Impairment losses	-	-	<b>(2,410)</b>	(2,410)
	<b>4,360</b>	3,644	-	-

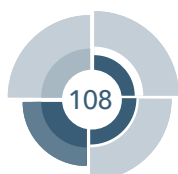
- (a) Investments in joint ventures are measured at cost less impairment losses, if any, in the separate financial statements of the Company. The Group has determined that all of its joint arrangements structured through separate vehicles provide rights to the net assets and are therefore, classified as joint ventures. The Group accounts for investments in joint ventures using the equity method.
- (b) Long-term advances to a joint venture are unsecured, settlement is neither planned nor likely to occur in the foreseeable future and interest-free.
- (c) The details of the joint ventures are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2019	2018	
*# Transenergy Shipping Pte. Ltd.	Malaysia	<b>50%</b>	50%	Provision of marine services
*# Transenergy Shipping Management Sdn. Bhd.	Malaysia	<b>50%</b>	50%	Provision of marine services
<b>Joint ventures of FM Global Logistics Ventures Sdn. Bhd.</b>				
* FM Global Logistics (Phil.), Inc.	Philippines	<b>50%</b>	50%	Provision of integrated freight and logistics services
*^ Amass Freight Middle East FZCO	United Arab Emirates	<b>50%</b>	50%	Investment holding

\* Joint ventures audited by other firms of chartered accountants.

# Joint ventures had financial year ended 31 March 2019 and were equity accounted based on management accounts for the financial year ended 30 June 2019.

^ Joint venture had financial year ended 31 December 2018 and was equity accounted based on management accounts for the financial year ended 30 June 2019.



## NOTES TO THE Financial Statements

30 June 2019

### 9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

(d) The summarised financial information of the joint ventures is as follows:

	Transenergy Group of Companies* RM'000	FM Global Logistics (Phil.), Inc. RM'000	Amass Freight Middle East FZCO RM'000
<b>2019</b>			
<b>Assets and liabilities</b>			
Non-current assets	8,068	1,939	589
Current assets	4,275	8,593	8,135
Current liabilities	(28,016)	(4,814)	(7,683)
Net (liabilities)/assets	<u>(15,673)</u>	<u>5,718</u>	<u>1,041</u>
<b>Results</b>			
Revenue	3,935	27,948	33,206
Administrative expenses	(5,445)	(27,077)	(32,646)
(Loss)/Profit for the financial year	<u>(1,510)</u>	<u>871</u>	<u>560</u>
<b>2018</b>			
<b>Assets and liabilities</b>			
Non-current assets	11,075	1,848	271
Current assets	702	7,269	5,850
Current liabilities	(21,779)	(4,271)	(5,640)
Net (liabilities)/assets	<u>(10,002)</u>	<u>4,846</u>	<u>481</u>
<b>Results</b>			
Revenue	11,611	22,940	24,521
Administrative expenses	(9,398)	(20,731)	(24,693)
Profit/(Loss) for the financial year	<u>2,213</u>	<u>2,209</u>	<u>(172)</u>

\* Represent Transenergy Shipping Pte. Ltd. and Transenergy Shipping Management Sdn. Bhd..

## NOTES TO THE Financial Statements

30 June 2019

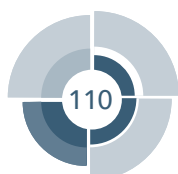
### 9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

- (e) The reconciliation of net assets of the joint ventures to the carrying amount of the investments in joint ventures is as follows:

	Transenergy Group of Companies* RM'000	FM Global Logistics (Phil.), Inc. RM'000	Amass Freight Middle East FZCO RM'000	Total RM'000
<b>As at 30 June 2019</b>				
Share of net assets of the Group	-	2,859	521	3,380
Goodwill	-	980	-	980
Carrying amount in the statements of financial position	-	3,839	521	4,360
<b>Share of results of the Group for the financial year ended 30 June 2019</b>				
Share of profit by the Group for the financial year	-	436	280	716
<b>As at 30 June 2018</b>				
Share of net assets of the Group	-	2,423	241	2,664
Goodwill	-	980	-	980
Carrying amount in the statements of financial position	-	3,403	241	3,644
<b>Share of results of the Group for the financial year ended 30 June 2018</b>				
Share of profit/(loss) by the Group for the financial year	1,107	1,105	(86)	2,126
Dividend received from a joint venture	-	(532)	-	(532)

\* Represent Transenergy Shipping Pte. Ltd. and Transenergy Shipping Management Sdn. Bhd.

- (f) The Group has not recognised losses relating to Transenergy Group of Companies, where its share of losses exceeds the Group's interest in these joint ventures. The Group's cumulative share of unrecognised losses at the end of the reporting period was approximately RM5,756,000 (2018: RM5,001,000) of which approximately RM755,000 (2018: RM2,891,000) was the share of the current financial year's losses. The Group has no obligation in respect of these losses.





## NOTES TO THE Financial Statements

30 June 2019

### 10. OTHER INVESTMENTS

	Group	
	2019	2018
	RM'000	RM'000
<b>Non-current</b>		
Equity security:		
- Unquoted shares in Malaysia	360	360
<b>Current</b>		
Equity securities:		
- Unit trust funds quoted in Malaysia	4,007	3,001
- Quoted shares outside Malaysia	991	1,159
Total current other investments	4,998	4,160
Total other investments	5,358	4,520

- (a) On 1 July 2018, the unquoted shares are classified as financial assets at fair value through other comprehensive income pursuant to MFRS 9 Financial Instruments. Comparatives were not restated in accordance with the transition requirements in paragraph 7.2.15 of this Standard.

Unquoted shares which are not held for trading for which the Group has irrevocably elected at initial recognition to recognise at fair value through other comprehensive income. These are strategic investments for which the Group considers this classification to be appropriate and relevant.

- (b) Prior to 1 July 2018, the unquoted shares were classified as available-for-sale financial assets pursuant to MFRS 139 Financial Instruments: Recognition and Measurement.
- (c) All regular way purchases and sales of financial assets are recognised or derecognised using trade date accounting.
- (d) The fair values of quoted investments are determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

The fair value of unquoted shares in Malaysia is estimated based on the market approach model. Management obtained the industry share price from observable market data divided by price to earnings ratio ("P/E"), and multiplied by profit after taxation of the investee to derive the estimated fair value. Management believes that the estimated fair value resulting from this valuation model is reasonable and the most appropriate at the end of the reporting period.

- (e) The Group invested in unit trust funds quoted in Malaysia, at net for a total cash consideration of RM7,056,132 (2018: RM12,737,707).

At the end of the reporting period, the Group recognised a fair value gain of RM62,027 (2018: RM297,405) in the financial statements.

Unit trust funds quoted in Malaysia, which are held by the Group are highly liquid, readily convertible to cash and are subject to insignificant risk of changes in value and hence, meet the definition to be classified as cash and cash equivalents (Note 19(d)).

- (f) At the end of the reporting period, the Group recognised a fair value loss on quoted shares of RM167,542 (2018 - fair value gain: RM354,994) in the financial statements.

## NOTES TO THE Financial Statements

30 June 2019

### 10. OTHER INVESTMENTS (CONTINUED)

(g) The fair values of other investments of the Group are categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2019</b>				
<b>Other investments</b>				
- Unit trust funds quoted in Malaysia	4,007	-	-	4,007
- Unquoted shares in Malaysia	-	-	360	360
- Quoted shares outside Malaysia	991	-	-	991
<hr/>				
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2018</b>				
<b>Other investments</b>				
- Unit trust funds quoted in Malaysia	3,001	-	-	3,001
- Unquoted shares in Malaysia	-	-	360	360
- Quoted shares outside Malaysia	1,159	-	-	1,159
<hr/>				

(h) Sensitivity analysis of changes in market quoted prices for unit trust funds at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group	
	2019 RM'000	2018 RM'000
<b>Effects of 100bp changes in market quoted prices to profit after tax</b>		
- Unit trust funds	30	23
<hr/>		

(i) The significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair values, is detailed in the table below:

Financial instruments	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair values
Financial assets Unquoted investments in Malaysia	Industry price-earnings ratio of comparable competitors 11.06 (2018: 7.70)	The higher the price-earnings ratio, the higher the fair values of the unquoted investments would be.

## NOTES TO THE Financial Statements

30 June 2019

### 11. DEFERRED TAX (ASSETS)/LIABILITIES

(a) The deferred tax assets and liabilities are made up of the following:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 July 2018/2017	<b>24,221</b>	16,605
Recognised in profit or loss (Note 31)		
- Originating and reversal of temporary differences	<b>(1,212)</b>	(695)
- Under/(Over) provision in prior years	<b>381</b>	(218)
Recognised in other comprehensive income		
- Actuarial (loss)/gain on defined benefits plan	<b>(11)</b>	35
- Arising from revaluation of land and buildings	<b>-</b>	8,372
Exchange differences	<b>(29)</b>	122
	<b>23,350</b>	24,221
Balance as at 30 June 2019/2018	<b>23,350</b>	24,221
Presented after appropriate offsetting		
Deferred tax assets, net	<b>(1,048)</b>	(908)
Deferred tax liabilities, net	<b>24,398</b>	25,129
	<b>23,350</b>	24,221

(b) The movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Deferred tax assets</b>		
Balance as at 1 July 2018/2017	<b>(908)</b>	(1,015)
Recognised in profit or loss		
- Property, plant and equipment	<b>72</b>	-
- Provision for post-employment benefits obligation	<b>(77)</b>	(97)
- Unused tax losses	<b>(124)</b>	169
Recognised in other comprehensive income		
- Actuarial (loss)/gain on defined benefits plan	<b>(11)</b>	35
Balance as at 30 June 2019/2018	<b>(1,048)</b>	(908)

## NOTES TO THE Financial Statements

30 June 2019

### 11. DEFERRED TAX (ASSETS)/LIABILITIES (continued)

- (b) The movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (continued)

<b>Deferred tax liabilities</b>		
Balance as at 1 July 2018/2017	<b>25,129</b>	17,620
Recognised in profit or loss		
- Property, plant and equipment	<b>(391)</b>	(931)
- Unrealised (loss)/gain on foreign currency transactions	<b>(93)</b>	185
- Crystallisation of deferred tax on revaluation reserve	<b>(247)</b>	(117)
Recognised in other comprehensive income		
- Arising from revaluation of land and buildings	-	8,372
	<b>24,398</b>	25,129

- (c) The components of deferred tax assets and liabilities as at the end of the reporting period are as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Deferred tax assets</b>		
Property, plant and equipment	-	(72)
Provision for post-employment benefits obligation	<b>(346)</b>	(269)
Unused tax losses	<b>(683)</b>	(559)
Actuarial loss on defined benefits plan	<b>(19)</b>	(8)
	<b>(1,048)</b>	(908)
<b>Deferred tax liabilities</b>		
Property, plant and equipment	<b>9,441</b>	9,832
Unrealised loss on foreign currency transactions	<b>(241)</b>	(148)
Revaluation of land and buildings	<b>15,198</b>	15,445
	<b>24,398</b>	25,129

- (d) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unused tax losses	<b>5,012</b>	2,333	-	91
Unabsorbed capital allowances	<b>87</b>	40	-	-
Unrealised (gain)/loss on foreign currency transactions	<b>(403)</b>	581	<b>(403)</b>	508
Others	<b>26</b>	39	-	-
	<b>4,722</b>	2,993	<b>(403)</b>	599

## NOTES TO THE Financial Statements

30 June 2019

### 12. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
Trading goods	1,077	-

- (a) Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.
- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM177,785 (2018: nil)

### 13. TRADE RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Third parties	121,706	117,796	-	-
Less: Impairment losses	(1,879)	(1,795)	-	-
Total trade receivables	119,827	116,001	-	-

- (a) Trade receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranges from 7 to 60 days (2018: 7 to 60 days) from date of invoices. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) The information about the exposure to the loss allowance calculated under MFRS 9 are as follows:

Group	Gross carrying amount RM'000	Lifetime loss allowance RM'000	Net carrying amount RM'000
<b>2019</b>			
Current	89,088	(384)	88,704
Past due			
1 to 30 days past due	15,752	(286)	15,466
31 to 60 days past due	5,764	(242)	5,522
61 to 90 days past due	2,533	(81)	2,452
91 to 120 days past due	1,350	(57)	1,293
More than 120 days	7,219	(829)	6,390
	32,618	(1,495)	31,123
	121,706	(1,879)	119,827

## NOTES TO THE Financial Statements

30 June 2019

### 13. TRADE RECEIVABLES (CONTINUED)

- (c) In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables of the Group are as follows:

Group	Gross carrying amount RM'000	Collective impairment RM'000	Net carrying amount RM'000
<b>2018</b>			
Current	87,144	-	87,144
Past due			
1 to 30 days past due	15,587	-	15,587
31 to 60 days past due	6,265	-	6,265
61 to 90 days past due	2,611	-	2,611
91 to 120 days past due	906	-	906
More than 120 days	5,283	(1,795)	3,488
	30,652	(1,795)	28,857
	117,796	(1,795)	116,001

- (d) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. The expected loss rates are based on the Group's historical credit losses experienced over a one year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP) as the key macroeconomic factors.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within 'Administrative Expenses' in the consolidated statement of profit or loss. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

## NOTES TO THE Financial Statements

30 June 2019

### 13. TRADE RECEIVABLES (CONTINUED)

(e) The reconciliation of movements in the impairment losses on trade receivables are as follows:

	Group	
	2019 RM'000	2018 RM'000
At 1 July under MFRS 139	1,795	2,243
Restated through opening retained earnings	2,350	-
Opening impairment loss of trade receivables in accordance with MFRS 9	4,145	2,243
Charged for the financial year	100	1,487
Reversal for the financial year	(2,370)	(1,107)
Written off	-	(728)
Disposal of a subsidiary	-	(96)
Exchange differences	4	(4)
At 30 June	<b>1,879</b>	1,795

(f) The Group determines concentration of credit risk by monitoring the country sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period are as follows:

	2019		Group		2018	
	RM'000	% of total	RM'000	% of total	RM'000	% of total
<b>By country</b>						
Domestic	95,482	80	97,115		84	
Foreign	24,345	20	18,886		16	
	<b>119,827</b>	<b>100</b>	116,001		100	

The Company does not have any significant concentration of credit risk other than the amounts owing by subsidiaries, which constitutes 68.29% (2018: 79.66%) of total receivables of the Company as at the end of the reporting period.

## NOTES TO THE Financial Statements

30 June 2019

### 13. TRADE RECEIVABLES (CONTINUED)

(g) Foreign currency exposure profiles of trade receivables are as follows:

	Group	
	2019 RM'000	2018 RM'000
Ringgit Malaysia	95,456	97,115
US Dollar	6,656	5,834
Singapore Dollar	73	19
Australian Dollar	6,011	4,090
Thai Baht	1,625	887
Indonesian Rupiah	7,198	5,781
Vietnamese Dong	933	817
Indian Rupee	1,690	1,131
Others	185	327
	<b>119,827</b>	<b>116,001</b>

(h) Sensitivity analysis of Ringgit Malaysia ("RM") against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2019 RM'000	2018 RM'000
<b>Effects of 5% changes to RM against foreign currencies</b>		
<b>Profit after tax</b>		
- US Dollar	245	216

The exposure to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

### 14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Other receivables and deposits</b>				
Other receivables	5,966	6,707	148	181
Deposits	4,795	5,771	1	1
	<b>10,761</b>	12,478	<b>149</b>	182
<b>Prepayments</b>				
Prepayments	6,367	4,835	110	83
	<b>17,128</b>	17,313	<b>259</b>	265



## NOTES TO THE Financial Statements

30 June 2019

### 14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

- (a) The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.
- (b) The reconciliation of movements in the impairment losses on other receivables are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 July under MFRS 139	-	-	-	-
Restated through opening retained earnings	<b>186</b>	-	-	-
Opening impairment loss of other receivables in accordance with MFRS 9	<b>186</b>	-	-	-
Reversal for the financial year	<b>(186)</b>	-	-	-
At 30 June	-	-	-	-

- (c) Foreign currency exposure profiles of other receivables and deposits are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	<b>7,436</b>	9,663	<b>149</b>	182
Indonesian Rupiah	<b>920</b>	1,278	-	-
Australian Dollar	<b>474</b>	389	-	-
Thai Baht	<b>71</b>	60	-	-
Vietnamese Dong	<b>295</b>	286	-	-
US Dollar	<b>49</b>	-	-	-
Indian Rupee	<b>693</b>	802	-	-
Sri Lankan Rupee	<b>289</b>	-	-	-
Arab Emirates Dirham	<b>534</b>	-	-	-
	<b>10,761</b>	12,478	<b>149</b>	182

- (d) Sensitivity analysis of RM against foreign currencies at the end of the reporting period is not presented as there is no effect of the changes in the exchange rates due to they represent the functional currencies of the respective entities of the Group.

**NOTES TO THE Financial Statements**

30 June 2019

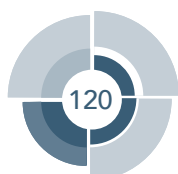
**15. AMOUNTS OWING BY/(TO) SUBSIDIARIES**

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Amounts owing by subsidiaries	<b>28,585</b>	31,294
Less: Impairment losses	<b>(3,511)</b>	-
	<b>25,074</b>	31,294
Amounts owing to subsidiaries	<b>(4,322)</b>	(5,781)

**Company**

- (a) The amounts owing by/(to) subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (b) The maturity profile of amounts owing to subsidiaries of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (c) Amounts owing by/(to) subsidiaries are denominated in RM.
- (d) The reconciliation of movements in the impairment losses on amounts owing by subsidiaries are as follows:

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July under MFRS 139	-	-
Restated through opening retained earnings	<b>3,511</b>	-
Opening impairment loss of amounts owing by subsidiaries in accordance with MFRS 9	<b>3,511</b>	-
Charged for the financial year	-	-
At 30 June	<b>3,511</b>	-



## NOTES TO THE Financial Statements

30 June 2019

### 16. AMOUNTS OWING BY/(TO) ASSOCIATES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Amounts owing by associates	9,030	6,204	5,456	3,810
Less: Impairment losses	(882)	-	(673)	-
	<b>8,148</b>	6,204	<b>4,783</b>	3,810
Amount owing to an associate	(6)	-	-	-

#### Group and Company

- (a) The amounts owing by/(to) associates represent mainly advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (b) The maturity profile of amount owing to an associate of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (c) The reconciliation of movements in the impairment losses on amounts owing by associates are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 July under MFRS 139	-	-	-	-
Restated through opening retained earnings	882	-	673	-
Opening impairment loss of amounts owing by associates in accordance with MFRS 9	882	-	673	-
Charged for the financial year	-	-	-	-
At 30 June	<b>882</b>	-	<b>673</b>	-

- (d) Foreign currency exposure profiles of amounts owing by associates are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	1,786	44	-	-
Singapore Dollar	3,434	4,284	2,160	2,044
Thai Baht	2,734	1,876	2,623	1,766
US Dollar	194	-	-	-
	<b>8,148</b>	6,204	<b>4,783</b>	3,810

## NOTES TO THE Financial Statements

30 June 2019

### 16. AMOUNTS OWING BY/(TO) ASSOCIATES (CONTINUED)

- (e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Effects of 5% changes to RM against foreign currencies</b>				
<b>Profit after tax</b>				
- Singapore Dollar	130	163	82	78
- Thai Baht	104	71	100	67
- US Dollar	7	-	-	-
	<b>241</b>	234	<b>182</b>	145

- (f) Amount owing to an associate is denominated in RM.

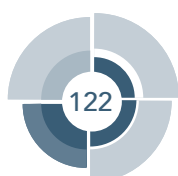
### 17. AMOUNTS OWING BY/(TO) RELATED PARTIES

#### Group

- (a) The amounts owing by/(to) related parties represent trade transactions that have credit terms ranging from 30 to 60 days (2018: 30 to 60 days) from date of invoices.
- (b) The maturity profile of amount owing to a related party of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (c) Foreign currency exposure profile of amounts owing by related parties are as follows:

	Group	
	2019 RM'000	2018 RM'000
Ringgit Malaysia	193	335

- (d) Sensitivity analysis of RM against foreign currency at the end of the reporting period is not presented as there is no effect of the changes in the exchange rate.
- (e) Amount owing to a related party is denominated in RM.



## NOTES TO THE Financial Statements

30 June 2019

### 18. AMOUNTS OWING BY/(TO) JOINT VENTURES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Amounts owing by joint ventures	7,070	6,643	6,965	5,669
Less: Impairment losses	(1,757)	(1,757)	(1,757)	(1,757)
	<b>5,313</b>	4,886	<b>5,208</b>	3,912
Amount owing to a joint venture	<b>(198)</b>	(34)	-	-

#### Group and Company

- (a) The amounts owing by/(to) joint ventures represent trade transactions and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents, except for trade transactions that have credit terms ranging from 30 to 60 days (2018: 30 to 60 days) from date of invoices.
- (b) The maturity profile of amount owing to a joint venture of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (c) Foreign currency exposure profiles of amounts owing by joint ventures are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	8	-	-	-
Singapore Dollar	106	102	106	102
US Dollar	5,199	4,784	5,102	3,810
	<b>5,313</b>	4,886	<b>5,208</b>	3,912

- (d) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Effects of 5% changes to RM against foreign currencies</b>				
Profit after tax				
- US Dollar	<b>198</b>	160	<b>194</b>	145

The exposure to the other currency is not significant, hence the effect of the change in the exchange rate is not presented.

- (e) Amount owing to a joint venture is denominated in US Dollar. Sensitivity analysis of RM against foreign currency at the end of the reporting period is not presented as the effect is immaterial to the Group.

## NOTES TO THE Financial Statements

30 June 2019

### 19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash in hand	695	1,197	-	-
Cash at bank	36,015	37,166	7,310	8,754
Fixed deposits with licensed banks	4,176	3,982	-	-
	<b>40,886</b>	<b>42,345</b>	<b>7,310</b>	<b>8,754</b>

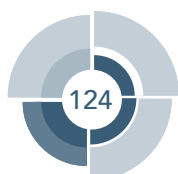
- (a) The weighted average effective interest rate of deposits of the Group at the end of the reporting period is as follows:

	Group	
	2019 RM'000	2018 RM'000
<b>Weighted average effective interest rate</b>		
- Fixed rate	<b>3.17%</b>	3.15%

Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments are not affected by changes in interest rates.

- (b) The fixed deposits of the Group as at 30 June 2019 have maturity periods ranging from 3 months to 12 months (2018: 3 months to 12 months).
- (c) Included in the fixed deposits with licensed banks of the Group is an amount of RM3,678,719 (2018: RM3,504,577), which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 27 to the financial statements.
- (d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	36,710	38,363	7,310	8,754
Fixed deposits with licensed banks	4,176	3,982	-	-
	<b>40,886</b>	<b>42,345</b>	<b>7,310</b>	<b>8,754</b>
Less:				
Bank overdrafts - secured (Note 27)	(3,118)	(4,894)	-	-
Fixed deposits placed with a licensed bank with original maturity of more than three (3) months	(497)	(478)	-	-
Fixed deposits pledged to licensed banks	(3,679)	(3,504)	-	-
Add:				
Short-term funds (Note 10)	4,007	3,001	-	-
	<b>37,599</b>	<b>36,470</b>	<b>7,310</b>	<b>8,754</b>



## NOTES TO THE Financial Statements

30 June 2019

### 19. CASH AND CASH EQUIVALENTS (CONTINUED)

- (e) No expected credit losses were recognised arising from the cash and bank balances and deposits with financial institutions because the probabilities of default by these financial institutions were negligible.
- (f) Foreign currency exposure profiles of cash and cash equivalents are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	22,823	27,569	7,310	8,754
Singapore Dollar	444	399	-	-
US Dollar	7,483	7,666	-	-
Indonesian Rupiah	4,183	2,896	-	-
Thai Baht	2,830	480	-	-
Australian Dollar	2,084	1,880	-	-
Vietnamese Dong	819	1,327	-	-
Indian Rupee	107	46	-	-
Sri Lankan Rupee	63	79	-	-
Euro	50	3	-	-
	<b>40,886</b>	<b>42,345</b>	<b>7,310</b>	<b>8,754</b>

- (g) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2019 RM'000	2018 RM'000
<b>Effects of 5% changes to RM against foreign currencies</b>		
<b>Profit after tax</b>		
- US Dollar	<b>251</b>	234

The exposure to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

**NOTES TO THE Financial Statements**

30 June 2019

**19. CASH AND CASH EQUIVALENTS (CONTINUED)**

(h) The reconciliation of liabilities arising from financing activities are as follows:

<b>Group</b>	<b>Term loans RM'000</b>	<b>Hire purchase and lease liabilities RM'000</b>	<b>Total RM'000</b>
<b>2019</b>			
At 1 July	56,853	10,192	67,045
<u>Changes in financing cash flows</u>			
Proceeds from drawdown	22,389	-	22,389
Repayment of borrowing principal	(29,893)	(4,261)	(34,154)
Repayment of borrowing interests	(2,577)	(833)	(3,410)
	(10,081)	(5,094)	(15,175)
<u>Non-cash changes</u>			
New hire purchase and lease liabilities (Note 5)	-	12,781	12,781
Finance charges recognised in profit or loss (Note 29)	2,577	833	3,410
Foreign translation differences	-	12	12
	2,577	13,626	16,203
At 30 June	49,349	18,724	68,073



## NOTES TO THE Financial Statements

30 June 2019

### 19. CASH AND CASH EQUIVALENTS (CONTINUED)

(h) The reconciliation of liabilities arising from financing activities are as follows: (continued)

Group	Term loans RM'000	Hire purchase and lease liabilities RM'000	Total RM'000
<b>2018</b>			
At 1 July	70,307	6,817	77,124
<u>Changes in financing cash flows</u>			
Repayment of borrowing principal	(9,836)	(2,976)	(12,812)
Repayment of borrowing interests	(2,955)	(464)	(3,419)
	(12,791)	(3,440)	(16,231)
<u>Non-cash changes</u>			
Disposal of a subsidiary (Note 35)	(3,562)	-	(3,562)
New hire purchase and lease liabilities (Note 5)	-	6,390	6,390
Finance charges recognised in profit or loss (Note 29)	2,955	464	3,419
Foreign translation differences	(56)	(39)	(95)
	(663)	6,815	6,152
At 30 June	56,853	10,192	67,045

**NOTES TO THE Financial Statements**

30 June 2019

**20. SHARE CAPITAL**

	Group and Company			
	2019		2018	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid ordinary shares				
At beginning of the financial year	<b>186,148</b>	<b>104,290</b>	186,148	104,290
Issuance of bonus issue	<b>93,074</b>	-	-	-
At end of the financial year	<b>279,222</b>	<b>104,290</b>	186,148	104,290

(a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

(b) During the financial year, the Company issued 93,073,969 new ordinary shares by way of an issuance of bonus issue ("Bonus Share") on the basis of one (1) Bonus Share for every two (2) existing ordinary shares held in the Company on 7 November 2018.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

**21. RESERVES**

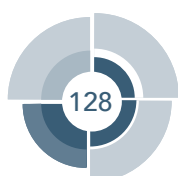
	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-distributable:				
Foreign exchange translation reserve	<b>1,639</b>	1,417	-	-
Revaluation reserve	<b>58,483</b>	59,320	-	-
	<b>60,122</b>	60,737	-	-
Distributable:				
Retained earnings	<b>124,103</b>	123,517	<b>7,194</b>	9,470
	<b>184,225</b>	184,254	<b>7,194</b>	9,470

(a) Foreign exchange translation reserve

The foreign exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Revaluation reserve

The revaluation reserve arose from the revaluation of land and buildings.



## NOTES TO THE Financial Statements

30 June 2019

### 22. HIRE PURCHASE AND LEASE LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
Minimum hire purchase and lease payments:		
- not later than one (1) year	5,940	3,230
- later than one (1) year but not later than five (5) years	14,775	8,046
Total minimum hire purchase and lease payments	20,715	11,276
Less: Future interest charges	(1,991)	(1,084)
Present value of hire purchase and lease payments	<b>18,724</b>	10,192
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	5,041	2,747
Non-current liabilities:		
- later than one (1) year but not later than five (5) years	13,683	7,445
	<b>18,724</b>	10,192

- (a) The hire purchase and lease liabilities are guaranteed by the Company.
- (b) The weighted average effective interest rate of the hire purchase and lease liabilities of the Group as at the end of the reporting period is 5.15% (2018: 5.48%).
- (c) Hire purchase and finance lease liabilities are fixed rate instruments. Sensitivity analysis at the end of the reporting period is not presented as change in interest rates would not affect profit or loss.
- (d) The carrying amounts of hire purchase and finance lease liabilities of the Group as at the reporting period that do not approximate their fair values are:

Group	2019		2018	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Hire purchase and lease liabilities	18,724	18,617	10,192	9,444

The fair values of hire purchase and finance lease liabilities are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

The fair value of hire purchase and lease liabilities are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

## NOTES TO THE Financial Statements

30 June 2019

### 22. HIRE PURCHASE AND LEASE LIABILITIES (CONTINUED)

- (e) The table below summaries the maturity profile of the hire purchase and lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	Within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>2019</b>				
Hire purchase and lease liabilities	5,940	14,775	-	20,715
<b>2018</b>				
Hire purchase and lease liabilities	3,230	8,046	-	11,276

- (f) Foreign currency exposure profiles of hire purchase and lease liabilities are as follows:

	Group	
	2019 RM'000	2018 RM'000
Ringgit Malaysia	17,819	9,597
Australian Dollar	329	286
Indonesian Rupiah	390	197
Thai Baht	97	112
Indian Rupee	89	-
	<b>18,724</b>	<b>10,192</b>

- (g) Sensitivity analysis of RM against foreign currencies at the end of the reporting period is not presented as there is no effect of the changes in the exchange rates due to they represent the functional currencies of the respective entities of the Group.

## NOTES TO THE Financial Statements

30 June 2019

### 23. TERM LOANS

	Group	
	2019 RM'000	2018 RM'000
<b>Secured</b>		
Term loan I	-	6,920
Term loan II	-	985
Term loan III	<b>1,264</b>	1,674
Term loan IV	<b>1,015</b>	1,305
Term loan V	-	2,173
Term loan VI	-	12,260
Term loan VII	-	2,525
Term loan VIII	<b>25,015</b>	29,011
Term loan IX	<b>22,055</b>	-
<b>Total term loans</b>	<b>49,349</b>	56,853
Term loans are repayable as follows:		
Current liabilities:		
- not later than one (1) year	<b>6,700</b>	8,992
Non-current liabilities:		
- later than one (1) year but not later than two (2) years	<b>6,700</b>	8,992
- later than two (2) years but not later than five (5) years	<b>18,879</b>	25,358
- later than five (5) years	<b>17,070</b>	13,511
	<b>42,649</b>	47,861
	<b>49,349</b>	56,853

- (a) Term loan I in the previous financial year was repayable by 178 monthly instalments of RM65,000 plus one final instalment of RM30,000 and bore interest at 1.00% per annum above the effective cost of fund of the bank.

Term loan II in the previous financial year was repayable by 113 monthly instalments of RM17,500 plus one final instalment of RM22,500 and bore interest at 1.00% per annum above the effective cost of fund of the bank.

The term loans I and II were secured by way of a charge over long-term leasehold land and building of a subsidiary as disclosed in Note 5 to the financial statements and were guaranteed by the Company.

- (b) Term loan III is repayable by 119 monthly instalments of RM34,167 plus one final instalment of RM34,127 and bears interest at 1.50% (2018: 1.50%) per annum above the effective cost of fund of the bank.

Term loan IV is repayable by 119 monthly instalments of RM24,167 plus one final instalment of RM24,127 and bears interest at 1.50% (2018: 1.50%) per annum above the effective cost of fund of the bank.

The term loans III and IV are secured by way of a charge over long-term leasehold land and building of a subsidiary as disclosed in Note 5 to the financial statements and are guaranteed by the Company.

## NOTES TO THE Financial Statements

30 June 2019

### 23. TERM LOANS (CONTINUED)

- (c) Term loan V in the previous financial year was repayable by 96 monthly instalments of RM47,100 plus one final instalment of RM53,500 and bore interest at 1.00% per annum above the effective cost of fund of the bank.

Term loan VI in the previous financial year was repayable by 111 monthly instalments of RM180,000 plus one final instalment of RM20,000 and bore interest at 1.00% per annum above the effective cost of fund of the bank.

The term loans V and VI were secured by way of a charge over long-term leasehold land and building of a subsidiary as disclosed in Note 5 to the financial statements and were guaranteed by the Company.

- (d) Term loan VII in the previous financial year was repayable by 89 monthly instalments of RM48,400 plus one final instalment of RM56,280 and bore interest at 1.00% per annum above the effective cost of fund of the bank.

The term loan VII were secured by way of a charge over long-term leasehold land and building of a subsidiary as disclosed in Note 5 to the financial statements and were guaranteed by the Company.

- (e) Term loan VIII is repayable by 119 monthly instalments of RM330,000 plus one final instalment of RM373,300 and bears interest at 1.00% (2018: 1.00%) per annum above the effective cost of fund of the bank.

The term loan VIII is secured by way of a charge over freehold land and building of a subsidiary as disclosed in Note 5 to the financial statements and is guaranteed by the Company.

- (f) Term loan IX is repayable by 179 monthly instalments of RM167,000 plus one final instalment of RM107,000 and bears interest at 1.00% per annum above the effective cost of fund of the bank.

The term loan IX is secured by way of a charge over long-term leasehold land and building of a subsidiary as disclosed in Note 5 to the financial statements and is guaranteed by the Company.

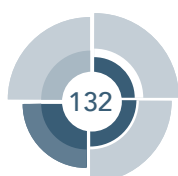
- (g) The interest rate profiles of the term loans as at end of the reporting period are as follows:

	Group	
	2019 RM'000	2018 RM'000
Floating rate	<b>49,349</b>	56,853

- (h) The weighted average effective interest rates of the term loans of the Group as at the end of the reporting period are ranging from 4.73% to 5.33% (2018: 4.89% to 5.58%).

- (i) The fair values of term loans are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending and borrowing at the end of the reporting period.

The fair value of term loans are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.



## NOTES TO THE Financial Statements 30 June 2019

### 23. TERM LOANS (CONTINUED)

- (j) The table below summaries the maturity profile of the term loans of the Group at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	Within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>2019</b>				
Term loans	8,993	31,476	19,013	59,482
<b>2018</b>				
Term loans	11,647	40,481	14,372	66,500

- (k) Sensitivity analysis of RM against foreign currency at the end of the reporting period is not presented as there is no effect of the changes in the exchange rate due to it represents the functional currency of the entity of the Group.

- (l) Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group	
	2019 RM'000	2018 RM'000
<b>Effects of 100bp changes to profit after tax</b>		
Floating rate instruments	375	432

### 24. POST-EMPLOYMENT BENEFITS OBLIGATION

PT. FM Global Logistics ("PTFM"), a subsidiary of FM Global Logistics Ventures Sdn. Bhd. ("FMGLV"), operates a defined benefits plan for its employees. The employee benefits scheme was valued by an independent qualified actuary using the projected unit credit method.

PTFM provides its employees with the retirement, disability, death and voluntarily resignation benefits. PTFM uses the current income of employer to fund pension payment whenever it is required. The figures presented in the financial statements cover the potential excess of benefits stipulated under Labor Law in Indonesia over the balance in the Saving Plan.

## NOTES TO THE Financial Statements

30 June 2019

### 24. POST-EMPLOYMENT BENEFITS OBLIGATION (CONTINUED)

(a) The amount recognised in the statements of financial position is analysed as follows:

	Group	
	2019 RM'000	2018 RM'000
Present value of defined benefits obligation	<b>1,453</b>	1,089

(b) The following table sets out the reconciliation of defined benefits plan:

	Group	
	2019 RM'000	2018 RM'000
Balance as at 1 July 2018/2017	<b>1,089</b>	864
Current service cost	<b>181</b>	272
Net interest cost	<b>135</b>	80
Past service cost	-	121
Liability due to excluding management level	-	(84)
Plan asset termination	-	202
Included in profit or loss (Note 30)	<b>316</b>	591
<b>Re-measurements</b>		
Actuarial losses from:		
- Effect on changes in actuarial assumptions	<b>36</b>	(78)
- Experience adjustments	<b>8</b>	(62)
Included in other comprehensive income (Note 31(d))	<b>44</b>	(140)
Exchange differences	<b>57</b>	(143)
Benefits paid	<b>(53)</b>	(83)
Balance as at 30 June 2019/2018	<b>1,453</b>	1,089



## NOTES TO THE Financial Statements 30 June 2019

### 24. POST-EMPLOYMENT BENEFITS OBLIGATION (CONTINUED)

(c) Movements in the present value of the defined benefits obligation in the current year are as follows:

	Group	
	2019 RM'000	2018 RM'000
Opening defined benefits obligation	1,089	864
Current service cost	181	272
Net interest cost	135	80
Past service cost	-	121
Liability due to excluding management level	-	(84)
Plan asset termination	-	202
<b>Re-measurement gains/(losses):</b>		
- Actuarial gains and losses on benefits payments	8	(62)
- Actuarial gains and losses on changes in actuarial assumptions	36	(78)
Benefits paid	(53)	(83)
Foreign currencies translation	57	(143)
Closing defined benefits obligation	<b>1,453</b>	1,089

(d) The principal actuarial assumptions used in respect of the funded defined benefits plan of the Group are as follows:

	Group	
	2019 %	2018 %
Discount rate	8.0	8.4
Expected rate of wage increase	10.0	10.0

(e) The employee benefits of the Group are exposed to changes in discount rate and expected rate of salary. However, the volatility of these changes is considered low, and hence, sensitivity analysis for employee benefits is not presented.

### 25. TRADE PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables	40,612	36,555	-	-

(a) Trade payables are classified as financial liabilities and measured at amortised cost using the effective interest method.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 7 to 90 days (2018: 7 to 90 days) from date of invoices.

## NOTES TO THE Financial Statements

30 June 2019

### 25. TRADE PAYABLES (CONTINUED)

- (c) The maturity profile of the Group's trade payables at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (d) Foreign currency exposure profiles of trade payables are as follows:

	Group	
	2019 RM'000	2018 RM'000
Ringgit Malaysia	22,210	22,198
US Dollar	10,115	8,190
Australian Dollar	3,274	2,401
Singapore Dollar	24	74
Thai Baht	1,638	573
Indonesian Rupiah	1,648	1,435
Euro	732	650
British Pound	47	187
Hong Kong Dollar	15	14
Vietnamese Dong	-	259
Sri Lankan Rupee	93	76
Indian Rupee	680	382
Others	136	116
	<b>40,612</b>	<b>36,555</b>

- (e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

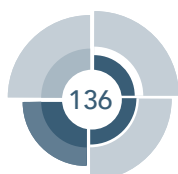
	Group	
	2019 RM'000	2018 RM'000
<b>Effects of 5% changes to RM against foreign currencies</b>		
<b>Profit after tax</b>		
- US Dollar	<b>384</b>	<b>224</b>

The exposure to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

### 26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other payables	7,922	6,416	6	17
Accruals	14,892	13,410	209	611
	<b>22,814</b>	<b>19,826</b>	<b>215</b>	<b>628</b>

- (a) The maturity profile of the Group's and of the Company's other payables and accruals at the end of the reporting period based on contractual undiscounted repayment obligations are repayable on demand or within one year.



## NOTES TO THE Financial Statements

30 June 2019

### 26. OTHER PAYABLES AND ACCRUALS (CONTINUED)

(b) Foreign currency exposure profiles of other payables and accruals are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	15,780	15,353	215	628
Australian Dollar	2,103	1,897	-	-
Singapore Dollar	-	151	-	-
Indonesian Rupiah	1,886	1,682	-	-
Thai Baht	427	325	-	-
Vietnamese Dong	39	114	-	-
Indian Rupee	255	72	-	-
Sri Lankan Rupee	705	232	-	-
US Dollar	1,619	-	-	-
	<b>22,814</b>	19,826	<b>215</b>	628

(c) Sensitivity analysis of RM against foreign currencies at the end of the reporting period is not presented as the effect is immaterial to the Group.

### 27. BANK OVERDRAFTS - SECURED

(a) The bank overdrafts of the Group are secured by way of:

- (i) fixed deposits with licensed banks of the Group (Note 19);
- (ii) long-term leasehold land and buildings of the Group (Note 5); and
- (iii) fixed and floating charge over the assets of subsidiaries.

(b) The bank overdrafts are guaranteed by the Company.

(c) The maturity profile of the Group's bank overdrafts at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.

(d) Foreign currency exposure profiles of bank overdrafts are as follows:

	Group	
	2019 RM'000	2018 RM'000
Ringgit Malaysia	1,926	3,735
Indian Rupee	1,192	1,159
	<b>3,118</b>	4,894

(e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period is not presented as there is no effect of the changes in the exchange rates due to it represents the functional currencies of the entity of the Group.

(f) The weighted average effective interest rate of the bank overdrafts of the Group as at the end of the reporting period is 8.28% (2018: 7.62%).

(g) Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period is not presented as the effect is immaterial to the Group.

## NOTES TO THE Financial Statements

30 June 2019

### 28. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Revenue from Contracts with Customers</b>				
Freight and forwarding services	545,153	511,585	-	-
Sale of goods	200	-	-	-
<b>Revenue from Other Sources</b>				
Dividend income	-	-	10,800	8,105
Management fees	-	-	4,590	4,278
	<b>545,353</b>	<b>511,585</b>	<b>15,390</b>	<b>12,383</b>
<b>Timing of revenue recognition</b>				
Overtime:				
Freight and forwarding services	545,153	511,585	-	-
Management fees	-	-	4,590	4,278
At a point in time:				
Sale of goods	200	-	-	-
Dividend income	-	-	10,800	8,105
	<b>545,353</b>	<b>511,585</b>	<b>15,390</b>	<b>12,383</b>

Disaggregation of revenue from contracts with customers based on geographical location has been presented in the operating segments, Note 4 to the financial statements.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use.

(a) Services

Revenue from freight and forwarding services are recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

(b) Sale of goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

## NOTES TO THE Financial Statements 30 June 2019

### 28. REVENUE (CONTINUED)

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Management fee

Management fee is recognised over time as the services are rendered.

### 29. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expense on:				
- bank overdrafts	123	150	-	-
- hire purchase and lease liabilities	833	464	-	-
- term loans	2,577	2,955	-	-
- others	162	8	-	-
	<b>3,695</b>	<b>3,577</b>	<b>-</b>	<b>-</b>

### 30. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
Crowe Malaysia				
- statutory audit:				
- current year	189	177	63	63
- underprovision in prior year	3	-	3	-
- non-statutory:				
- current year	37	35	37	35
- underprovision in prior year	22	-	22	-
Crowe Global Member Firms				
- statutory audit:				
- current year	87	49	-	-
Other auditors				
- statutory audit:				
- current year	64	69	-	-

**NOTES TO THE Financial Statements**

30 June 2019

**30. PROFIT BEFORE TAX (CONTINUED)**

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax (continued):

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax is arrived at after charging (continued):				
Amortisation of intangible assets	426	447	-	-
Bad debts written off	900	23	-	-
Depreciation of property, plant and equipment	12,687	12,706	-	-
Directors' remunerations:				
- Fees:				
- payable by the Company	469	418	469	418
- payable by the subsidiaries	215	235	-	-
- Other emoluments:				
- paid by the Company	41	34	41	34
- paid by the subsidiaries	10,769	8,565	-	-
Fair value loss on quoted shares	168	-	-	-
Impairment losses on:				
- intangible assets	234	-	-	-
- investments in subsidiaries	-	-	-	1,650
- investments in associates	320	1,280	-	-
- investments in joint ventures	-	-	-	997
- amounts owing by joint ventures	-	1,757	-	1,757
- property, plant and equipment	-	3	-	-
- trade receivables	100	1,487	-	-
Loss on foreign currency transactions:				
- realised	752	-	-	-
- unrealised	1,183	1,545	-	581
Management fees paid to a subsidiary	-	-	2,400	2,400
Property, plant and equipment written off	5	95	-	-
Provision for post-employment benefits obligation	316	591	-	-
Rental of hostel	8	36	-	-
Rental of office equipment	32	28	-	-
Rental of premises	3,590	3,114	-	-
Rental of warehouses	8,229	6,520	-	-
Rental of forklift	142	300	-	-
And crediting:				
Bad debts recovered	17	2	-	-
Fair value gain on:				
- short term fund	62	297	-	-
- quoted shares	-	355	-	-

## NOTES TO THE Financial Statements

30 June 2019

### 30. PROFIT BEFORE TAX (CONTINUED)

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax (continued):

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax is arrived at after charging (continued):				
Gain on disposal of:				
- a subsidiary	-	1,523	-	263
- property, plant and equipment	710	655	-	-
Gain on foreign currency transactions:				
- realised	930	598	-	-
- unrealised	608	-	403	-
Gross dividends from:				
- subsidiaries	-	-	10,800	8,105
- quoted shares	25	23	-	-
Interest income received from:				
- fixed deposits and repo	127	121	-	-
- current and savings accounts	202	151	121	86
- an associate	107	22	-	-
Management fees received from:				
- subsidiaries	-	-	4,590	4,278
- a third party	192	192	-	-
Rental income from:				
- third parties	4,626	4,990	-	-
- an associate	35	255	-	-
Reversal of impairment losses on:				
- trade receivables	2,370	1,107	-	-
- other receivables	186	-	-	-

(a) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(b) Rental income

Rental income is accounted for on a straight line basis over the lease term.

**NOTES TO THE Financial Statements**

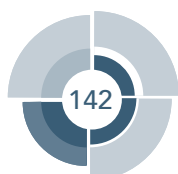
30 June 2019

**31. TAX EXPENSE**

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax expense based on profit for the financial year	<b>8,919</b>	9,319	<b>236</b>	21
Deferred tax (Note 11)	<b>(1,212)</b>	(695)	-	-
	<b>7,707</b>	8,624	<b>236</b>	21
Under/(Over)provision in prior years:				
- income tax	<b>(186)</b>	(96)	-	-
- deferred tax (Note 11)	<b>381</b>	(218)	-	-
	<b>195</b>	(314)	-	-
	<b>7,902</b>	8,310	<b>236</b>	21

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2018: twenty-four percent (24%)) of the estimated taxable profit for the fiscal year.
- (b) Tax expenses for other tax authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) A reconciliation of tax expense applicable to the profit before tax at the statutory tax rate to tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax	<b>22,602</b>	28,426	<b>11,451</b>	3,518
Tax at the statutory rate of 24% (2018: 24%)	<b>5,424</b>	6,822	<b>2,748</b>	844
Tax effects in respect of:				
Share of results of associates	<b>1,174</b>	622	-	-
Share of results of joint ventures	<b>(172)</b>	(510)	-	-
Non-allowable expenses	<b>1,928</b>	2,033	<b>320</b>	994
Non-taxable income	<b>(786)</b>	(438)	<b>(2,592)</b>	(1,945)
Deferred tax assets not recognised	<b>675</b>	306	-	128
Utilisation of deferred tax assets previously not recognised	<b>(260)</b>	(173)	<b>(240)</b>	-
Crystallisation of deferred tax on revaluation reserve	<b>(247)</b>	(117)	-	-
Lower tax rate in foreign jurisdiction	<b>(19)</b>	99	-	-
Tax exempt income	<b>(10)</b>	(20)	-	-
	<b>7,707</b>	8,624	<b>236</b>	21
Under/(Over)provision in prior years:				
- income tax	<b>(186)</b>	(96)	-	-
- deferred tax	<b>381</b>	(218)	-	-
Tax expenses	<b>7,902</b>	8,310	<b>236</b>	21





## NOTES TO THE Financial Statements

30 June 2019

### 31. TAX EXPENSE (CONTINUED)

(d) Tax on each component of other comprehensive income is as follows:

	Group					
	Before tax RM'000	2019 Tax effect RM'000	After tax RM'000	Before tax RM'000	2018 Tax effect RM'000	After tax RM'000
<b>Items that will be reclassified subsequently to profit or loss</b>						
Foreign currency translations	327	-	327	(6,836)	-	(6,836)
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Actuarial (loss)/gain on defined benefits plan (Note 24)	(44)	11	(33)	140	(35)	105
Revaluation surplus on land and buildings (Note 5)	-	-	-	45,285	(8,372)	36,913

### 32. DIVIDENDS

	Group and Company			
	2019		2018	
	Gross dividend per share sen	Amount of dividend net of tax RM'000	Gross dividend per share sen	Amount of dividend net of tax RM'000
In respect of the financial year ended 30 June 2018/2017				
- Second interim single tier dividend	3.5	6,515	3.5	6,515
In respect of the financial year ended 30 June 2019/2018				
- First interim single tier dividend	1.0	2,792	1.5	2,792
	<b>4.5</b>	<b>9,307</b>	<b>5.0</b>	<b>9,307</b>

A second interim single tier dividend in respect of the financial year ended 30 June 2019 of 2.5 sen per ordinary share had been declared by the Directors on 21 August 2019. The financial statements for the current financial year do not reflect this dividend and it would be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2020.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 30 June 2019.

## NOTES TO THE Financial Statements

30 June 2019

### 33. EMPLOYEE BENEFITS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Salaries, wages and bonuses	70,154	62,302	41	34
Contributions to defined contribution plans	7,613	6,586	-	-
Social security contributions	620	793	-	-
Defined benefits plan (Note 24)	316	591	-	-
Other benefits	2,384	2,113	-	-
	<b>81,087</b>	<b>72,385</b>	<b>41</b>	<b>34</b>

Included in the employee benefits of the Group and of the Company are Directors' remunerations amounting to RM10,809,317 (2018: RM8,598,598) and RM40,500 (2018: RM34,000) respectively.

### 34. EARNINGS PER SHARE

#### (a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

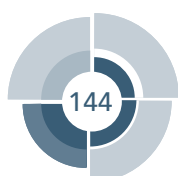
	Group	
	2019 '000	2018 '000 (Restated)
Profit attributable to equity holders of the parent (RM)	13,600	19,695
Weighted average number of ordinary shares in issue (unit)	186,148	186,148
Effect of bonus issue (unit)	93,074	93,074
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share (unit)	279,222	279,222*
Basic earnings per ordinary share (sen)	4.87	7.05

\* The weighted average number of ordinary shares for the previous financial year has been restated to reflect the retrospective adjustments arising from the Bonus Issue Exercise which was completed during the financial year.

#### (b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2019 '000	2018 '000 (Restated)
Profit attributable to equity holders of the parent (RM)	13,600	19,695
Adjusted weighted average number of ordinary shares in issue applicable to diluted earnings per ordinary share (unit)	279,222	279,222
Diluted earnings per ordinary share (sen)	4.87	7.05



## NOTES TO THE Financial Statements

30 June 2019

### 35. DISPOSAL OF A SUBSIDIARY

In the previous financial year, the Company disposed of approximately 2% of its equity interests in TCH Marine Pte. Ltd. for a total consideration of SGD149,000 (RM447,746).

The following summarised the major classes of consideration received, and the amounts of assets disposed of and liabilities transferred at the date of disposal:

(a) Fair value of disposal proceeds		<b>Group 2018 RM'000</b>
	Cash and cash equivalents	448
	Fair value of remaining stake	10,584
		11,032
	Net disposal proceeds	11,032
(b) Financial effect arising from disposal		<b>Group Fair value recognised RM'000</b>
	Property, plant and equipment (Note 5)	28,709
	Trade receivables	1,746
	Other receivables, deposits and prepayments	2,616
	Current tax assets	1
	Cash and cash equivalents	2,113
	Term loans	(3,562)
	Trade payables	(5,570)
	Other payables and accruals	(4,451)
	Foreign exchange translation reserve	(3,168)
		18,434
	Goodwill on consolidation (Note 6)	1,659
	Non-controlling interest's net assets at disposal date	(10,584)
		9,509
	Carrying value of net assets disposed of	9,509
	Net disposal proceeds (item (a) above)	11,032
		1,523
(c) Cash flows arising from disposal		<b>Group 2018 RM'000</b>
	Cash proceeds from disposal	448
	Cash and cash equivalents of subsidiary disposed of	(2,113)
		(1,665)
	Net cash outflow from disposal of a subsidiary	(1,665)

## NOTES TO THE Financial Statements

30 June 2019

### 36. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

The relationships and identities between the Group and its other related parties are as follows:

Related parties	Relationships
Nankai Global Logistics (M) Sdn. Bhd.	Related by control of key management personnel
Advance Logistics Sdn. Bhd.	Related by control of key management personnel
1 <sup>st</sup> Cornerstone Investment Pte. Ltd.	Related by a common director of an associate, namely Tay Nguang Yeow Andrew
FM Distribution Sdn. Bhd.	An associate of a subsidiary, namely FM Global Logistics (M) Sdn. Bhd.
FM Global Logistics (Phil.), Inc.	A joint venture of a subsidiary, namely FM Global Logistics Ventures Sdn. Bhd.
Hubwire Sdn. Bhd.	An associate of a subsidiary, namely FM Global Logistics Ventures Sdn. Bhd.

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Freight charges received/receivable from:				
- FM Global Logistics (Phil.), Inc.	1,586	1,898	-	-
- 1 <sup>st</sup> Cornerstone Investment Pte. Ltd.	-	1,419	-	-
Freight charges paid/payable to:				
- Nankai Global Logistics (M) Sdn. Bhd.	226	308	-	-
- Advance Logistics Sdn. Bhd.	262	319	-	-
- FM Global Logistics (Phil.), Inc.	1,914	622	-	-

## NOTES TO THE Financial Statements

30 June 2019

### 36. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions (continued)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year (continued):

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Rental income received/receivable from:				
- FM Distribution Sdn. Bhd.	35	255	-	-
Warehouse services received/ receivable from:				
- FM Distribution Sdn. Bhd.	9	9	-	-
Dividend paid/payable to a Director of a subsidiary	200	200	-	-
Administrative income received/receivable from an associate				
- TCH Marine Pte. Ltd.	128	67	-	-
- FM Distribution Sdn. Bhd.	18	-	-	-
Administrative expenses paid/payable to a subsidiary	-	-	2,400	2,400
Interest income received/receivable from an associate	107	22	-	-
Gross dividends received from subsidiaries	-	-	10,800	8,105
Management fees received from subsidiaries	-	-	4,590	4,278

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2019 is disclosed in Notes 15, 16, 17 and 18 to the financial statements respectively.

## NOTES TO THE Financial Statements

30 June 2019

### 36. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remunerations of Directors and other key management personnel during the financial year are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fees	684	653	469	418
Short-term employee benefits	9,783	7,582	41	34
Contributions to defined contribution plans	1,027	1,017	-	-
	<b>11,494</b>	9,252	<b>510</b>	452

### 37. COMMITMENTS

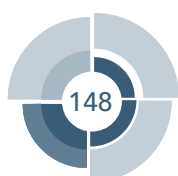
(a) Operating lease commitments

(i) The Group as lessee

The Group had entered into non-cancellable lease agreements resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

The lease terms do not contain restrictions on the activities of the Group concerning dividends or additional debt. The Group has aggregate future minimum lease commitment as at the end of the reporting period as follows:

	Group	
	2019 RM'000	2018 RM'000
Not later than one (1) year	10,074	8,413
Later than one (1) year but not later than five (5) years	7,800	10,453
	<b>17,874</b>	18,866



## NOTES TO THE Financial Statements

30 June 2019

### 37. COMMITMENTS (CONTINUED)

(a) Operating lease commitments (continued)

(i) The Group as lessee (continued)

The currency exposure profiles of operating lease commitments - the Group as lessee are as follows:

	Group	
	2019 RM'000	2018 RM'000
Ringgit Malaysia	17,317	17,408
Thai Baht	278	378
Vietnamese Dong	165	472
Australian Dollar	114	608
	<b>17,874</b>	<b>18,866</b>

(ii) The Group as lessor

The Group has entered into non-cancellable lease arrangements on properties for terms of between one (1) to three (3) years and renewable at the end of the lease period.

The Group has aggregate future minimum lease receivables as at the end of the reporting period as follows:

	Group	
	2019 RM'000	2018 RM'000
Not later than one (1) year	4,482	1,183
Later than one (1) year but not later than five (5) years	1,851	54
	<b>6,333</b>	<b>1,237</b>

(b) Capital commitments

	Group	
	2019 RM'000	2018 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
- contracted but not provided for	<b>9,829</b>	<b>4,654</b>

## NOTES TO THE Financial Statements

30 June 2019

### 38. FINANCIAL GUARANTEE CONTRACTS

	Group	
	2019	2018
	RM'000	RM'000
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries, limit up to RM173,219,900 (2018: RM129,030,400)	<b>56,004</b>	63,455

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

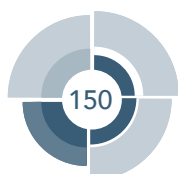
### 39. CAPITAL AND FINANCIAL RISK MANAGEMENT

#### (a) Capital management

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as going concern whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged for the financial year ended 30 June 2019.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2019 and 30 June 2018 respectively.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables and post-employment benefits obligation, less cash and bank balances. Capital represents equity attributable to the owners of the parent.





## NOTES TO THE Financial Statements

30 June 2019

### 39. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Capital management (continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables	40,612	36,555	-	-
Other payables and accruals	22,814	19,826	215	628
Amounts owing to subsidiaries	-	-	4,322	5,781
Amount owing to an associate	6	-	-	-
Amount owing to a related party	6	-	-	-
Amount owing to a joint venture	198	34	-	-
Hire purchase and lease liabilities	18,724	10,192	-	-
Term loans	49,349	56,853	-	-
Bank overdrafts - secured	3,118	4,894	-	-
Dividend payable	2,792	2,792	2,792	2,792
Post-employment benefits obligation	1,453	1,089	-	-
Total liabilities	<b>139,072</b>	132,235	<b>7,329</b>	9,201
Less: Cash and cash equivalents	<b>(40,886)</b>	(42,345)	<b>(7,310)</b>	(8,754)
Net debt	<b>98,186</b>	89,890	<b>19</b>	447
Total capital	<b>288,515</b>	288,544	<b>111,484</b>	113,760
Net debt	<b>98,186</b>	89,890	<b>19</b>	447
Total	<b>386,701</b>	378,434	<b>111,503</b>	114,207
Gearing ratio	<b>25%</b>	24%	<b>0.02%</b>	0.39%

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of not less than or equals to twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 30 June 2019.

The Group is not subject to any other externally imposed capital requirements.

## NOTES TO THE Financial Statements

30 June 2019

### 39. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and market risk. Information on the management of the related exposures is detailed below.

#### (i) Credit risk

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counterparty fails to perform as contracted. The counterparties are major licensed financial institutions and reputable multinational organisations. It is the policy of the Group to monitor the financial standing of these counterparties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit. The average credit period is two (2) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The credit risk profiles have been disclosed in Note 13 to the financial statements.

#### (ii) Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group. In addition, the Group strives to maintain available banking facilities at a reasonable level to meet its business needs.

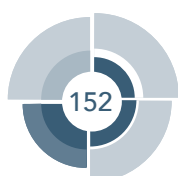
The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 15, 16, 17, 18, 22, 23, 25, 26 and 27 to the financial statements respectively.

#### (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The primary interest rate risk of the Group relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The fixed-rate deposits and borrowings of the Group are exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate borrowings of the Group are exposed to a risk of change in cash flows due to changes in interest rates. The Group does not use derivative financial instruments to hedge this risk.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 19, 22, 23 and 27 to the financial statements respectively.



## NOTES TO THE Financial Statements

30 June 2019

### 39. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than functional currencies of the operating entities. The Company did not have any foreign currency exposure on its transactions.

It is not the policy of the Group to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows on transactions denominated in foreign currency as transactions denominated in foreign currency are minimal.

The Group is also exposed to foreign currency risk in respect of its overseas investments. The Group and the Company do not hedge this exposure with foreign currency borrowings.

The sensitivity analysis for foreign currency risk has been disclosed in Notes 13, 16, 18, 19 and 25 to the financial statements respectively.

(v) Market risk

Market risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risks arising from quoted investments held by the Group. Quoted equity instrument outside Malaysia is listed on the Tokyo Stock Exchange, which is held for strategic rather than trading purpose. Short term funds are unit trust funds quoted in Malaysia. These instruments are classified as financial assets designated at fair value through profit or loss.

At the end of the reporting period, the maximum exposure of the Group to market risk is represented by the total carrying amount of these financial assets recognised in the statements of financial position, which amounted to approximately RM4,998,000 (2018: RM4,160,000). There has been no change to the exposure of the Group to market risk or the manner in which the risk is managed and measured.

The sensitivity analysis of market risk has been disclosed in Note 10 to the financial statements.

## NOTES TO THE Financial Statements

30 June 2019

### 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 5 July 2018, FMG Capital & Management Sdn. Bhd. ("FMGC") acquired 1 ordinary share of RM1.00 each of the issued and paid-up share capital of Centro Maxx Sdn. Bhd. for a cash consideration of RM1.00. Subsequently on 12 July 2018, Centro Maxx Sdn. Bhd. increased its issued and paid-up share capital from 1 to 200,000 ordinary shares by way of issuance of 199,999 new ordinary shares which were fully subscribed by FMGC.
- (ii) On 12 September 2018, FM Global Logistics Co., Ltd., a wholly-owned subsidiary of FM Global Logistics Ventures Sdn. Bhd. ("FMGLV") acquired a total of 4,900 ordinary shares of THB100 each in FMG Logistics Co., Ltd. ("FMGT"), for a cash consideration of THB 490,000 (RM62,377), representing 49% of the equity interest in FMGT. The financial effects arising from the acquisition were not presented as the impact was not material to the Group.
- (iii) On 21 November 2018, FMGLV incorporated a new subsidiary, FM Global Logistics (USA), LLC and subscribed for 140,000 ordinary shares of USD1.00 each in FM Global Logistics (USA), LLC, for a cash consideration of USD140,000 (RM588,280).
- (iv) On 14 December 2018, the Company increased its issued and paid up share capital in YKP-FM Global Shipyard Co., Ltd from 1,200,000 to 1,300,000 ordinary shares by way of an issuance of 100,000 new ordinary shares for a total consideration of THB10,000,000 (RM1,295,000). This resulted in an increase in equity interest in YKP-FM Global Shipyard Co., Ltd. from 25% to 31%.
- (v) On 5 May 2019, the Company announced an incorporation of a new subsidiary, FMGL Overseas Ventures Limited ("FMGLOVL") and subscription of 250,000 ordinary shares valued at HKD1.00 each in FMGLOVL, for a cash consideration of HKD250,000 (RM133,825). The transaction has been completed on 10 September 2019.
- (vi) On 31 May 2019, FM Global Logistics Pty. Ltd., increased its issued and paid-up share capital from 270,000 to 368,182 ordinary shares by way of issuance of 98,182 new ordinary shares which were fully subscribed by non-controlling interests. This resulted in a dilution in equity interest in FM Global Logistics Pty. Ltd. from 75% to 55%.

### 41. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (i) On 29 July 2019, the Company disposed of 100 ordinary shares of USD1 each in Icon Freight International Inc., a wholly-owned subsidiary of the Company for a consideration of USD100 (RM407), representing its entire equity interest in Icon Freight International Inc.. Consequently, FMGOVL acquired 100 ordinary shares of Icon Freight International Inc. from the Company for a total consideration of USD100 (RM407).
- (ii) On 30 July 2019, FMGLV, a wholly-owned subsidiary of the Company disposed of 5,865 ordinary shares of THB100 each in FM Global Logistics Co. Ltd. for a cash consideration of THB8 (RM1). This resulted in a decrease in equity interest in FM Global Logistics Co. Ltd. from 100% to 49%. Consequently, FMGT acquired 5,865 ordinary shares of THB100 each in FM Global Logistics Co. Ltd. for a consideration of THB8 (RM1).
- (iii) On 30 July 2019, FM Global Logistics Co. Ltd., a wholly-owned subsidiary of FMGLV disposed of 4,900 ordinary shares of THB100 each in FMGT for a cash consideration of THB490,000 (RM62,377), representing its entire equity interest in FMGT. Consequently, Advance International Freight Sdn. Bhd. and Exterian Enterprise Sdn. Bhd. acquired 2,500 and 2,400 ordinary shares of FMGT from FM Global Logistics Co. Ltd. for a total consideration of THB250,000 (RM31,825) and THB240,000 (RM30,552) respectively.
- (iv) On 9 September 2019, Exterian Enterprise Sdn. Bhd., a wholly-owned subsidiary of the Company incorporated a new subsidiary, Exterian Capital Pte. Ltd. and subscribed 10,000 ordinary shares of SGD1.00 each in Exterian Capital Pte. Ltd., for a consideration of SGD10,000.

## NOTES TO THE Financial Statements

30 June 2019

### 42. ADOPTION ON NEW MFRSs AND AMENDMENTS TO MFRSs

#### 42.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following accounting standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 1 Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 15, Effective Date of MFRS 15	1 January 2018
Amendments to MFRS15, Clarification to MFRS 15	1 January 2018
MFRS 9 Financial Instruments (IFRS as issued by IASB in July 2014)	1 January 2018
Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 128 Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 140 Transfers of Investment Property	1 January 2018
Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	See MFRS 4 Paragraphs 46 and 48

Adoption of the above accounting standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 15 and MFRS 9 described in the following sections.

(a) MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group adopted MFRS 9 with an initial application date of 1 July 2018. In accordance with the transitional provisions provided in MFRS 9, comparative information for 2018 was not restated and continued to be reported under the previous accounting policies governed under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

(i) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

## NOTES TO THE Financial Statements

30 June 2019

### 42. ADOPTION ON NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)

#### 42.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(i) Classification of financial assets and financial liabilities (continued)

The following summarises the key changes:

- The Available-For-Sale (AFS), Held-To-Maturity (HTM) and Loans and Receivables (L&R) financial asset categories were removed.
- A new financial asset category measured at Amortised Cost (AC) was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income (FVTOCI) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities from Other Financial Liabilities (OFL) to Amortised Cost (AC).

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

## NOTES TO THE Financial Statements

30 June 2019

### 42. ADOPTION ON NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)

#### 42.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(ii) Impairment of financial assets (continued)

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within 'Administrative Expenses' in the consolidated statement of profit or loss. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for receivables from related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(iii) Classification and measurement

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Group and of the Company as at 1 July 2018:

Group	Classification		Carrying amount	
	Existing under MFRS 139	New under MFRS 9	Existing under MFRS 139 RM'000	New under MFRS 9 RM'000
<b>Financial assets</b>				
Other investments - non current	AFS	FVTOCI	360	360
Other investments - current	FVTPL	FVTPL	4,160	4,160
Trade receivables	L&R	AC	116,001	113,651
Other receivables and deposits	L&R	AC	12,478	12,292
Amounts owing by associates	L&R	AC	6,204	5,322
Amounts owing by related parties	L&R	AC	335	335
Amounts owing by joint ventures	L&R	AC	4,886	4,886
Cash and cash equivalents	L&R	AC	42,345	42,345

## NOTES TO THE Financial Statements

30 June 2019

### 42. ADOPTION ON NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)

#### 42.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(iii) Classification and measurement (continued)

Group	Classification		Carrying amount	
	Existing under MFRS 139	New under MFRS 9	Existing under MFRS 139 RM'000	New under MFRS 9 RM'000
<b>Financial liabilities</b>				
Trade payables	OFL	AC	36,555	36,555
Other payables and accruals	OFL	AC	19,826	19,826
Amount owing to a joint venture	OFL	AC	34	34
Hire purchase and lease liabilities	OFL	AC	10,192	10,192
Term loans	OFL	AC	56,853	56,853
Bank overdrafts	OFL	AC	4,894	4,894
<b>Company</b>				
<b>Financial assets</b>				
Other receivables and deposits	L&R	AC	182	182
Amounts owing by subsidiaries	L&R	AC	31,294	27,783
Amounts owing by associates	L&R	AC	3,810	3,137
Amounts owing by joint ventures	L&R	AC	3,912	3,912
Cash and cash equivalents	L&R	AC	8,754	8,754
<b>Financial liabilities</b>				
Other payables and accruals	OFL	AC	628	628
Amounts owing to subsidiaries	OFL	AC	5,781	5,781



## NOTES TO THE Financial Statements

30 June 2019

### 42. ADOPTION ON NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)

#### 42.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(iii) Classification and measurement (continued)

The following tables are reconciliations of the carrying amount of the statement of financial position of the Group and of the Company from MFRS 139 to MFRS 9 as at 1 July 2018:

	Existing under MFRS 139			New under MFRS 9
	Carrying amount as at 30 June 2018 RM'000	Reclassifi- cation RM'000	Remeasure- ment RM'000	Carrying amount as at 1 July 2018 RM'000
<b>Group</b>				
Trade receivables:				
Opening balance	117,796	-	-	117,796
Increase in impairment loss	(1,795)	-	(2,350)	(4,145)
Total trade receivables	116,001	-	(2,350)	113,651
Other receivables and deposits				
Opening balance	12,478	-	-	12,478
Increase in impairment loss	-	-	(186)	(186)
Total other receivables and deposits	12,478	-	(186)	12,292
Amounts owing by associates:				
Opening balances	6,204	-	-	6,204
Increase in impairment loss	-	-	(882)	(882)
Total amounts owing by associates	6,204	-	(882)	5,322
Retained earnings:				
Opening balance	123,517	-	-	123,517
Increase in impairment loss for				
- trade receivables (owners of the parent)	-	-	(2,303)	(2,303)
- other receivables and deposits	-	-	(186)	(186)
- amounts owing by associates	-	-	(882)	(882)
Total retained earnings	123,517	-	(3,371)	120,146

## NOTES TO THE Financial Statements

30 June 2019

### 42. ADOPTION ON NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)

#### 42.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(iii) Classification and measurement (continued)

Company	Existing under			New under
	MFRS 139	Reclassifi-	Remeasure-	MFRS 9
	Carrying	cation	ment	Carrying
	amount			amount
	as at 30			as at
	June 2018	RM'000	RM'000	1 July 2018
	RM'000			RM'000
<b>Amounts owing by subsidiaries:</b>				
Opening balance	31,294	-	-	31,294
Increase in impairment loss	-	-	(3,511)	(3,511)
<b>Total amounts owing by subsidiaries</b>	<b>31,294</b>	<b>-</b>	<b>(3,511)</b>	<b>27,783</b>
<b>Amounts owing by associates</b>				
Opening balance	3,810	-	-	3,810
Increase in impairment loss	-	-	(673)	(673)
<b>Total amounts owing by associates</b>	<b>3,810</b>	<b>-</b>	<b>(673)</b>	<b>3,137</b>
<b>Retained earnings:</b>				
Opening balance	9,470	-	-	9,470
Increase in impairment loss for				
- amounts owing by subsidiaries	-	-	(3,511)	(3,511)
- amounts owing by associates	-	-	(673)	(673)
<b>Total retained earnings</b>	<b>9,470</b>	<b>-</b>	<b>(4,184)</b>	<b>5,286</b>

(b) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 Revenue, MFRS 111 Construction Contracts, and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

The Group adopted MFRS 15 using the modified retrospective method (without practical expedients), with the effect of initially applying this Standard at the date of initial application of 1 July 2018. The cumulative effect of initially applying MFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations.

## NOTES TO THE Financial Statements

30 June 2019

### 42. ADOPTION ON NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)

#### 42.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The following are accounting standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group does not expect the adoption of the above accounting standards to have a significant impact on the financial statements, except for MFRS 16 as described in the following sections.

The Group is currently finalising the adjustments upon adoption of MFRS 16. As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 are no longer required. This accounting standard introduces a single accounting model, requiring the lessee to recognise the right-of-use of the underlying lease asset and the future lease payments liabilities in the statements of financial position. For a lessor, MFRS 16 continues to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.

Comparatives are not restated in accordance with the transition requirements under the Appendix C, paragraph 5(b) of MFRS 16.

# ANALYSIS of Shareholdings

As at 30 September 2019

Total No. of Share Capital : 279,222,415 ordinary shares  
 Class of Shares : Ordinary shares  
 Voting Right : One vote per ordinary share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	169	7.39	6,635	0.00
100 – 1,000	426	18.62	152,556	0.06
1,001 – 10,000	938	41.01	4,774,747	1.71
10,001 – 100,000	638	27.90	20,407,090	7.31
100,001 to less than 5% of issued shares	112	4.90	95,527,447	34.21
5% and above of issued shares	4	0.17	158,353,940	56.71
<b>Total</b>	<b>2,287</b>	<b>100.00</b>	<b>279,222,415</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders as at 30 September 2019

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
CHEW CHONG KEAT	67,187,614	24.06	274,999 <sup>@</sup>	0.10
SINGAPORE ENTERPRISES PRIVATE LIMITED	55,988,700	20.05	-	-
YANG HENG LAM	51,206,338	18.34	919,948 <sup>#</sup>	0.33
CHUA TIONG HOCK	-	-	55,988,700 <sup>^</sup>	20.05
KHUA KIAN KEONG	-	-	55,988,700 <sup>^</sup>	20.05

<sup>@</sup> Deemed interested in shares held by their children.

<sup>#</sup> Deemed interested in shares held by his spouse.

<sup>^</sup> Deemed interested by virtue of his interest in Singapore Enterprises Private Limited.

## ANALYSIS of Shareholdings

As at 30 September 2019

### DIRECTORS' SHAREHOLDINGS

According to the Register of Directors' Shareholdings as at 30 September 2019

Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
DATUK DR. HJ. NOORDIN BIN HJ. AB. RAZAK	-	-	-	-
CHEW CHONG KEAT	67,187,614	24.06	274,999 <sup>@</sup>	0.10
YANG HENG LAM	51,206,338	18.34	919,948 <sup>#@</sup>	0.33
GAN SIEW YONG	12,147,804	4.35	274,999 <sup>@</sup>	0.10
ONG LOOI CHAI	3,419,833	1.22	-	-
TENGGU NURUL AZIAN BINTI TENGGU SHAHRIMAN	-	-	-	-
SOH CHIN TECK	-	-	-	-
LAU SWEE CHIN	-	-	-	-
CHUA TIONG HOCK	-	-	55,988,700 <sup>^</sup>	20.05
KHUA KIAN KEONG	-	-	55,988,700 <sup>^</sup>	20.05

<sup>@</sup> Deemed interested in shares held by their children.

<sup>#</sup> Deemed interested in shares held by his spouse.

<sup>^</sup> Deemed interested by virtue of his interest in Singapore Enterprises Private Limited.

**ANALYSIS** of Shareholdings

As at 30 September 2019

**THIRTY (30) LARGEST SHAREHOLDERS**

No.	Name of Shareholders	No. of Shares Held	%
1.	CHEW CHONG KEAT	67,187,614	24.06
2.	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	45,000,000	16.12
3.	YANG HENG LAM	29,512,920	10.57
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR YANG HENG LAM (PB)	16,653,406	5.96
5.	GAN SIEW YONG	12,147,804	4.35
6.	SINGAPORE ENTERPRISES PRIVATE LIMITED	10,988,700	3.94
7.	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND F9EX FOR FIDELITY NORTHSTAR FUND	8,250,000	2.96
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR YANG HENG LAM (PBCL-0G0321)	4,995,000	1.79
9.	SEE KOK HING	4,786,570	1.71
10.	ONG LOOI CHAI	3,400,120	1.22
11.	FOO SOOK WAN	3,018,703	1.08
12.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI (8095789)	3,000,000	1.07
13.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YOONG KAH YIN (MY2443)	3,000,000	1.07
14.	TANG GEONG KOANG	2,380,249	0.85
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG TET FUI (8054679)	2,266,650	0.81
16.	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	2,107,000	0.76
17.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	2,026,500	0.73
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	1,725,039	0.62
19.	CARTABAN NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	1,500,000	0.54

## ANALYSIS of Shareholdings

As at 30 September 2019

### THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

No.	Name of Shareholders	No. of Shares Held	%
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KUAN GIN	1,500,000	0.54
21.	NIOW SOO SEE	1,178,973	0.42
22.	RHB NOMINEES (ASING) SDN BHD LIN, KUANG	1,149,999	0.41
23.	YVONNE KALATHINI A/P M.VIJAYARAJ	1,100,099	0.39
24.	CHEW PHEK YING	1,047,499	0.38
25.	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROBERT WING-YEE SNASHALL	893,700	0.32
26.	RHB NOMINEES (TEMPATAN) SDN BHD AMARA INVESTMENT MANAGEMENT SDN BHD FOR WONG YEE HUI	850,000	0.30
27.	RHB NOMINEES (ASING) SDN BHD NAIGAI TRANS LINE LTD	821,425	0.29
28.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	730,000	0.26
29.	YEOW SOON GUAT	687,298	0.25
30.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HONJI CORPORATION SDN BHD (E-SS2)	650,000	0.23
<b>TOTAL</b>		<b>234,555,268</b>	<b>84.00</b>

## LIST of Properties

Postal address/Location	Description	Existing use	Land Area (square feet)	Tenure of land (years)	Approximate age of building	Date Acquisition	Net book value as at 30.06.19 RM'000
Geran No. 2893, Lot 1841 Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang Pulau Mutiara.  Postal Address: No. 4453, Jalan Bagan Luar, 12000 Butterworth, Pulau Pinang Pulau Mutiara.	Three (3) storey terrace shophouse	Office	1,019	Freehold	44 years	22 October 1994	280 (Land)  338 (Building)
Geran No. 2892, Lot 1840, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang Pulau Mutiara.  Postal Address: No. 4454, Jalan Bagan Luar, 12000 Butterworth, Pulau Pinang Pulau Mutiara.	Three (3) storey terrace shophouse	Office	1,021	Freehold	44 years	25 June 2002	280 (Land)  340 (Building)
Master Title: H.S (D) 49488 and 49489, PT 49974 and 49975, Mukim Klang, Daerah Klang, Selangor Darul Ehsan.  Postal Address: No. 45-2A, 2 <sup>nd</sup> Floor, Jalan Sungai Chandong 15, Bandar Armada Putra, Pulau Indah, 42920 Port Klang, Selangor Darul Ehsan.	Office Unit	Vacant	Nil	99 years ending on 19 October 2102	19 years	23 September 1998	17 (Building)
Master Title: H.S (D) 49488 and 49489, PT 49974 and 49975, Mukim Klang, Daerah Klang, Selangor Darul Ehsan.  Postal Address: No. 45-2B, 2 <sup>nd</sup> Floor, Jalan Sungai Chandong 15, Bandar Armada Putra, Pulau Indah, 42920 Port Klang, Selangor Darul Ehsan.	Office Unit	Vacant	Nil	99 years ending on 19 October 2102	19 years	23 September 1998	15 (Building)
H.S (D) 116412, PT 239, Mukim Bandar Sultan Sulaiman, Daerah Klang, Selangor Darul Ehsan.  Postal Address: Lot 37, Jalan Lebuhan Sultan Mohamed 1, Kawasan Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.	Industrial land  Warehouse cum 4-storey office building	Warehouse and Office	644,811	99 years ending on 2105	13 years	16 September 2005	37,495 (Land)  60,543 (Building)



## LIST of Properties

Postal address/Location	Description	Existing use	Land Area (square feet)	Tenure of land (years)	Approximate age of building	Date Acquisition	Net book value as at 30.06.19 RM'000
H.S (D) 116367, PT 183 Mukim Bandar Sultan Sulaiman, Daerah Klang, Selangor Darul Ehsan. Postal Address: Lot 24, Jalan Lebuah Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.	Industrial land  Warehouse cum 2-storey office building	Warehouse and Office	217,797	99 years ending on 30 June 2105	26 years	17 January 2011	14,234 (Land)  15,540 (Building)
H.S (D) 37855, PT 478 Mukim 6, Daerah Seberang Perai Tengah, Pulau Pinang Pulau Mutiara. Postal Address: No. 1077, Lorong Perusahaan Maju 1 Kawasan Perusahaan F4, 13600 Perai, Pulau Pinang Pulau Mutiara.	Industrial land  Warehouse cum 2-storey office building	Warehouse and Office	92,424	60 years ending on 30 October 2052	24 years	11 April 2012	3,886 (Land)  5,829 (Building)
H.S (D) 261818, Lot No. PT598 Pekan Hicom, Daerah Petaling, Selangor Darul Ehsan. Postal Address: Lot 5, Persiaran Sabak Bernam, Section 26 (Hicom), 40400 Shah Alam, Selangor Darul Ehsan.	Industrial land  Warehouse cum 2-storey office building	Warehouse and Office	371,990	Freehold	30 years	27 August 2015	55,000 (Land)  9,494 (Building)
Ruko CBD Jababeka Blok B No. 18, Jl. Niaga Raya Kav. AA3, Pasirsari, Cikarang Selatan, Bekasi, Jawa Barat. Zip code : 17530	Office Unit	Office	58	8 years ending on 24 September 2026, after that extend every 30 years	21 years	1 July 2017	321 (Building)
Ruko CBD Jababeka Blok B No. 19, Jl. Niaga Raya Kav. AA3, Pasirsari, Cikarang Selatan, Bekasi, Jawa Barat. Zip code : 17530	Office Unit	Office	58	8 years ending on 24 September 2026, after that extend every 30 years	21 years	1 September 2017	376 (Building)

## NOTICE OF Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Third (23<sup>rd</sup>) Annual General Meeting of the Company will be held at **Topas Room, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia** on **Monday, 25 November 2019** at **10.00 a.m.** for the following purposes:-

### AS ORDINARY BUSINESS:-

- |  |   |
|--|---|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon.                            | <b>Please refer to the Explanatory Note 1</b> |
| 2. To approve the payment of Directors' fees up to an aggregate amount of RM480,000 for the financial year ending 30 June 2020 to be paid monthly in arrears.                        | <b>Ordinary Resolution 1</b>                  |
| 3. To approve the payment of Directors' benefits amounting to RM80,000 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company. | <b>Ordinary Resolution 2</b>                  |
| 4. To re-elect the following Directors who are retiring pursuant to Clause 125 of the Company's Constitution:-   |   |
| a. Chew Chong Keat   | <b>Ordinary Resolution 3</b>                  |
| b. Chua Tiong Hock   | <b>Ordinary Resolution 4</b>                  |
| 5. To re-elect the following Directors who is retiring pursuant to Clause 130 of the Company's Constitution:-  |   |
| a. Tengku Nurul Azian Binti Tengku Shahriman   | <b>Ordinary Resolution 5</b>                  |
| b. Soh Chin Teck   | <b>Ordinary Resolution 6</b>                  |
| 6. To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>Ordinary Resolution 7</b>                  |

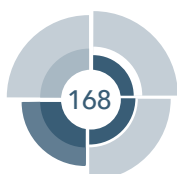
### AS SPECIAL BUSINESS:-

To consider and, if thought fit, to pass the following resolutions with or without modifications:-

#### 7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT")**

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the RRPTs of a revenue or trading nature with the related parties as specified in Section 2.3 of Part A of the Circular/Statement to Shareholders dated 25 October 2019, provided that such transactions are necessary for the Group's day-to-day operations and carried out in the ordinary course of business and at arms-length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company.

**Ordinary Resolution 8**



## NOTICE OF Annual General Meeting

THAT the authority conferred by such mandate shall continue to be in force until:-

- (i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next annual general meeting is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by a resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Renewal of Shareholders' Mandate for RRPT."

### 8. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

"THAT subject always to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company provided that:-

### Ordinary Resolution 9

- (a) the aggregate number of ordinary shares in the Company purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as at the point of purchase(s); and
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase.

THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:-

- (a) the conclusion of the next annual general meeting of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next annual general meeting of the Company after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

## NOTICE OF Annual General Meeting

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:-

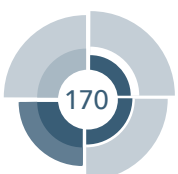
- i. To cancel all or part of the Purchased Shares;
- ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- iv. To resell all or part of the treasury shares;
- v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- vi. To transfer all or part of the treasury shares as purchase consideration;
- vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- viii. To deal with the treasury shares in the manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement, finalise and to give full effect to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors deem fit and expedient at their discretion in the best interest of the Company in accordance with the Act, regulations and guidelines."

### 9. PROPOSED AUTHORITY TO ISSUE AND ALLOT SHARES

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act") and subject to the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors be and are hereby empowered to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, to such persons and for such purposes as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company, AND THAT the Directors be authorised to do all such things as they deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities pursuant to this resolution."

### Ordinary Resolution 10



## NOTICE OF Annual General Meeting

10. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act 2016.

By Order of the Board,

**FONG SOK YEE (MAICSA 7066501)**  
**LIM HOOI MOOI (MAICSA 0799764)**  
**TE HOCK WEE (MAICSA 7054787)**  
 Company Secretaries

Kuala Lumpur  
 25 October 2019

### NOTES:-

- a. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 November 2019 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote or appoint proxy(ies) to attend, speak and vote on his behalf at the meeting.
- b. A member, including an authorised nominee, entitled to attend, speak and vote at the meeting may appoint not more than two (2) proxies to attend, speak and vote for him. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- c. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- d. Where a member, an authorised nominee or an exempt authorised nominee, appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Proxy Form.
- e. The instrument appointing a proxy shall be in writing, executed by the appointer or of his attorney duly authorised in writing or, if the member is a corporation, either under its common seal or the hand of its attorney duly authorised.
- f. The Proxy Form must be deposited at the Share Registrar's office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia at least forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof and in default, the Proxy Form shall not be treated as valid.
- g. A member may give the Company notice of termination of a person's authority to act as proxy not less than twenty-four (24) hours before the time appointed for holding the meeting. The notice of termination must be in writing and be deposited at the Share Registrar's office as indicated above.
- h. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

## NOTICE OF Annual General Meeting

### EXPLANATORY NOTES:-

#### 1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2019

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

#### 2. Ordinary Resolution 8 – Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

This proposed resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with its related parties in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings to seek shareholders’ approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company and is subject to renewal on an annual basis.

Further details relating to this proposed resolution are set out in the Company’s Circular/Statement to Shareholders dated 25 October 2019, which was circulated together with the Company’s 2019 Annual Report.

#### 3. Ordinary Resolution 9 – Proposed Renewal of Shareholders’ Mandate for Share Buy-Back

The proposed Ordinary Resolution 9, if passed, will empower the Company to purchase its own shares up to ten percent (10%) of the total number of issued shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

Further information relating to this proposed resolution is set out in Part B of the Circular/Statement to Shareholders dated 25 October 2019, which is circulated together with the Company’s 2019 Annual Report.

#### 4. Ordinary Resolution 10 – Proposed Authority to Issue and Allot Shares

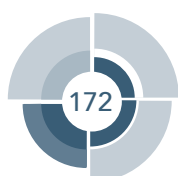
The proposed Ordinary Resolution 10, if passed, will empower the Directors to issue shares up to an aggregate amount not exceeding ten percent (10%) of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without having to convene separate general meetings. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next annual general meeting of the Company.

This is a renewal of the mandate obtained from shareholders at the last Annual General Meeting held on 28 November 2018 and will provide flexibility to the Company for any possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares.

The Company had not issued any new shares pursuant to Section 75 of the Companies Act 2016 under the general mandate which was approved at the preceding Annual General Meeting.

#### 5. Continuation in Office as Independent Director – Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak

Datuk Dr Hj. Noordin Bin Hj. Ab. Razak (“Datuk Noordin”) who has served as an Independent Director of the Company for a cumulative term of more than fifteen (15) years, has informed the Board in writing of his intention to resign as an Independent Non-Executive Director after the 23<sup>rd</sup> AGM. Therefore, he will not be seeking re-appointment as Independent Director at the forthcoming 23<sup>rd</sup> AGM.





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

## FORM OF Proxy

CDS A/C. No.	No. of shares held

I/We \_\_\_\_\_ NRIC No. / Co. Registration No \_\_\_\_\_  
(Full Name in Block Letters)

of \_\_\_\_\_  
(Full Address)

being (a) member(s) of Freight Management Holdings Bhd., hereby appoint:-

Full Name in Block Letters	Proportion of Shareholdings %
NRIC No.	
Full Address	
Full Name in Block Letters	Proportion of Shareholdings %
NRIC No.	
Full Address	
100%	

or failing \*him / her, the Chairman of the Meeting as \*my / our \*proxy / proxies to attend and to vote for \*me / us on \*my / our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company to be held at Topas Room, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia on Monday, 25 November 2019 at 10.00 a.m., and at any adjournment thereof and to vote as indicated below:-

RESOLUTIONS		FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' fees for the financial year ending 30 June 2020 to be paid monthly in arrears.		
Ordinary Resolution 2	To approve the payment of Directors' benefits.		
Ordinary Resolution 3	To re-elect Chew Chong Keat as Director of the Company.		
Ordinary Resolution 4	To re-elect Chua Tiong Hock as Director of the Company.		
Ordinary Resolution 5	To re-elect Tengku Nurul Azian Binti Tengku Shahriman as Director of the Company.		
Ordinary Resolution 6	To re-elect Soh Chin Teck as Director of the Company.		
Ordinary Resolution 7	To re-appoint Crowe Malaysia PLT as Auditors of the Company.		
Ordinary Resolution 8	Proposed Renewal of Shareholders' Mandate for RRPT.		
Ordinary Resolution 9	Proposed Renewal of Shareholders' Mandate for Share Buy-Back.		
Ordinary Resolution 10	Proposed Authority to Issue and Allot Shares.		

(Please indicate with an "X" on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

[\*Delete if not applicable]

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Telephone no. during office hours:

\_\_\_\_\_  
[Signature / Common Seal of shareholder(s)]

**NOTES:-**

- a. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 November 2019 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote or appoint proxy(ies) to attend, speak and vote on his behalf at the meeting.
- b. A member, including an authorised nominee, entitled to attend, speak and vote at the meeting may appoint not more than two (2) proxies to attend, speak and vote for him. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- c. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- d. Where a member, an authorised nominee or an exempt authorised nominee, appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Proxy Form.
- e. The instrument appointing a proxy shall be in writing, executed by the appointer or of his attorney duly authorised in writing or, if the member is a corporation, either under its common seal or the hand of its attorney duly authorised.
- f. The Proxy Form must be deposited at the Share Registrar's office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia at least forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof and in default, the Proxy Form shall not be treated as valid.
- g. A member may give the Company notice of termination of a person's authority to act as proxy not less than twenty-four (24) hours before the time appointed for holding the meeting. The notice of termination must be in writing and be deposited at the Share Registrar's office as indicated above.
- h. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

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Affix Stamp

**Freight Management Holdings Bhd** (Company No. 380410-P)

The Share Registrar:  
Tricor Investor & Issuing House Services Sdn. Bhd.  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia

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# FREIGHT MANAGEMENT Group Directory

No	Area	Address	Tel	Fax
<b>MALAYSIA</b>				
1.	PORT KLANG (OCEAN) (WAREHOUSE) (3PL)	<b>FM GLOBAL LOGISTICS (M) SDN. BHD. (Company No. 85740-U)</b> Lot 37, Lebuah Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Pelabuhan Klang, Selangor Darul Ehsan. General Email address : gen@fmgloballogistics.com Website : www.fmgloballogistics.com	+603-3176 1111	+603-3176 8634
2.	SELANGOR (AIR FREIGHT)	<b>FM GLOBAL LOGISTICS (KUL) SDN. BHD. (Company No. 199558-U)</b> (KLIA-Warehouse & Operation office) Lot C3A, Block C, Malaysia Airlines Freight Forwarders Complex, Free Commercial Zone, KLIA Carto Village, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan.	+603-8787 2990	+603-8787 2933
		<b>(KELANA JAYA)</b> Suite 1601-2, Level 16, Tower 2, Wisma AmFIRST, Jalan SS7/15, Jalan Stadium, 47301 Kelana Jaya, Selangor Darul Ehsan. Email : enquiry-air@fmgloballogistics.com	+603-76103300	+603-7610 3232
3.	SELANGOR (EAST MALAYSIA)	<b>FM MULTIMODAL SERVICES SDN. BHD. (Company No. 251269-V)</b> Lot 37B, Lebuah Sultan Mohamed 1, Kaw. Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan. Email : general@fmmultimodal.com	+603-3176 6888	+603-3176 3993 +603-3176 4209
4.	SELANGOR (LAST-MILE DELIVERY)	<b>PARCEL TO POST SERVICES SDN. BHD (Company No. 1224580-W)</b> Lot 14, Lorong Keluli 1C, Kawasan Perindustrian Bukit Raja, 40000 Shah Alam, Selangor. Email : hello@parceltopost.com	+603-3362 5666	
5.	PASIR GUDANG, JOHOR (OCEAN)	<b>FM GLOBAL LOGISTICS (M) SDN. BHD. (Company No. 85740-U) (JOHOR BAHRU)</b> No. 1-02, Jalan Molek 3/20, Taman Molek, 81100 Johor Bahru, Johor Darul Takzim. General Email address : enquiry-my@fmgloballogistics.com	+607-350 0959	+607-361 2621
		<b>(BATU PAHAT)</b> No. 13B, Jalan Kundang, Taman Bukit Pasir, 83000 Batu Pahat, Johor Darul Takzim.	+607-439 3884	+607-439 3860

## FREIGHT MANAGEMENT Group Directory

No	Area	Address	Tel	Fax
<b>MALAYSIA</b>				
6.	PENANG (OCEAN)	<b>FM GLOBAL LOGISTICS (M) SDN. BHD.</b> <b>(Company No. 85740-U)</b> No. 4453 & 4454, Jalan Bagan Luar, 12000 Butterworth, P.W. Pulau Pinang. Email Address : enquiry-pen@fmgloballogistics.com	+604-331 4358	+604-331 4368
7.	PENANG (AIR FREIGHT)	<b>FM GLOBAL LOGISTICS (KUL) SDN. BHD.</b> <b>(Company No. 199558-U)</b> Block A-Unit 8, Cargo Agent Building, MAS Cargo Complex, Penang International Airport, 11900 Bayan Lepas, Pulau Pinang Pulau Mutiara. Email : enquiry-air@fmgloballogistics.com	+604-640 4943 +604-640 4944	+604-640 4948
8.	IPOH	<b>FM GLOBAL LOGISTICS (M) SDN. BHD.</b> <b>(Company No. 85740-U)</b> 1B (2 <sup>nd</sup> Floor), Persiaran Greentown 9, Greentown Business Centre, 30450 Ipoh, Perak Darul Ridzuan. General Email Address : fmipoh@fmgloballogistics.com Email : enquiry-my@fmgloballogistics.com	+605-242 1600 +605-242 1611	+605-255 1446 +605-255 1380
9.	MELAKA	<b>FM GLOBAL LOGISTICS (M) SDN. BHD.</b> <b>(Company No. 85740-U)</b> No. 1-2, Jalan PPMP 1, Pusat Perniagaan Malim Permai, 75250 Hang Tuah Jaya, Malim, Melaka Bandar Bersejarah. General Email Address : sales_mel@fmgloballogistics.com	+606-336 8888	+606-336 7777
10.	KUANTAN	<b>FM GLOBAL LOGISTICS (M) SDN. BHD.</b> <b>(Company No. 85740-U)</b> A-43, Tingkat 1, Lorong Balok Perdana 3/1, Balok Perdana, 26100 Kuantan, Pahang Darul Makmur. General Email Address : azha@fmgloballogistics.com	+609-584 0359 +609-584 0459	+609-584 0159
<b>THAILAND</b> <b>FM GLOBAL LOGISTICS CO. LTD</b>				
1.	BANGKOK	Richmond Building 11th Floor 75/25 Soi Sukhumvit 26, Klongton, Klongtoey, Bangkok, 10110 Thailand. Email : enquiry-th@fmgloballogistics.com	+66-2 661 2400-6	+66-2 661 2407-8
2.	SADAO	149 Moo 2 Kanjanavanich Road, Samnak kham, Sadao, Songkhla 90320 Thailand.	+66-74-802089	

## FREIGHT MANAGEMENT Group Directory

No	Area	Address	Tel	Fax
<b>INDONESIA</b>				
<b>PT. FM GLOBAL LOGISTICS</b>				
1.	JAKARTA	Rukan Artha Gading Niaga Blok H No. 11, Jl. Bulevar Artha Gading, Kelapa Gading 14240, Jakarta Utara, Indonesia. Email : enquiry-id@fmgloballogistics.com	+62-21 4585 6727 +62-21 4585 0905	+62-21 4585 0906
2.	CIKARANG	Ruko CBD Jababeka Blok B No. 18 & 19, Jl. Niaga Raya Kav AA3, Cikarang Baru, Bekasi 17550 Kawasan Industri Jababeka Tahap 2, Indonesia. Email : enquiry-id@fmgloballogistics.com	+62-21 893 4869 +62-21 893 4913	+62-21 8983 6776
3.	BANDUNG	Metro Trade Centre Blok H-58, Jl. Soekarno Hatta, No. 590, Bandung 40286, Indonesia. Email : enquiry-id@fmgloballogistics.com	+62-22 753 6478 +62-22 753 5706	+62-22 756 5687
4.	MEDAN (BELAWAN)	Graha Harmoni Building 6th Floor, Jln. Gaharu No. 2B, Harmoni, Medan Timur, Kota Medan, Sumatera Utara 20235, Indonesia. Email : enquiry-id@fmgloballogistics.com	+62-61 414 1723	+62-61 414 1785
5.	SURABAYA	Jl. Ikan Trowani No. 18, Surabaya, Jawa Timur, 60177 Indonesia. Email : enquiry-id@fmgloballogistics.com	+62-31 352 0158	+62-31 990 91381
<b>VIETNAM</b>				
<b>FM GLOBAL LOGISTICS COMPANY LIMITED</b>				
1.	HO CHI MINH	Unit 1205, 12th Floor, Citilight Tower, 45 Vo Thi Sau Street, Dakao Ward, District 1, Ho Chi Minh City, Vietnam. Email : enquiry-vn@fmgloballogistics.com	+8428-3823 8628	+8428-3823 7868
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## FREIGHT MANAGEMENT Group Directory

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<b>INDIA</b>				
<b>FM GLOBAL LOGISTICS (INDIA) PVT. LTD.</b>				
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<b>FM GLOBAL LOGISTICS PTY LTD.</b>				
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3.	ADELAIDE	104 Wing Street, Wingfield SA 5013, Australia Email : darren@fmgloballogistics.com.au	+61 413 939 204	
4.	BRISBANE	Unit 29, 16 Crockford Street, Northgate QLD 4013, Australia. Email : brad.evans@fmgloballogistics.com.au	+61 478 564 090	
<b>SRI LANKA</b>				
<b>FM GLOBAL LOGISTICS LANKA (PVT) LTD.</b>				
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<b>UAE</b> <b>AMASS MIDDLE EAST SHIPPING SERVICES LLC</b>				
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Hong Kong

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Kuwait

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Bahrain

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PAKISTAN



BRUNEI



PHILIPPINES



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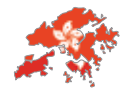
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