



**FREIGHT MANAGEMENT HOLDINGS BHD**  
380410-P

# SHAPING THE **FUTURE** OF GLOBAL LOGISTICS

ANNUAL REPORT  
**2018**

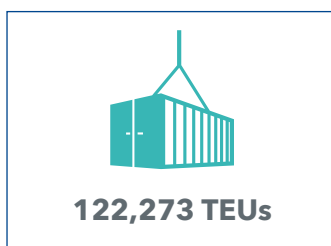
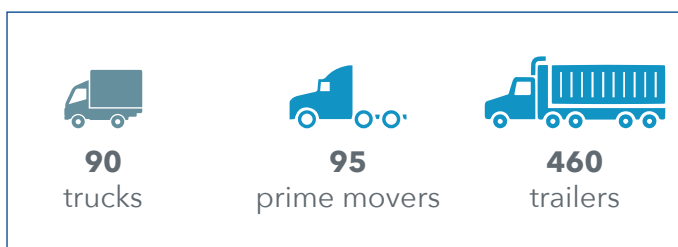
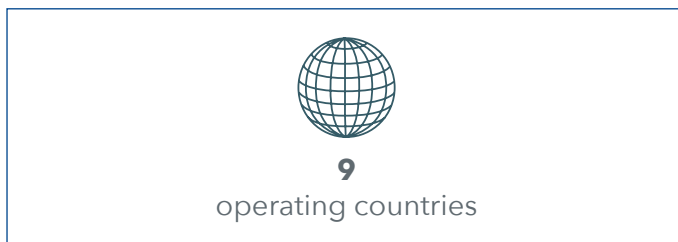


# About

## 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 through its 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 and the Middle East.

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 service companies to be listed on the Main Board of Bursa Malaysia.



## SHAPING THE FUTURE OF GLOBAL LOGISTICS

We have achieved consistent growth, profitability and sustainability over the years by leveraging on our professional expertise, human capital resources and quality logistics assets. Freight Management Holdings Bhd enables manufacturers and brands to prosper by significantly enhancing their logistics capabilities. We have played a key role in shaping the global logistics industry by helping businesses store, manage, protect and deliver goods directly to their customers. We conduct ourselves professionally, efficiently and cost effectively through a network of 107 agents in 127 countries worldwide, which make us a truly global logistics player.

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# 22<sup>nd</sup> AGM



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



Wednesday, 28 November 2018



10:00 a.m.



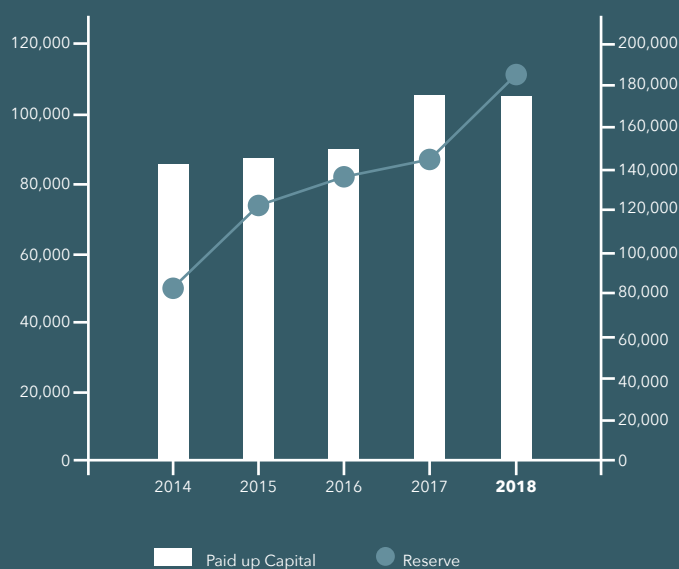
## Financial Highlights

<b>STATEMENTS OF COMPREHENSIVE INCOME (RM'000)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Revenue	403,301	420,271	413,771	461,295	<b>511,585</b>
Profit Before Taxation	30,827	24,244	24,761	28,916	<b>28,426</b>
Profit After Tax and Non-Controlling Interests	24,006	20,105	19,874	21,026	<b>19,695</b>
Net Earnings Per Share (sen)	14.09	11.75	11.45	11.50	<b>10.58</b>
Gross Dividend Per Share (sen)	5.00	5.00	5.00	5.00	<b>5.00</b>

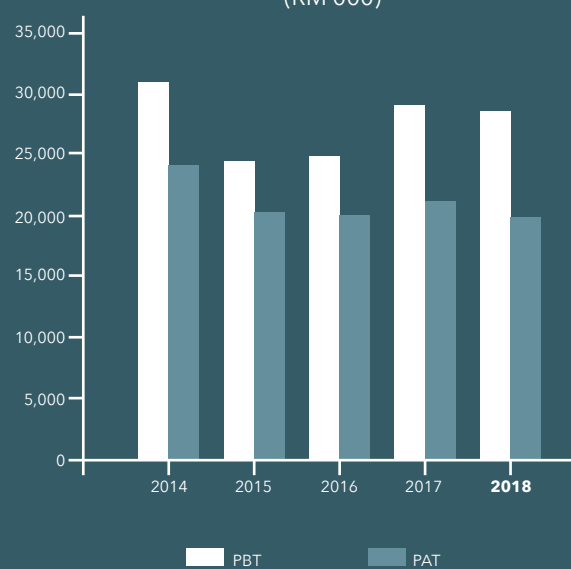
  

<b>STATEMENTS OF FINANCIAL POSITION (RM'000)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
No. of shares in issue ('000)	170,762	173,000	177,618	186,148	<b>186,148</b>
Paid-up Share Capital	85,381	86,500	88,809	104,290	<b>104,290</b>
Reserve	82,954	120,953	135,849	142,729	<b>184,254</b>
Net Asset per Share (RM)	0.99	1.20	1.26	1.33	<b>1.55</b>

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



**Profit After Tax and Non-Controlling Interests**  
(RM'000)



REVENUE ANALYSIS (RM Million)	2014	2015	2016	2017	2018
<b>Contribution by Service Type</b>					
Sea Freight	224.8	259.8	262.9	290.3	<b>325.6</b>
Air Freight	28.7	33.9	35.1	45.3	<b>49.8</b>
Tug & Barge	17.2	19.6	13.8	16.1	<b>6.5</b>
3PL & Warehousing	48.4	39.6	42.7	47.3	<b>58.4</b>
Land Freight	26.4	17.1	16.5	16.0	<b>18.4</b>
Supporting Services	57.8	50.3	42.8	46.2	<b>52.9</b>
<b>TOTAL</b>	<b>403.3</b>	<b>420.3</b>	<b>413.8</b>	<b>461.2</b>	<b>511.6</b>

Contribution by Service Type  
2018

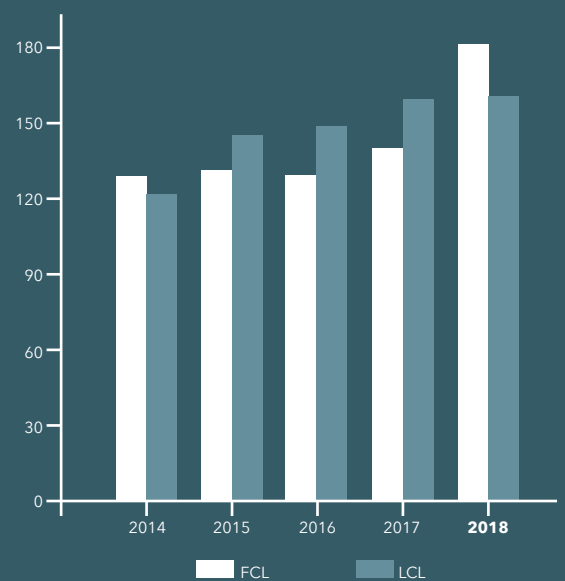
Sea Freight	<b>63.7%</b>
3PL & Warehousing	<b>11.4%</b>
Supporting Services	<b>10.3%</b>
Air Freight	<b>9.7%</b>
Land Freight	<b>3.6%</b>
Tug & Barge	<b>1.3%</b>

Segmental Revenue by Country  
2018

<b>Logistics</b>	
Malaysia	<b>75.2%</b>
Australia	<b>8.6%</b>
Indonesia	<b>6.2%</b>
Vietnam	<b>2.5%</b>
Thailand	<b>2.5%</b>
India	<b>2.1%</b>
Sri Lanka	<b>1.4%</b>
<b>Marine</b>	
Singapore	<b>1.3%</b>
Other operating segments	<b>0.2%</b>

Revenue Analysis by Service Type  
(RM Million)

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

Revenue Analysis by Container Mode  
(RM Million)

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



GLOBAL REACH

107 Agents  
127 Countries

## 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.



#### International and Domestic Sea Freight Services LCL/FCL

FM Group's extensive experience in export/import sea freight services ensures efficient handling of customers' cargo movement internationally and between Peninsular Malaysia and Sabah/Sarawak.



#### International and Domestic Air Freight Services

FM Group handles inbound and outbound air freight services both internationally and between Peninsular Malaysia and Sabah/Sarawak. We are part of an established worldwide network of air freight forwarders.



#### 3PL & Warehousing

FM Group operates a total of 1,000,000 sq. ft. of bonded and non-bonded warehouses. We offer a one-stop centre for storage, value-adding and distribution, and e-commerce fulfillment services.



#### Land Transportation

FM Group's fleet of 90 trucks, 95 prime movers and 460 trailers offers door to door delivery and cross border pick-up services throughout the Peninsular and between Malaysia, Singapore and Thailand. We accept Full Truck Load, Less Truck Load and Container Haulage.



#### Bulk Services

FM Group through its associate TCH Marine Pte. Ltd., with a fleet of 7 Barges and 7 Tugboats operates a tug & barge service; servicing the Straits of Melaka between Singapore and South Thailand.



#### Customs Clearance

With a team of >100 personnel nationwide, FMGL is able to offer professional and efficient customs clearance for both sea and air services.



#### Project Management

FM Group's Project Management Department is equipped to handle the organisation and shipping of all oversized cargo.



#### Last Mile Delivery

FM Group through its wholly owned company Parcel to Post Services Sdn. Bhd. operates last mile delivery service B2B and B2C.

# Corporate Structure



## FREIGHT MANAGEMENT HOLDINGS BHD

380410-P

### PROVISION OF FREIGHT SERVICES

- 100%** FM Global Logistics (M) Sdn. Bhd.
  - 100%** FM Contract Logistics Sdn. Bhd.\*
  - 100%** Advance Cargo Logistics 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.\*
- 100%** FM Global Logistics (KUL) Sdn. Bhd.
- 100%** Exterian Enterprise Sdn. Bhd.
- 100%** FM Worldwide Logistics (Penang) Sdn. Bhd.\*
- 100%** FM Global Logistics Ventures Sdn. Bhd.
  - 100%** FM Global Logistics Co. Ltd, Thailand
  - 100%** FM Global Logistics (HK) Limited, Hong Kong\*
  - 100%** FM Global Korea Corporation, South Korea\*
  - 95%** FM Global Logistics Company Limited, Vietnam
  - 75%** FM Global Logistics Pty. Ltd., Australia
  - 67%** PT. FM Global Logistics, Indonesia
  - 51%** FM Global Logistics (India) Private Limited, India
  - 50%** FM Global Logistics (Phil.), Inc. Philippines
  - 50%** Amass Freight Middle East FZCO, United Arab Emirates
  - 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.

### INVESTMENT HOLDING & OTHER SERVICES

- 100%** FMG Capital & Management Sdn. Bhd.
  - 100%** Centro Maxx Sdn. Bhd.
- 100%** Icon Freight International Inc.
- 100%** Freight Management MSC Sdn. Bhd.

### PROVISION OF MARINE SERVICES

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

### SHIPYARD AND DOCK MANAGEMENT

- 25%** YKP-FM Global Shipyard Co. Ltd, Thailand

### PROVISION OF TUG & BARGE SERVICES

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

### E-COMMERCE LOGISTICS

- 65%** FM Hubwire Sdn. Bhd.

### LAST-MILE DELIVERY SERVICES

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

\* Dormant Companies



# Corporate Information

## 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*

### **Aaron Sim Kwee Lein**

*Senior Independent Non-Executive Director*

### **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

Lim Hooi Mooi (MAICSA 0799764)

Wong Wai Foong (MAICSA 7001358)

## REGISTERED OFFICE

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

Tel : +603-2783 9191

Fax : +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.

Tel : +603-3176 1111

Fax : +603-3176 8634

Website : [www.fmgloballogistics.com](http://www.fmgloballogistics.com)

## PRINCIPAL BANKERS

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

## AUDITORS

Crowe Malaysia  
(Firm No.: AF 1018)  
Chartered Accountants

## AUDIT COMMITTEE

### **Chairman**

#### **Aaron Sim Kwee Lein**

*Senior Independent Non-Executive Director*

### **Member**

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

*Independent Non-Executive Director*

#### **Chua Tiong Hock**

*Non-Independent Non-Executive Director*

#### **Lau Swee Chin**

*Independent Non-Executive Director*

## NOMINATION COMMITTEE

### **Chairman**

#### **Aaron Sim Kwee Lein**

*Senior Independent Non-Executive Director*

### **Member**

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

*Independent Non-Executive Director*

#### **Lau Swee Chin**

*Independent Non-Executive Director*

## REMUNERATION COMMITTEE

### **Chairman**

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

*Independent Non-Executive Director*

### **Member**

#### **Aaron Sim Kwee Lein**

*Senior Independent Non-Executive Director*

#### **Chua Tiong Hock**

*Non-Independent Non-Executive Director*

## SOLICITORS

Wong Lu Peen & Tunku Alina

Advocate & Solicitor

## 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,  
Wilayah Persekutuan, Malaysia.

Tel : +603-2783 9299

Fax : +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)



Total Multimodal  
Professional  
Logistic Solutions

## Board of Directors' Profile

### Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak

Chairman/Independent Non-Executive Director



Datuk Dr. Hj. Noordin was appointed 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. He is one of the co-founders of the Group and serves on the board of all 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.

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").

### 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 includes 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.

### Gan Siew Yong

Executive Director



Ms. 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 rates negotiation 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 LCL consolidation business to all the major ports of the world.

Board of **Directors' Profile****Ong Looi Chai**

Executive Director



Mr. Ong was appointed 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.

**Aaron Sim Kwee Lein**

Senior Independent Non-Executive Director



Mr. Sim was appointed to the Board on 3 December 2004. He is a Fellow Member of the Chartered Association of Certified Accountants (UK), a Chartered Accountant of the Malaysian Institute of Accountants, a member of CPA Australia and a Chartered Member of the Institute of Internal Auditors Malaysia. He is the Chairman of FMHB's Audit Committee and Nomination Committee and a member of the Remuneration Committee.

of Bursa Securities as an Internal Auditor where he was engaged in audit work for stockbroking, manufacturing, retail and distribution concerns.

He commenced his career with an international accounting firm and gained professional exposure in stockbroking, trading, manufacturing and construction concerns. Thereafter, he joined a listed company on the Main Board

In addition, he was also involved in due diligence, operational rationalisation and strategic planning work for corporate acquisitions. Subsequently, he was the Finance & Administrative Manager in a food retail franchise chain before heading the Corporate Strategies and Financial Affairs department of a glove manufacturing group. He is currently involved in offering business and financial advisory services. Mr. Sim also serves on the board of Excel Force MSC Berhad and Frontken Corporation Berhad.

**Lau Swee Chin**

Independent Non-Executive Director



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

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

Ms. 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.

Her work covered incorporation of companies and business enterprises, public listing, company secretarial services, de-registrations, liquidations, including advisory services.

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 be Head of Company Secretarial Department.

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.

**Chua Tiong Hock**

Non-Independent Non-Executive Director



Mr. Chua was appointed to the Board as a Director on 30 July 2007. He is a member of FMHB's Audit Committee and Remuneration Committee.

Mr. Chua is also an Executive Director and Chief Corporate Development Officer of Vibrant Group Limited, Singapore. Previously, he represented the Vibrant Group (previously known as Freight Links Express Holdings Limited) as a director in listed subsidiaries, Freight Links Express Holdings (Australia) Limited, Freight Links Express Holdings (Hong Kong) Limited and Cybermast Limited. He is also a director of Sabana Shari'ah Compliant REIT.

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

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.

**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, a substantial shareholder of FMHB. He obtained his Bachelor of Science in Electrical Engineering and graduated cum laude from 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 External Affairs at the Singapore Thong Chai Medical Institute. He also serves as a Patron at the Telok Blangah Citizens' Consultative Committee.

In addition, Mr. Khua is the president of the Nanyang Kuah Si Association, Chairman of Pei Tong Primary School advisory committee, a 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 the Singapore Ann Kway Association.

Mr. Khua is Board Chairman of Fujian Anxi No. 8 Middle School, Vice-President of World Quanzhou Youth Friendship Association, Vice-President of Anxi Charity Federation and Anxi Fenglai Guitou Charity Federation. In 2009, he was awarded the "Outstanding Charitable Works Contribution" 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, none of the Directors has 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.

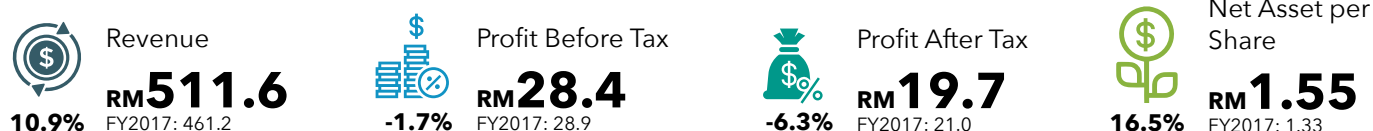
**KEY SENIOR MANAGEMENT** : The Executive Directors on the Board also occupy the offices of the Key Senior Management of the Company.

## Chairman's Statement

### Dear Valued Shareholders,

I am pleased to present on behalf of the Board of Directors the Annual Report and Audited Financial Statements of Freight Management Holdings Bhd ("FMHB" or "the Group") for the financial year ended 30 June 2018 ("FY2018").

#### FINANCIAL PERFORMANCE (IN RM MILLION)



FMHB achieved mixed results during an interesting year in which growing demand was tempered by rising costs against the backdrop of an economic cold war between major trading nations and economic blocs. On the one hand, the Group capitalised on increasing demand to register healthy growth in Revenue. On the other, we achieved lower margins due to rising costs and other factors, leading to a moderate decline in profits.

#### FINANCIAL RESULTS

The Group reached a new milestone in recording Revenue of RM511.6 million in FY2018, representing a growth of 10.9% over RM461.2 million the year before ("FY2017"). However, the Group posted a lower Profit Before Tax ("PBT") of RM28.4 million compared with RM28.9 million in FY2017 (-1.7%) and a lower Profit After Tax and Minority Interests ("PATMI") of RM19.7 million against RM21.0 million in the previous financial year (-6.3%).

Earnings Per Share ("EPS") was 10.58 sen in FY2018, compared with 11.50 sen the year before. Nevertheless, the Group sustained growth in Shareholders' Funds and Total Assets to close the year in a stronger financial position. Shareholders' Funds grew by 16.8% to RM288.5 million during the year in review (FY2017: RM247.0 million) while Total Assets amounted to RM455.3 million with Net Assets Per Share reaching RM1.55 as at end FY2018, an increase of 16.5% from the previous financial year (FY2017: RM1.33). A more detailed review of FMHB's financial and operational performance is provided in the Management Discussion and Analysis in this Annual Report.



## DIVIDEND

I am pleased to announce that the Board of Directors has declared another year of dividends to reward the support and loyalty of our shareholders. We declared two interim single-tier dividends amounting to 5 sen per share in FY2018, with an interim dividend of 1.5 sen per share paid out in July 2018 and a second interim of 3.5 sen per share to be paid out in November 2018. The total dividend payout of RM9.3 million for FY2018 is the highest at 47% of the Group's PATMI. It will also be our 14th consecutive year of dividend payments.

## FUTURE OUTLOOK

Looking ahead, the Group will remain vigilant over the global market uncertainties, rising oil prices and currency pressure precipitated by the developing trade tension between the United States and China. Our focus going forward will be on strengthening our customer base and further improving efficiency in order to offset rising costs.

At the same time, FMHB will continue to grow demand for our businesses while accelerating the development of infrastructure for eFulfillment and last mile delivery to capitalise on new opportunities in eCommerce.

## ACKNOWLEDGEMENT

On behalf of the Board of Directors, let me take this opportunity to express appreciation to our esteemed shareholders for your trust in FMHB. Your confidence and cooperation plays an important part of our decision-making and assuredness in taking the Group forward.

I would also like to thank all other stakeholders including our customers, partners and associates for your loyalty and collaboration in years past and years to come. Last but not least, I hereby thank and acknowledge the unstinting commitment and contributions of our management team and staff. As always, your hard work defines the future of this Group.

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

*Chairman*

## Management Discussion and Analysis

Freight Management Holdings Bhd (“FMHB” or “the Group”) turned 30 years of age in 2018, having grown over the past three decades to become a leading freight and logistics services provider.

FMHB reached an important milestone in financial year 2018 (“FY2018”), exceeding the half billion-ringgit mark in Revenue to cap 15 years (FY2003 - FY2018) of growth at a healthy Compounded Annual Growth Rate (“CAGR”) of 10.7%. Similarly, the Group has also returned strong profits in the same period, with Profit Before Tax (“PBT”) and Profit After Tax (“PAT”) achieving respective CAGRs of 9.5% and 9.4%.

Our sustained financial performance over such an extended timeframe highlights the sound fundamentals and resilient strategies developed and put in place to set the Group on the right growth path. In turn, this has consistently generated confidence among our shareholders who have given us their loyal support over the years.

At present, we have a broad footprint extending across Asia and Australasia to service customers ranging from multinational and regional corporations to Malaysian companies of various sizes.

Our extensive portfolio of multimodal freight and total logistics services includes Sea Freight, Air Freight, Land Freight, Third-party Logistics & Warehousing (“3PLW”), Tug & Barge and Supporting Services such as Customs Brokerage, Container Haulage and Project Cargo.



Total Revenue  
for 2018

**RM511.6** Million



Net Earnings  
Per Share for 2018

**10.58** Sen



## VISION & MISSION

The FMHB Group's vision is to be a leading freight and logistics group in Southeast Asia. Our quality policy emphasises our commitment to provide quality services that meet the highest level of customer satisfaction. We focus on continual improvements and benchmark ourselves against set quality objectives such as:



## FINANCIAL PERFORMANCE

The world economy continues to strengthen in 2018, with the International Monetary Fund ("IMF") projecting growth for the year at 3.7%, same as that in 2017. For 2019, the IMF expects world economic output to remain resilient with growth of 3.7%. Meanwhile, the Malaysian economy is anticipated by Bank Negara Malaysia ("BNM") to grow by 5.0% in 2018 compared with 5.9% the year before.

In terms of global trade, the World Trade Organisation ("WTO") expects the volume of merchandise trade to rise by 3.9% in 2018 after growing by 4.7% in 2017. For 2019, world trade is forecasted to grow by a slightly lower pace of 3.7%.



Profit Before Tax  
for 2018

RM **28.4** Million



Net Asset  
Per Share for 2018

RM **1.55**



## Management Discussion and Analysis

Given the expanding landscape, FMHB grew Revenue by 10.9% to RM511.6 million in FY2018 on the back of greater demand for all our business segments other than Tug & Barge. Revenue from our largest business segment of Sea Freight increased by 11.9% year-on-year (“y-o-y”) while 3PLW registered the highest y-o-y increase in revenue with 22.6%. Revenue from Supporting Services also grew by 15.6% while Land Freight and Air Freight recorded y-o-y revenue growth rates of 15.3% and 10.0% respectively.

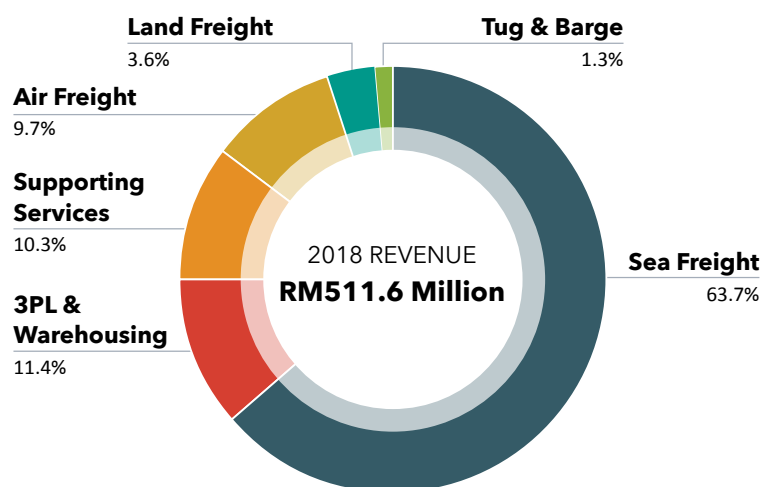
FMHB posted lower than expected profits during the financial year despite the healthy growth in Revenue, resulting in a moderately lower Earnings Per Share (“EPS”) of 10.58 sen. We registered lower gross profits due to the rise in costs from higher industry freight rates following the consolidation of several shipping lines. The higher rates were felt particularly by Sea Freight. Conversely, Supporting Services, Air Freight and 3PLW achieved encouraging higher gross profits in FY2018.

Resulting from the generally higher costs and poor performance of the Tug & Barge business, we experienced a moderate contraction in our Profit Before Tax (“PBT”), which was recorded at RM28.4 million (-1.7% y-o-y). Concurrently, Profit After Tax and Minority Interests (“PATMI”) was lower by 6.3% y-o-y, with the decrease mainly attributed to higher overall effective tax rate and minority interests.

The Group enhanced its financial strength in FY2018, growing the Shareholders’ Funds by 16.8% to RM288.5 million while increasing its Total Assets by 7.3% to RM455.3 million. At the same time, we maintained a low nett gearing ratio of 0.1x, indicative of our prudent approach to financial management.

### SEGMENTAL REVIEW

During the year, Sea Freight remained our largest business segment (63.7% of Revenue), followed by 3PLW (11.4%), Supporting Services (10.3%), Air Freight (9.7%), Land Freight (3.6%) and Tug & Barge (1.3%). The only significant difference from the year before was the increase in share of Revenue by 3PLW and Supporting Services and major reduction from Tug & Barge, which is now an associate of the Group.



### Sea Freight

Revenue contribution from this business segment increased to RM325.6 million (11.9% y-o-y) during the year in review as Sea Freight volume grew in line with the overall growth in global trade. However, the business segment achieved a lower profit as a result of the general increase in freight rates and other costs. However, we are hopeful that this was an aberrant factor that is unlikely to affect us in the long term, as we expect Sea Freight to grow in revenue and profit contributions in the new financial year.

### Air Freight

Air Freight grew its revenue contribution to RM49.8 million in FY2018 (10.0% y-o-y) on the back of a healthy increase in volume, in part due to increased project shipments. Air Freight is expected to maintain its positive performance in the new financial year.

### Land Freight

Land Freight registered a higher revenue of RM18.4 million (15.3% y-o-y) for the financial year in review, underpinned by healthy volume growth. Similar to Sea Freight, however, this business segment was also impacted by lower margins as we rebuild our customer base. Longer-term, we anticipate a better performance from this business segment as we benefit from a stronger customer base and better volume and cargo traffic management.

### 3PL & Warehousing

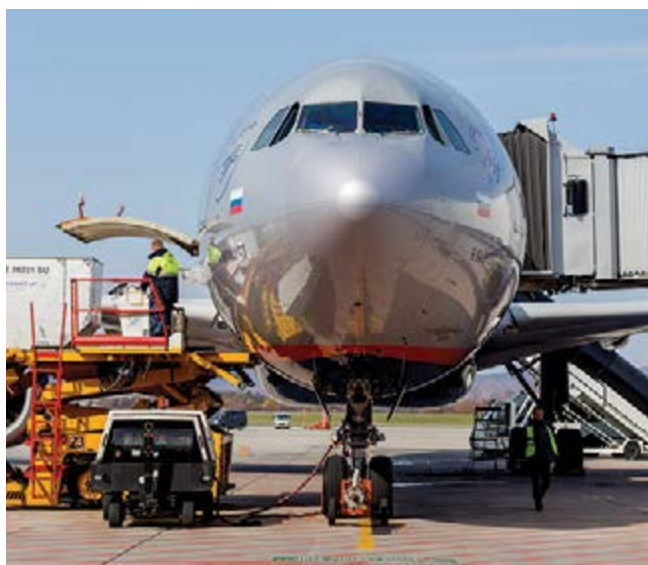
3PLW achieved the highest growth in revenue to close the financial year at RM58.4 million (22.6% y-o-y). The substantial growth resulted from new customer acquisitions in FY2018. In tandem with the increase in business for this segment, the Group committed substantial investments to increase our warehousing capacity by leasing additional warehouses in Bukit Raja and Puchong, Selangor during FY2018. With the latest addition, we now have nine warehouses spread across the Klang Valley and also Penang with total available space approaching 1 million sq ft. Our warehouse space includes 126,000 sq ft of premium temperature-controlled space to cater to pharmaceutical and food & beverage products. All our warehouses comply with the ISO 14001 and OHSAS 18001 standards and stringently adhere to our Health, Safety, Security and Environment ("HSSE") policy. This business segment is poised to grow positively as we ramp up efforts to develop our business in the new financial year.

### Supporting Services

Revenue from this business segment grew to RM52.9 million in FY2018 (15.6% y-o-y), benefitting from the greater freight volume handled by the Group during the financial year. Supporting Services performed well and we are optimistic that this business will continue to expand in the years ahead.

### Tug & Barge

Revenue from Tug & Barge dropped significantly to RM6.5 million (-59.6%) for the financial year. We have already taken steps to reduce the impact from this business on Group financial performance and will monitor the market conditions in the new financial year.



## BUSINESS RISK AND MITIGATION STRATEGIES

The Group's approach to managing risks is anchored on consistent monitoring of internal factors and external events. In this way, we can review our exposure to various types of risks and where appropriate, implement measures to reduce any negative impact on our operations or financial performance. These risks are assessed below:

### Business and Market Risk

As a service provider of freight and logistics, our performance is invariably tied to the global economic and trading environment. The IMF has cautioned of moderating growth ahead. The IMF in its October 2018 World Economic Outlook, has scaled down projected growth for 2018 and 2019 by 0.2% to 3.7% for both years. The IMF's downward revision reflects the suppressed activity in early 2018 in some major advanced economies, the negative effects of the trade tensions as well as a weaker outlook for some key emerging market and developing economies arising from country-specific factors, tighter financial conditions, geopolitical tensions, and higher oil prices. The WTO also anticipates growth in global trade to moderate in 2018, with a revised growth of 3.9% in 2018, and 3.7% in 2019, with the continued trade tensions being a source of concern. At FMHB, we recognise these ongoing and impending events as potential risks to the market environment.

In response, we intend to focus on improving our cost efficiencies and increasing our market share in order to boost revenue and improve margins in the years to come, or at the very least offset any adverse eventualities.

### Operational Risk

Efficiency in our operations is a key factor in maintaining our customer base and securing new ones. As such, we leverage on our quality management systems to keep us one step ahead on a consistent basis. We constantly strive to exceed the parameters of such quality standards as ISO 9001:2008, ISO 14001 and OHSAS 18001. In the meantime, 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.

### 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.

## FUTURE PROSPECTS

Freight and logistics services is a fluid business subject to external factors often beyond the control of the operators. At FMHB, we always choose to focus our efforts in areas or aspects within our control so as to deliver quality services to the expectations of our customers.

Time and again, we have succeeded in growing our customer base and returning healthy financial results as indicated by our sustained performance over the past 15 years. We will maintain our strategies of aggressive marketing balanced by sound financial management and judicious mitigation of risks.

At the same time, we remain receptive to new business models such as the rise of eCommerce leading to the demand for eFulfillment services and last mile delivery to the end users. In this regard, we are rapidly building our infrastructure for this emerging business.

It should be noted that global eCommerce reached US\$10 trillion in 2017, according to statista.com. B2B transactions continue to contribute the lion's share of eCommerce, accounting for US\$7.7 trillion with B2C or retail eCommerce reaching US\$2.3 trillion in 2017. Statista.com has estimated that retail eCommerce will surge over the next few years to exceed US\$4.0 trillion by 2020 as shoppers increasingly migrate online. By 2020, the eCommerce share of total retail sales is expected to reach 15.5%.

Meanwhile, Malaysia aspires to become a regional eFulfillment hub for the ASEAN region. The Digital Free Trade Zone (DFTZ), set up by China's Alibaba, is an opening gambit to achieve this objective.

Given this scenario, FMHB intends to capitalise on the growing opportunities in eFulfillment and last mile delivery.

We are confident that our approach going forward will reap financial returns for the Group, and by extension, increase the rewards to our loyal shareholders.



*Mr. Chew Chong Keat, Group Managing Director, Freight Management Holdings Bhd was a panel speaker at the National eCommerce Forum.*





## SUSTAINABILITY STATEMENT

- |           |   |           |  |
|-----------|---|-----------|--|
| <b>21</b> | About this Statement                    | <b>26</b> | Business Risks, Ethics and Policy      |
| <b>22</b> | Our Commitment To Sustainability        | <b>27</b> | Strengthening Economic Sustainability  |
| <b>23</b> | Governance To Strengthen Sustainability | <b>28</b> | Prioritising Our Social Responsibility |
| <b>24</b> | Stakeholder Engagement                  | <b>38</b> | Building Environmental Sustainability  |
| <b>25</b> | Materiality Matters                     | <b>40</b> | Conclusion                             |

## ABOUT THIS STATEMENT

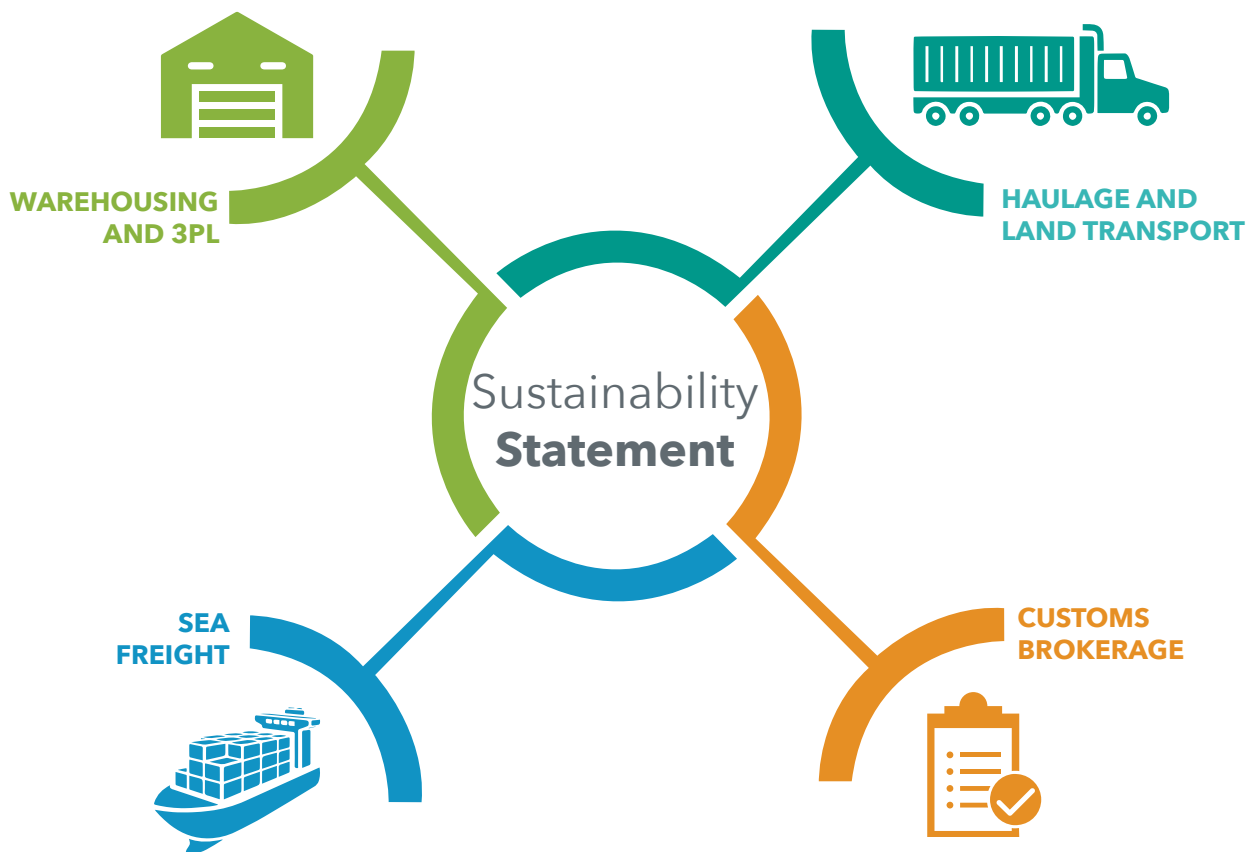
Freight Management Holdings Bhd (“FMHB” or “the Group”) is proud to present our inaugural sustainability statement. This statement is prepared in accordance with Bursa Malaysia’s Main Market Listing Requirements, and discloses the Group’s commitment and initiatives towards embedding elements of sustainability that encompasses the economic, environmental and social aspects of our business operations.

We have adopted the Global Reporting Initiative (“GRI”) Standards as recommended by Bursa Malaysia, in order to produce a meaningful statement that is based on a recognised international reporting framework.

### SCOPE OF REPORTING

Our statement covers qualitative and quantitative information regarding the approaches and efforts undertaken by the Group to steer our business operations towards sustainability between 1 July 2017 and 30 June 2018 (FY2018), unless stated otherwise.

The reporting scope extends to FMHB’s four main operating units within Malaysia, with a focus on our activities in Port Klang.



## OUR COMMITMENT TO SUSTAINABILITY

As an emerging market leader, we contribute to the creation of shared value by helping our customers grow regionally and globally, creating employment opportunities and developing our people, conducting our business with integrity and taking ethics and compliance seriously. We also believe in giving back to the community and being mindful of our environmental impact.

Our corporate culture which is driven by the Group’s mission highlights our approach to sustainability.



- 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.

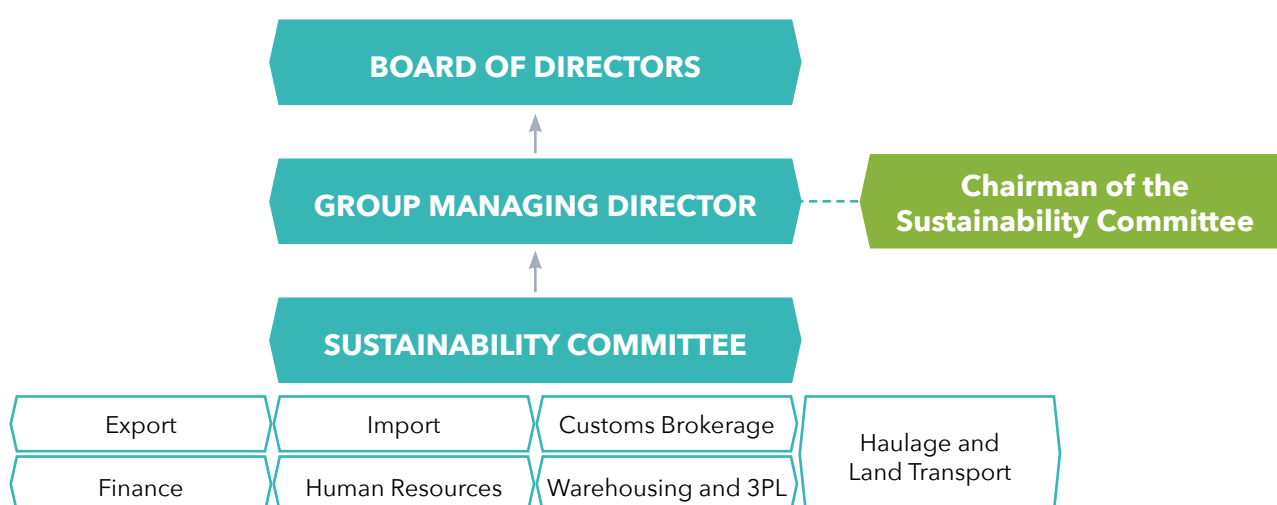
Striking a balance between economic viability, environmental accountability and social responsibility is challenging, but we recognise the importance of embracing the tripartite approach to supply chain management to ensure long-term sustainability. Building on this, we have described our commitment succinctly across the three pillars of sustainability, i.e. economy, environment and society.





## GOVERNANCE TO STRENGTHEN SUSTAINABILITY

Leading our sustainable development efforts is the Board of Directors ("the Board") at the apex of our sustainability governance structure. The Sustainability Committee is helmed by its Chairman; the Group Managing Director, who will report directly to the Board on sustainability-related performance and projects of the Group. The Committee comprises seven key business divisions/departments, i.e. export, import, finance, human resources, warehousing and 3PL, customs brokerage, and haulage and land transport.



The roles and responsibilities for each governing tier in the governance structure is presented below:

### THE BOARD

- Oversees the overall efforts and initiatives of the Group regarding sustainability-related matters;
- Endorses the Group's sustainability report and material matters; and
- Endorses sustainability initiatives proposed by the Sustainability Committee.

### SUSTAINABILITY COMMITTEE

- Identifies material sustainability matters that are relevant to the Group's business operations;
- Proposes sustainability initiatives and measures to be implemented across the Group;
- Implements sustainability initiatives that have been approved by the Board throughout the Group;
- Conducts data gathering for sustainability reporting; and
- The Chairman of the Sustainability Committee reports the overall progress of the Group's sustainability efforts to the Board.

## STAKEHOLDER ENGAGEMENT

Our stakeholders greatly influence the way we conduct and sustain our business operations. We maintain good stakeholder relations by identifying the interests and concerns of each stakeholder group with regard to our business and regularly engaging with them. The needs and expectations of our stakeholders can be met through open two-way communication, which subsequently enhances trust from our stakeholders and promotes Group accountability. The table below lists the stakeholder groups that influence our business operations, followed by their respective areas of interests and the engagement methods undertaken by the Group to address these interests.

STAKEHOLDER GROUPS	AREAS OF INTEREST	ENGAGEMENT METHODS
Investors	<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>	<ul style="list-style-type: none"> <li>Annual investor conference earnings communications</li> <li>Quarterly Briefings</li> <li>Annual report</li> </ul>
Customers	<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>	<ul style="list-style-type: none"> <li>Customer feedback and surveys conducted annually</li> <li>Market research</li> <li>E-fulfillment of transportation and storage transactions</li> <li>Sales and customer visits</li> </ul>
Employees	<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>	<ul style="list-style-type: none"> <li>Training programmes and workshops</li> <li>Town hall meetings (department-wise)</li> <li>Company intranet (disseminating department meeting updates and memos)</li> </ul>
Regulatory Authorities and Statutory Bodies	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Corporate governance</li> <li>Standards and certifications</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Collaborative partnerships</li> <li>Regular audits and inspections</li> <li>Updates on regulations and meetings</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Timely pay-outs</li> <li>Procurement practices</li> <li>Supplier Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>Supplier assessment conducted annually</li> <li>Supplier registration</li> </ul>
Communities	<ul style="list-style-type: none"> <li>Impact of operations on surrounding environment</li> <li>Economic opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement programmes</li> </ul>
Business Partners	<ul style="list-style-type: none"> <li>Financial stability</li> <li>Service Coverage and Capability</li> <li>Reputation</li> </ul>	<ul style="list-style-type: none"> <li>Written communication</li> <li>Business exchange</li> <li>Meeting visits</li> </ul>

## MATERIALITY MATTERS

Part of our efforts to inculcate sustainability within the Group's operations includes the identification of material sustainability matters that represent the risks and opportunities that impact the economic, environmental, social and governance aspects of our operations, followed by a materiality assessment. In FY2018, we identified 16 material sustainability matters and prioritised them based on their level of importance to our business operations and stakeholders. Based on the list of identified matters (as shown below), we have structured the narrative of this statement, thereby demonstrating our commitment to sustainability.



### ECONOMIC

- Economic Performance
- Procurement and Supply Chain Management
- Market Presence



### ENVIRONMENT

- Environmental Impact
- Waste Management



### SOCIAL

- Product and Services Quality
- Training and Education
- Occupational Health and Safety
- Labour Practices and Management
- Diversity and Equal Opportunity
- Grievance Mechanism
- Community Engagement



### GOVERNANCE

- Regulatory Compliance
- Ethics and Integrity
- Risk Management
- Succession Planning

## **BUSINESS RISKS, ETHICS AND POLICY**

The Statement on Risk Management and Internal Control, found on pages 56 to 58 of our annual report, expounds the governance bodies within the organisation responsible for assessing the risks embedded in our value chain and the Group's Enterprise Risk Management framework ("ERM"). This framework drives us to identify and measure risks and balance the FMHB's exposure to risk against reward in the context of its risk profile, long-term business objectives and stakeholder expectations.

We are cognisant of the fact that sustainability risks could lead to a significant impact on the Group's financial performance and therefore should be supported in the mainstream ERM function. Moving forward, we intend to give this due consideration to set the stage for future proofing and developing long-term strategy.

- **BUSINESS ETHICS AND POLICY**

Our orientation programme plays an important role in integrating the employees into the organisation and disseminating valuable information about the Group's expectations of and responsibility towards its employees. The Group's employment guidelines enlist the measures and policies implemented by the Group to ensure business transparency and fairness and is given to every employee upon joining FMHB.

While some of the risks identified such as market stagnation are external and outside our purview in terms of mitigation, other risks such as those relating to fraud or health and safety can be mitigated by creating strong internal controls and policy.

The detrimental impact of corruption on a business is that it undermines stability and reflects poor governance within the organisation. FMHB's anti-bribery policy reiterates its zero-tolerance approach to bribery and corruption and commitment to act professionally, fairly and with integrity. This policy applies to every employee regardless of job grade, tenure, permanent or temporary. As stated in the policy, we continually provide training to create awareness about this policy amongst our employees. Furthermore, the effectiveness of this policy is regularly reviewed by the Board.

The sexual harassment policy explicitly states the Group's stance against sexual harassment. It is the intention of management to take whatever action that may be needed to prevent, correct, and if necessary, discipline employees who violate this policy. Our whistleblower policy outlines the procedure for employees to report actions that an employee reasonably believes violates a law, regulation or that constitutes fraudulent accounting or other practices. Our employees are made aware of this policy, starting with new employee hires during orientation.

## STRENGTHENING ECONOMIC SUSTAINABILITY

Procurement practices and market presence are two elements of sustainability that we consider essential to strengthen our business performance and build resilience within the local economy.

### PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

As we grow our business operations, we ensure sustainability by evaluating the performance of our vendors and contractors on an annual basis.

- **Vendor Management**

We employ vendor services for the supply of equipment or technical services required for our business operations. To be the best at what we do, we practice strict assessment measures to evaluate the performance of our vendors. Vendors subjected to the assessment are based on the volume and capacity of the product they transport. The customs brokerage and haulage department will conduct the evaluation using a rating scale of one-to-five based on a series of factors related to vendor performance.

- **Contractors and Sub-Hires Evaluation**

The Group's transport division engages with contractors to facilitate the transportation of goods as requested by our customers. Our contractors and sub-hires are evaluated based on parameters such as competitiveness of service rates, service availability, and health, safety, security and environment ("HSSE"). Year on year, we continue to improve our evaluation methods to enhance the service we offer to our customers and realise our vision to be the leading logistics provider in Southeast Asia.

### MARKET PRESENCE

Sustainable market presence is maintained by hiring and retaining employees from the local community and offering fair wages to ensure that employees are well compensated, creating a conducive working environment.

We award our employees with fair wages based on their skills and experience in the industry, while also adhering to Malaysia's Minimum Wage Order 2016. Our remuneration package includes added benefits for full-time employees, coupled with annual performance reviews to facilitate their career growth within the Group.

The Group believes in encouraging local talent, giving opportunities to local communities to grow and develop their skills and career paths to create a sustainable and harmonious community. For instance, our senior management is made up entirely of Malaysians, in our Malaysia offices.

## PRIORITISING OUR SOCIAL RESPONSIBILITY

A harmonious working environment is cultivated by protecting the well-being and safety of our employees, ensuring that no one is discriminated based on gender, age, ethnicity or creed.

### WORKPLACE SAFETY

We ensure aspects of social and environmental sustainability are integrated into our operations. With strong leadership and commitment, we are able to promote a HSSE positive culture at FMHB. Our Group MD leads the senior management team in establishing the HSSE Policy and related sub-policy. The HSSE steering committee chaired by the MD, receives the monitoring reports on a monthly basis and reviews the overall HSSE performance of the individual divisions annually. Moreover, the respective division and department heads review their respective HSSE performance on a monthly basis.

We aim to have a HSSE performance we can be proud of, to earn the confidence of our people, customers, shareholders and society at large and to contribute to sustainable development. In FY2018, as of May 2018, the man hours<sup>1</sup> calculated was 496,000 and 177 near misses<sup>2</sup> were recorded.

### HSSE COMMITTEES

The HSSE risks involved in our transport, warehousing, customs brokerage, import and export division, are managed by their respective HSSE committees. These committees determine the hazards and risks, implement controls, analyse performance trends, actively intervene, improve actions to mitigate incidents and review HSSE performance.

Within the transport division, the areas that are covered by the HSSE committee include emergency response; chemical, energy and water; Hazard Identification and Risk Assessment; Environmental Aspect and Impact Assessment; incident and accident investigation; health and legal compliance; and training.

Warehousing is a complex industry that can expose workers to a multitude of health and safety risks. Manual handling, vehicle movement in and around the warehouse, as well as working at height are some of the activities involved in warehousing that are susceptible to safety risks. Our HSSE committee for warehousing covers all the warehouse locations in Selangor.

Furthermore, we have an Emergency Response Team which consists of a safety head, an assist safety head and a team each to cover communication, evacuation, spillage, firefighting, search and rescue and first aid.

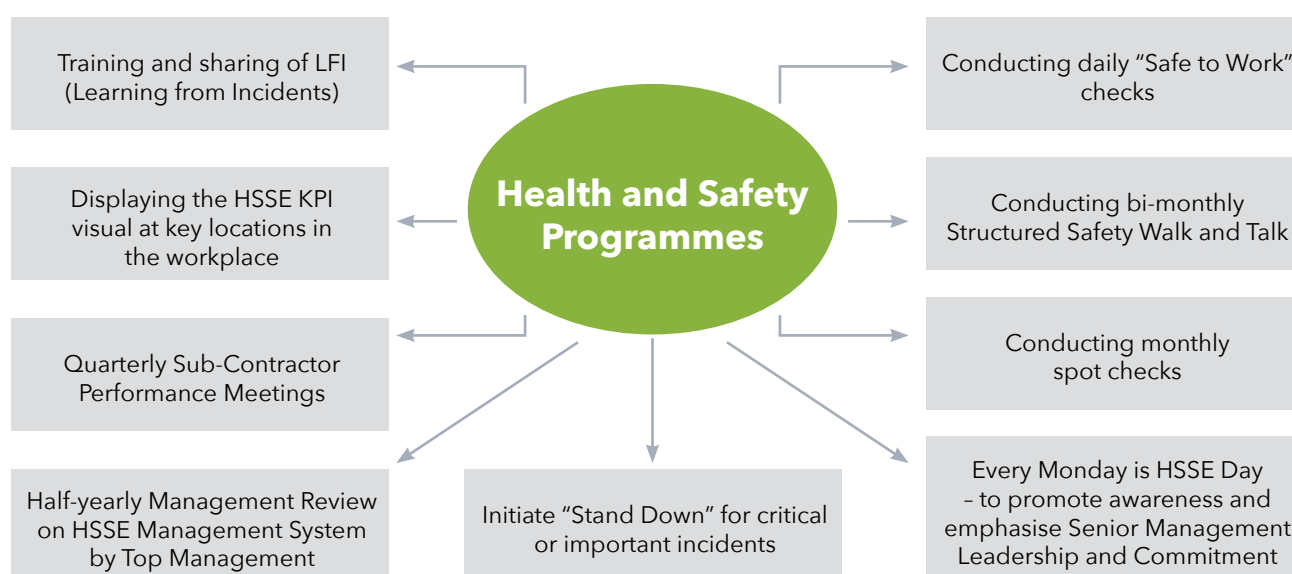
<sup>1</sup> This includes exposure hours and HSSE statistics expended by subcontractors performing work subcontracted by FMHB.

<sup>2</sup> An incident that under slightly different circumstances, could have caused harm to people, environment, assets or company reputation, but did not.

## PRIORITISING OUR SOCIAL RESPONSIBILITY

## SAFETY AWARENESS AND COMPLIANCE

We invest significantly in training and coaching, recognising and planning employee engagement initiatives in order to strengthen our safety culture. Our health and safety measures include conducting emergency preparedness response drills with participation from authorities, clients, vendors and employees as needed. We have listed some of our key health and safety programmes in the table below.



We have a fundamental responsibility and commitment to ensure that all employees work in a safe and healthy environment. Towards which we diligently comply with the applicable health and safety laws and regulations and take the necessary measures to prevent job related injuries and illnesses. During the reporting period, we did not incur any significant fines or non-monetary compounds due to non-compliance.

### Health and Safety Compliance

The key laws and regulations related to health and safety aspects of our operations that we adhere to:

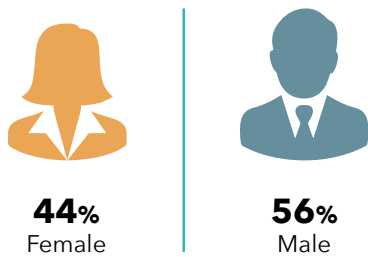
- |  |   |
|--|---|
| <p><b>1</b> Occupational Health and Safety Act, 1994</p> | <p><b>5</b> Electricity Supply Act, 1990</p>                  |
| <p><b>2</b> Environmental Quality Act, 1974</p>          | <p><b>6</b> Commercial Vehicles Licensing Board Act, 1987</p> |
| <p><b>3</b> Factory and Machinery Act, 1967</p>          | <p><b>7</b> Land Public Transport Act, 2010</p>               |
| <p><b>4</b> Road Transport Act, 1933</p>                 |   |

**PRIORITISING OUR SOCIAL RESPONSIBILITY**

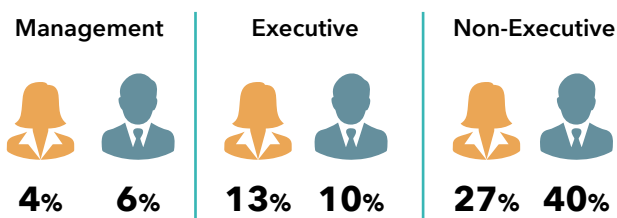
**DIVERSITY AND EQUAL OPPORTUNITY**

At FMHB, all appointments and recruitment decisions are based on merit and not determined by the gender, ethnicity or age of the candidate. The diversity of the Group is showcased in the distribution of our workforce by employment level, gender and age.

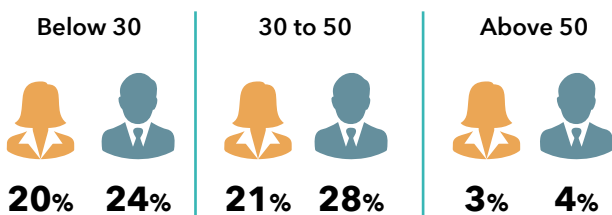
**Employee Gender Distribution**



**Employment Level Distribution**



**Employee Age Distribution**



**TRAINING AND EDUCATION**

To maintain our reputation as one of the leading logistics service providers in Malaysia, we place special emphasis on developing our workforce to ensure that our employees are equipped with skills and knowledge to carry out their tasks proficiently. This includes specialised training in relevant logistics-related fields to ensure that we remain up-to-date on current practices.

The Group actively encourages its employees to participate in training programmes that enhance their skill sets and in FY2018, the total training hours invested in our employees was 1,734 hours.

The topics covered by training includes but is not limited to regulations that govern the logistics industry as well as updates on innovative practices that are undertaken by industry peers to optimise land transport, warehouse storage and freight services. The table below lists the key training programmes attended by our employees.

**Training Programmes**

HSSE Training
International Manual Training
Sales Training
Accounting Standards
Malaysian Code of Corporate Governance
Warehouse Training (Safety and Handling of Goods)
Drivers Training (Road Safety, Maintenance of Vehicles and Driver Ethics)
Theory Training of Carriage Goods (Sea, Containers and Documentation Preparation)



## PRIORITISING OUR SOCIAL RESPONSIBILITY

## TALENT RETENTION

In FY2018, our annual turnover rate was 26.68%. Maintaining a low turnover rate is challenging as the industry is associated with long working hours and traveling time. However, to manage this, we have implemented measures to improve employee engagement in hopes of understanding work-related challenges that would propel employees to resign.

The Human Resources department has adopted a programme that monitors employees and provides continuous training to better equip them to carry out their jobs. Employees are also encouraged to be more open with sharing their ideas and concerns during appraisal sessions. A review of employee remuneration packages against industry standard is also conducted on an annual basis to ensure that our employees remain well compensated and our remuneration package remains competitive to that of industry peers.

## GRIEVANCE MECHANISM

With the aim of maintaining good employer-employee relations, we have a formal grievance mechanism. Article 32 of FMHB's employment guidelines clearly states the procedure or steps involved for employees to register or raise a complaint.

We ensure that such complaints are settled equitably and as quickly as possible. However, at all stages of the procedure where time limit is specified, such time may be extended by mutual consent. During the reporting period, one grievance was filed and we took the necessary steps to investigate and resolve the case within the stipulated time frame.

## MEETING CUSTOMER EXPECTATIONS

Customer satisfaction is key to gain competitive advantage. Reliable product delivery throughout the supply chain is a main factor in maintaining customer satisfaction, and logistics is an integral cog in the supply chain wheel. We conduct customer satisfaction surveys on an annual basis to help benchmark our performance. The January 2018 survey captured our customer satisfaction ratings for the services rendered in the calendar year 2017. The results of major services are shown below:



Our commitment to provide quality service is best captured by the Group's Quality Policy. It focuses on continuous improvement and benchmarking, in order to achieve high levels of customer satisfaction.



Sustainability **Statement**

**PRIORITISING OUR SOCIAL RESPONSIBILITY**

We regularly undertake the necessary audits, verifications and quality checks in order to be certified for the Good Distribution Practice for Medical Devices (“GDPMD”), ISO 9001:2008, ISO 14001:2004, MS 2400-2:2010 and OHSAS 18001:2007.

<b>Certification</b> <b>GDPMD</b>	<b>Description</b> Compliance of the organisation’s distribution practice for medical devices with GDPMD
<b>Scope</b> Provision of third party logistics services, warehousing, storage and handling, and delivery of medical devices.	

<b>Certification</b> <b>BS OHSAS 18001:2007</b>	<b>Description</b> Occupational Health and Safety Management System
<b>Scope</b> Providing of freight forwarding including customs brokerage and warehousing services.	

<b>Certification</b> <b>ISO 9001:2008</b>	<b>Description</b> Quality Management System
<b>Scope</b> Provision of total logistics services.	

<b>Certification</b> <b>OHSAS 18001:2007</b>	<b>Description</b> Occupational Health and Safety Management System
<b>Scope</b> Provision of freight forwarding including customs brokerage, warehousing, distribution haulage and transport services.	

<b>Certification</b> <b>ISO 9001:2008</b>	<b>Description</b> Quality Management System
<b>Scope</b> Provision of freight forwarding including customs brokerage and warehousing services.	

<b>Certification</b> <b>MS 2400-2:2010</b>	<b>Description</b> Halal Certification
<b>Scope</b> Provision of warehousing services.	

<b>Certification</b> <b>ISO 14001:2004</b>	<b>Description</b> Environmental Management System
<b>Scope</b> Provision of freight forwarding including customs brokerage, warehousing, distribution haulage and transport services.	

## PRIORITISING OUR SOCIAL RESPONSIBILITY

## COMMUNITY ENGAGEMENT



## Malaysia

Part of our corporate social responsibility is to be conscious of the impact our operations have on the surrounding communities. Outside of our operations, we seek to strengthen our commitment to communities that need support. In FY2018, we donated to schools and charitable organisations in Malaysia, namely C3 Subang Refugee School, UCSI International School, Tabung Kebajikan and Pendidikan Pertubuhan Desa Jireh.

Our efforts to create a sense of community within the organisation, include organising Buka Puasa for employees and their families, and celebrating milestones and traditional festivals such as Chinese New Year and Christmas.



*Festive celebrations with our employees.*

**PRIORITISING OUR SOCIAL RESPONSIBILITY**

**Our Community Efforts Overseas**

With our operations in the Philippines, Sri Lanka, Indonesia and Australia, we have several programmes to foster quality education and improve the well-being of vulnerable communities in each country.



**Philippines**

The beneficiaries of our community programme in FY2018 were children from Barangay Ampid II of San Mateo in Rizal. We recognise that limited resources and poverty can prevent these children from attending school and receiving a valuable education. In order to support them and encourage them to go to school, we provided them with school supplies such as notebooks, bags and stationery. We also spent time with them playing games and having fun.



*The children of Barangay Ampid II.*

**PRIORITISING OUR SOCIAL RESPONSIBILITY**

For our employees, we had a two-day team building programme. The objective of this programme was to emphasise teamwork and synergy, which we believe prepares our staff to manage projects effectively and to overcome challenges.



*Team Building.*



*Christmas Party.*



**PRIORITISING OUR SOCIAL RESPONSIBILITY**



**Sri Lanka**

We organise a CSR project every year and in FY2018 it was held in Balangoda on 4 November 2017. The beneficiaries of this project were students of Belihuloya, a rural school in Balangoda. We arranged for a donation and 12 employees volunteered for this project. We also distributed stationery items, school bags, shoes and socks to 177 students of this school.



*The Children of Belihuloya and FM Global Logistics Lanka Pvt Ltd volunteers.*

## PRIORITISING OUR SOCIAL RESPONSIBILITY



## Indonesia

Towards creating a sense of community amongst our employees and building resilience within teams, we organised festive celebrations and team building activities during the reporting period.



*Buka Puasa with employees.*



*Ramadhan celebrations.*



*Team Building.*



## Australia

We organise quarterly employees get-togethers which follow our business update sessions and a programme to celebrate Christmas with employees on an annual basis.

## BUILDING ENVIRONMENTAL SUSTAINABILITY

Increasing global awareness of environmental impact resulting from the logistics and transport industry has spurred the Group to engage in more sustainability-related initiatives to reduce environmental impact due to our business operations. While our efforts are currently in the early stages, we continue to evaluate our performance and strive towards improving our business operations to become more environmentally conscious.

### IMPROVING FUEL EFFICIENCY

As we work towards becoming the best logistics service provider in Southeast Asia, our initial sustainability efforts are focused on improving fuel efficiency. Land transport services offered by the Group include haulage and small transport services for a range of products as per customers' requirements. The initial fleet we deployed were powered by Euro 2 (EC96) fuel, a standard for most logistics transport in Malaysia. In recent years, we have begun to purchase truck units with engines that support Euro 3 (EC2000) fuel, which is a higher grade of fuel and generates lower carbon emissions compared to Euro 2.

For our haulage division, we purchased new transport units with engines supporting Euro 3 fuel in FY2018 as part of our investment to improve fuel efficiency within our business operations. Additional efforts to ensure our trucks are performing at its highest efficiency are done by conducting regular maintenance and service works. Part of our long-term plan to practice better fuel efficiency, is to slowly phase out dated truck units that require heavy repairs, replacing these trucks with newer ones that come with Euro 3 compatible engines.

The transport division has also initiated early-stage planning to introduce Euro 3 engine-trucks to its fleet. For FY2018, we procured units that are powered by Euro 3 fuel instead of Euro 2. Long-term efforts to improve fuel efficiency includes a similar approach as that of the haulage division, which is to phase out older truck models and purchase new models that are compatible with Euro 3.

### EFFLUENT AND WASTE MANAGEMENT

Most of our waste is generated from our main office headquarters and our warehouse. Warehouse operations include packaging and utilising storage containers which generate wastes such as carton boxes, plastic wraps and containers. Despite the limited scope of waste that we produce, we employ a licensed contractor to collect the waste bins installed in our HQ and warehouse premises on a weekly basis. Recycling measures are practiced by the contractors that collect our waste material by segregating the waste by type (plastic, wood, metal etc.).

Scheduled wastes are generated during maintenance works of our machinery and transport. To manage this, scheduled wastes are collected and stored in primary containers which are encased in a secondary container to avoid spills from spreading to the surrounding area. In line with the requirements outlined by the Department of Environment ("DOE"), we hire licensed contractors to responsibly dispose our scheduled waste, upon the completion of 180 days of storage time or the collected volume of waste has reached 20 metric tonnes.

### ADHERING TO ENVIRONMENTAL REQUIREMENTS

Compliance to environmental laws outlined by the Government is integral to safeguard the environment as well as maintain our licence to operate. In FY2018, we did not incur any significant fine or non-monetary sanction for non-compliance to Malaysia's environmental laws, due to our stringent adherence to the country's environmental regulations that govern our operations.



## Environmental Compliance

The Group adheres to the Environmental Quality ACT 1974 and its subsidiary regulations:

**1** Environmental Quality (Scheduled Wastes) Regulations 2005

**2** Environmental Quality (Clean Air) Regulations 2014

**3** Environmental Quality (Industrial Effluents) Regulations 2009

**4** Environmental Quality (Sewage) Regulations 2009

**5** Environmental Quality (Motor Vehicle Noise) Regulations 1987

**6** Environmental Quality (Control of Emissions from Diesel Engines) Regulations 1996

## ENVIRONMENTAL MONITORING

The Group credits our good track record with regulatory compliance to the rigorous monitoring measures we adopt to ensure that our operations and their subsequent discharges remain within the threshold outlined by DOE requirements. Our monitoring frequency varies by the type of effluent and machinery as illustrated below:



### Sewage Plant Effluent Discharge

- Quarterly sampling of effluent discharge.
- Monthly maintenance service.



### Storm Drain Effluent Discharge

- Monthly audit and inspection of drain condition.
- Annual sampling of effluent discharge.



### Grease Trap

- Monthly audit and inspection of drain condition.
- Annual sampling of effluent discharge.



### Genset Operations

- Monthly inspection by certified electrical engineer on machine condition.
- Annual monitoring of boundary noise to ensure compliance to regulatory requirements.
- Annual dark smoke test to ensure compliance to regulatory requirements.



### Scheduled Waste Management

- Monthly inspection to ensure compliance to regulatory requirements.

Regular audits and inspections are key measures to ensure that our equipment remains in good condition for optimal performance. A certified third-party contractor is engaged to conduct maintenance services on our sewage plant, ensuring that the effluent we generate is adequately treated before being discharged into surrounding waterways.

The genset operating at our warehouse is only activated during emergency situations such as electricity cut-offs, in order to protect products that are temperature sensitive. To manage the noise emitted by the genset, we store it in an isolated brick room.

## CONCLUSION

Given the vagaries of shifting economic and environmental conditions, we recognise the need for future proofing and adaptability. With technological advancement and innovation, we will be able to further our commitment to sustainable development. However, in order to be a sustainable business in the short, medium and long-term, our focus is to strengthen the foundation. Good leadership, strong stakeholder engagement, comprehensive risk management practices and business ethics, form the foundation of our commitment to sustainability.



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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.

## MEMBERS

The AC consists of the following members of which majority of them are Independent Directors:-

Chairman	:	Aaron Sim Kwee Lein (Senior Independent Non-Executive Director) *Re-designated as Chairman on 21 August 2018
Members	:	Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak (Independent Non-Executive Director) *Re-designated as member on 21 August 2018
		Chua Tiong Hock (Non-Independent Non-Executive Director)
		Lau Swee Chin (Independent Non-Executive Director) *Appointed on 21 August 2018

Mr. Aaron Sim assumed the role of Chairman of the AC from Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak. He is a Fellow member of the Chartered Association of Certified Accountants, a Chartered Accountant of the Malaysian Institute of Accountant, a member of CPA Australia and a Chartered Member of the Institute of Internal Auditors Malaysia. Therefore, the AC meets the requirements of Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which stipulated that at least 1 member of the AC is an accountant. Mr. Aaron Sim was also appointed as Senior Independent Director on 21 August 2018.

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.

## MEETINGS AND ATTENDANCE

The AC held 5 meetings during the financial year. The attendance of the AC members is as follows:-

Name of AC Member	Total meetings attended during the financial year	Percentage of attendance (%)
Aaron Sim Kwee Lein	5/5	100%
Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak	4/5	80%
Chua Tiong Hock	5/5	100%

\* Ms Lau Swee Chin was appointed as member of AC on 21 August 2018.

## MEETINGS AND ATTENDANCE (CONTINUED)

The AC meetings were attended by the AC members and senior management. The Group Managing Director and Executive Directors were also present at certain meetings as invitees. Other senior management may be invited as and when required. 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 2018.

## SUMMARY OF ACTIVITIES

During the financial year, the activities of the AC include the following:-

- Reviewed and endorsed its Terms of Reference.
- Reviewed and discussed with the External Auditors the audit findings in relation to the audited financial statements for the financial year ended 30 June 2017 before recommending them for the Board's approval.
- Reviewed the quarterly unaudited financial results before recommending them for the Board's approval.
- Reviewed all recurrent related party transactions 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 External Auditors the nature and scope of their audit plan for the financial year ended 30 June 2018 before the commencement of audit especially on areas such as External Auditors Audit Approach, Areas of Audit Emphasis, new MFRS standards briefing and other relevant legal regulatory requirements, significant impact on the financial statements arising from the amendments to the Companies Act 2016 and Listing Requirements of Bursa Malaysia Securities Berhad.
- Had private sessions with the External Auditors on 20 October 2017 and 23 May 2018 without the presence of the Executive Board members and Management to discuss on issues in relation to the audit of the financial statements of the Company and suggestions arising thereon.
- Assessed the capabilities, competencies and objectivity of the External Auditors and recommended the change of External Auditors from BDO to Crowe Malaysia to the Board for approval.
- Reviewed and deliberated on the Internal Audit Reports covering the Internal Audit scope and functions, plans, findings and reviews, performance of the Internal Audit function for the Group as well as management action plans and responses on a quarterly basis.
- Reviewed Statement on Risk Management and Internal Control, AC Report, Management Discussion & Analysis, Statement of Corporate Governance for inclusion into the Annual Report 2017.
- Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature and Proposed Renewal of Share Buy-Back Authority.

**INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES**

The Internal Audit Function for the Group has been outsourced to an external consultant who has been performing independent reviews for the adequacy and integrity of the internal control functions of the Group throughout the financial year.

The outsourced Internal Auditors ("IA") of the Group reports directly to the AC and assists 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.

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 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 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 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. All audit reports were reviewed by the AC and discussed at AC Meetings.

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

- Warehouse Management System (Lot 24)
- Account Payables and Petty Cash Management (Ipoh Branch)
- Order to Cash Management (Sea Freight and Air Freight for Johor Bahru Branch)
- Order to Billings Management (Air Freight)

Cost incurred for the Internal Audit function of the Group in respect of the financial year ended 30 June 2018 amounting to approximately RM52,800 (2017: 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 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.

**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.



**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)****1. Board Responsibilities (continued)**

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 can be found in the Company's website ([www.fmgloballogistics.com](http://www.fmgloballogistics.com)).

The Board recognises the important role of Senior Independent Director to serve as a sounding board for the Chairman and as an effective conduit for other Independent Directors' concerns. The Board had on 21 August 2018 appointed Mr. Aaron Sim Kwee Lein as Senior Independent Director in place of Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak. The roles and responsibilities of Senior Independent Director are set out in the Board Charter.

The Board is supported by two (2) qualified and competent Company Secretaries namely Ms. Lim Hooi Mooi and Ms. Wong Wai Foong who provide advisory services to the Board on corporate governance matters and compliance with relevant laws and regulatory requirements, policies and procedures in addition to administrative matters. Both of them are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). All Directors have 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:-

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

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)****1. Board Responsibilities (continued)**

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 established 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 eight (8) Directors, comprising four (4) Executive Directors, three (3) 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 of Directors are Independent Directors. The Board considers that its current size 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 applied their vast experience and 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.

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)****2. Board Composition (continued)**Nomination Committee ("NC")

The NC of the Company comprises the following members who are exclusively Independent Non-Executive Directors. 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.

Chairman : **Aaron Sim Kwee Lein** (Senior Independent Non-Executive Director)  
\*Re-designated as Chairman on 21 August 2018

Members : **Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak** (Independent Non-Executive Director)  
\*Re-designated as member on 21 August 2018

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

The NC 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 approved by the Board on 21 August 2018.

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.

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 NC 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 evaluated and recommended Madam Lau Swee Chin for the Board's approval. She was then appointed as an Independent Director of the Company on 21 August 2018 and on the same day, appointed as member of the Audit Committee and NC respectively.

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 (including the Independent Non-Executive Directors) and the Group MD.

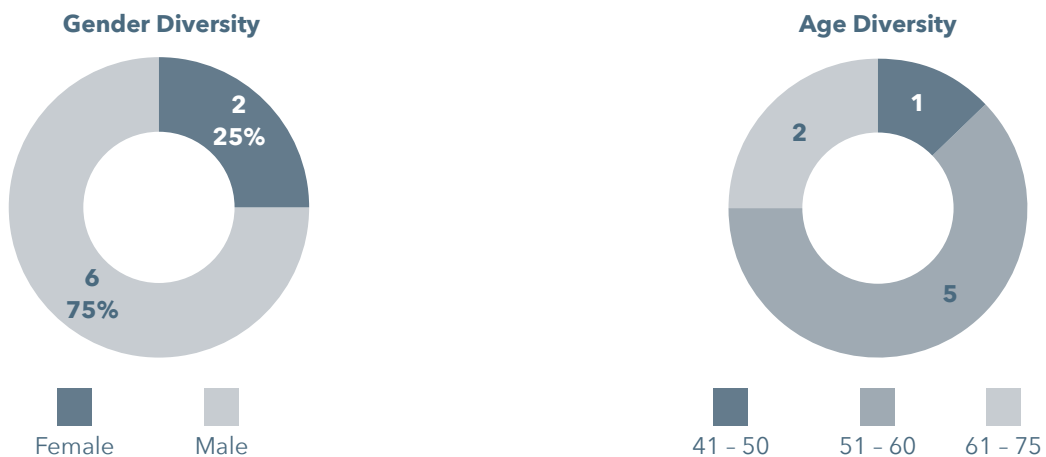
**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)**

**2. Board Composition (continued)**

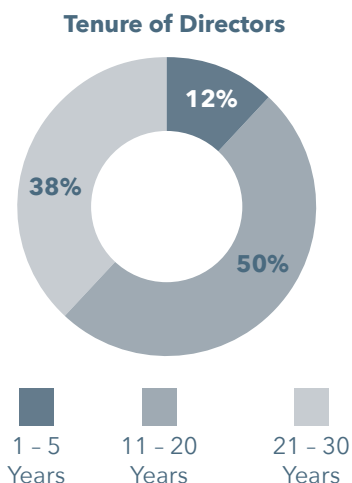
The NC meets at least once in a year with additional meetings to be convened, if necessary. During the year, the NC had conducted an annual assessment and evaluation on the Board, the Board Committees and the individual Directors and the assessment results had been deliberated and presented to the Board during the Board Meeting held on 21 August 2018. 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 Committees.

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 current Board composition is illustrated below:-



The Company currently has two (2) women Directors on board and the Board remains committed in maintaining female representation on Board. Hence, the NC will continue to recommend appointments to the Board based on diversity measure against meritocracy and other objective criteria such as skills and experience.



The Company's current practice on retaining an Independent Director beyond the cumulative term of nine years is by obtaining shareholder's approval commencing the 10<sup>th</sup> 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 9<sup>th</sup> year onwards and adopt the two-tier voting process to seek annual shareholders' approval for retaining Independent Directors beyond the 12 years in service.

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)****2. Board Composition (continued)**

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 ("MAP") except for Madam Lau Swee Chin, who will attend the MAP in November 2018 i.e. within 4 months from the date of her appointment as Independent Director of the Company. 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.

Trainings attended by Individual Directors during the financial year ended 30 June 2018 are as follows:-

<b>Name of Director</b>	<b>Training Programme/Conference/Seminar</b>
Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak	<ul style="list-style-type: none"> <li>• Updates on Malaysian Corporate Governance Guidelines 2017 (attended on 23 May 2018)</li> </ul>
Chew Chong Keat	<ul style="list-style-type: none"> <li>• Updates on Malaysian Corporate Governance Guidelines 2017 (attended on 23 May 2018)</li> </ul>
Yang Heng Lam	<ul style="list-style-type: none"> <li>• Updates on Malaysian Corporate Governance Guidelines 2017 (attended on 23 May 2018)</li> </ul>
Gan Siew Yong	<ul style="list-style-type: none"> <li>• Updates on Malaysian Corporate Governance Guidelines 2017 (attended on 23 May 2018)</li> </ul>
Ong Looi Chai	<ul style="list-style-type: none"> <li>• Updates on Malaysian Corporate Governance Guidelines 2017 (attended on 23 May 2018)</li> </ul>
Aaron Sim Kwee Lein	<ul style="list-style-type: none"> <li>• Corporate Tax Planning: Capitalising the Right Tax Opportunities for Your Business (attended on 21 May 2018)</li> <li>• Updates on Malaysian Corporate Governance Guidelines 2017 (attended on 23 May 2018)</li> </ul>
Chua Tiong Hock	<ul style="list-style-type: none"> <li>• Andhra Pradesh Project - Business Discussion Session (attended on 7 July 2017)</li> <li>• PWC CEO Breakfast - Commercial &amp; Industrial Real Estate Dynamics - Is There An Upside In The Medium Term (attended on 13 October 2017)</li> <li>• PWC's Risk Assurance 10<sup>th</sup> Corporate Directors Breakfast - Empower your business transformation with confidence Managing the risks of change (attended on 31 October 2017)</li> <li>• Updates on Malaysian Corporate Governance Guidelines 2017 (attended on 23 May 2018)</li> </ul>

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)****2. Board Composition (continued)**

The Company Secretaries 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.

**3. Remuneration**Remuneration Committee

The Remuneration Committee ("RC") was established on 24<sup>th</sup> 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 : **Aaron Sim Kwee Lein** (Senior Independent Non-Executive Director)

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

\*Appointed on 21 August 2018

As to embrace the philosophy of the MCCG to consist only Non-Executive Directors as members of the RC, Mr. Chua Tiong Hock was appointed as member of the RC on 21 August 2018 in place of Mr. Chew Chong Keat, the Group Managing Director who resigned as member of the RC on the same day.

The RC is governed by its Terms of Reference, which is periodically reviewed and available on the Company's website at [www.fmgloballogistics.com](http://www.fmgloballogistics.com). The Terms of Reference of the RC was last reviewed by the RC and approved by the Board on 21 August 2018.

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.fmgloballogistics.com](http://www.fmgloballogistics.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 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 that of the ED's.

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)****3. Remuneration (continued)**Directors' Remuneration Framework (continued)

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 remuneration of the individual Director of the Company for the financial year ended 30 June 2018 are as follows:-

<b>Name of Directors</b>	<b>Fees (RM)</b>	<b>Meeting Allowance (RM)</b>	<b>Total (RM)</b>
Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak	81,600	4,000	85,600
Aaron Sim Kwee Lein	60,000	5,000	65,000
Lau Swee Chin	-	-	-
Chua Tiong Hock	60,000	5,000	65,000
Chew Chong Keat	54,000	5,000	59,000
Yang Heng Lam	54,000	5,000	59,000
Gan Siew Yong	54,000	5,000	59,000
Ong Looi Chai	54,000	5,000	59,000

	<b>Total Remuneration (RM)</b>
Non-Executive Directors	215,600
Executive Directors	236,000

**PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT****1. Audit Committee ("AC")**

The AC comprises four (4) members, all of whom are Non-Executive Directors and a majority of whom are Independent Directors. The AC is chaired by Mr. Aaron Sim Kwee Lein, the Senior 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 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.



**PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)****2. Risk Management and Internal Control Framework (continued)**

The Group has engaged an outsourced internal audit consultant, to conduct review on the Group's internal audit function. 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 56 to 58 of the Annual Report provides an overview on the state of internal controls within the Group, in an effort to manage risk.

**PRINCIPLE C - INTEGRITY IN CORPORATION 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 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.

**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, risk 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 31000:2009 - 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.

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 31000:2009 – 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 9001:2008 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;
- 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 outsourced 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. 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.

## Statement on **Risk Management and Internal Control**

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 discussions of audit findings through the AC, taking into consideration possible establishment of additional control measures in managing its risks 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 in the opinion 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.

### **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 Audit and Assurance Practice Guide 3 ("AAPG3") (formerly known as Recommended Practice Guide ("RPG") 5 (Revised 2015)) 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 24 October 2018.

## 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 2018 are as follows:-

	<b>Group (RM)</b>	<b>Company (RM)</b>
Audit services rendered	294,570	63,000
Non-audit services rendered	34,500	34,500
<b>Total:</b>	<b>329,070</b>	<b>97,500</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 the end of the financial year ended 30 June 2018 or which were 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 35 of the Financial Statements in pages 140 to 141 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 the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016.

In preparing the financial statements for the financial year ended 30 June 2018, the Directors have:-

- Adopted appropriate accounting policies and applied them consistently;
- Ensured that applicable approved Accounting Standards in Malaysia and the provisions 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.

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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 2018.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the financial year	20,116	3,497
Attributable to:		
Owners of the parent	19,695	3,497
Non-controlling interests	421	-
	20,116	3,497

### DIVIDENDS

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

	<b>Company RM'000</b>
In respect of the financial year ended 30 June 2017:	
Second interim single tier dividend of 3.5 sen per ordinary share, paid on 14 November 2017	6,515
In respect of the financial year ended 30 June 2018:	
First interim single tier dividend of 1.5 sen per ordinary share, paid on 27 July 2018	2,792
	9,307

A second interim single tier dividend in respect of the financial year ended 30 June 2018 of 3.5 sen per ordinary share had been declared by the Directors on 21 August 2018.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 30 June 2018.

### 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.

### ISSUE OF SHARES AND DEBENTURES

During the financial year:

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.



## 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 for office since the date of the last report are:

### Freight Management Holdings Bhd

Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak  
Chew Chong Keat  
Yang Heng Lam  
Gan Siew Yong  
Aaron Sim Kwee Lein  
Ong Looi Chai  
Chua Tiong Hock  
Khua Kian Keong (Alternate Director to Chua Tiong Hock)  
Lau Swee Chin (appointed on 21 August 2018)

### 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 is as follows:

Yeow Soon Guat  
Leong Wan Keng  
Yeo Hock Choon  
Teoh Beng Keat  
Liew Willip  
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  
Mukundan Kunchunni Nair  
Gan Siew Geok  
Won Mi-Yeon  
Juliana Eddy  
Phatteera Sirijitjinda (appointed on 21 August 2017)  
Ong Hock Keng (appointed on 21 August 2017 and resigned on 19 October 2018)  
Eddy Chuwardi (resigned on 15 May 2018)

## 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 1.7.2017	Bought	Sold	
<b>Shares in the Company</b>				
<u>Direct interests</u>				
Chew Chong Keat	44,791,743	-	-	44,791,743
Yang Heng Lam	34,137,559	-	-	34,137,559
Gan Siew Yong	8,098,536	-	-	8,098,536
Ong Looi Chai	2,279,889	-	-	2,279,889
<u>Indirect interests</u>				
Chew Chong Keat	183,333 <sup>#</sup>	-	-	183,333
Yang Heng Lam	613,299 <sup>*#</sup>	-	-	613,299
Gan Siew Yong	183,333 <sup>#</sup>	-	-	183,333
Chua Tiong Hock	37,325,800	-	-	37,325,800
Khua Kian Keong (Alternate Director to Chua Tiong Hock)	37,325,800	-	-	37,325,800

\* 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 35 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' REMUNERATION

The details of the directors' remuneration paid or payable to the Directors of the Company during the financial year are disclosed in Note 35 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 2018 were RM10,000,000 and RM16,440 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 would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

**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 39 to the financial statements.

**SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD**

The significant event occurring after the reporting period is disclosed in Note 40 to the financial statements.

**AUDITORS**

The auditors, Messrs. Crowe Malaysia (formerly known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 29 to the financial statements.

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

**Chew Chong Keat**

Director

Port Klang  
25 October 2018**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 73 to 149 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 of 30 June 2018 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 25 October 2018.

**Chew Chong Keat**

Director

**Yang Heng Lam**

Director

Port Klang  
25 October 2018

## 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 73 to 149 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 abovementioned  
Chew Chong Keat  
at Kuala Lumpur  
in the Federal Territory  
on this 25 October 2018

**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 2018 of the Group and of the Company, and the statements of profit or loss and other 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 73 to 149.

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 2018, 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.

### Other Matters

The financial statements of the Group and of the Company of the preceding financial year were audited by another firm of auditors whose report dated 20 October 2017, expressed an unmodified opinion on those statements.

### Basis of 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.

**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 27 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 27 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 billing and revenue recognition process. This includes keeping track of services rendered up to the end of the reporting period in order to defer revenue and to accrue for the cost of the services rendered, 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 between rendering of services and receipt of proof of delivery of services, and verified against the underlying proof of delivery to ascertain whether revenue is recognised during the period in which services are rendered; and</li> <li>critically assessed basis of management in computing deferred revenue and deferred cost in respect of unbilled services rendered before the end of reporting period and verified against the underlying proof of delivery to ascertain whether services have been rendered during the period of revenue recognition.</li> </ul>
<b>Recoverability of trade receivables</b> Refer to Note 12 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>As at 30 June 2018, trade receivables that were past due but not impaired amounted to RM28.86 million. The details of trade receivables and its credit risk have been disclosed in Note 12 to the financial statements.</p> <p>Management recognised impairment losses on trade receivables based on specific known facts or circumstances or the abilities of customers to pay.</p> <p>The determination of whether trade receivables are recoverable involves significant management judgement.</p>	<p>Our procedures, with involvement of the component auditors, included the following:</p> <ul style="list-style-type: none"> <li>tested the adequacy of the Group's allowance for impairment losses on trade receivables by assessing the management's policy;</li> <li>tested the Group's recent invoices and collections during and after the end of the reporting period especially for major receivables and comparing against past historical payment trends; 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

**Key Audit Matters (Continued)**

<b>Impairment of property, plant and equipment</b> Refer to Note 5 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>As at 30 June 2018, the major property, plant and equipment ("PPE") as disclosed in Note 5 to the financial statements were freehold and long-term leasehold lands and buildings of RM207.02 million whilst the other PPEs were RM36.01 million respectively.</p> <p>A valuation exercise has been performed by management on its freehold and long-term leasehold lands and buildings assisted by an external expert.</p> <p>We have focused on this area because the assessment of whether PPE are impaired involved subjective judgements and key assumption estimates in determining its recoverable amount.</p>	<p>Our procedures, with involvement of the component auditors, included the following:</p> <ul style="list-style-type: none"> <li>evaluated the qualifications and competency of the external expert appointed by the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;</li> <li>assessed the methodology adopted by the management and its appointed expert for calculating the market values of the freehold, long-term leasehold lands and buildings applicable to their transactions and validated the key valuation assumptions used in the valuation models; and</li> <li>reviewed the adequacy of the Group's disclosure in this area.</li> </ul>

**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.
- 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 entity 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.

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

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

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**

Firm No: AF 1018  
Chartered Accountants

Kuala Lumpur  
25 October 2018

**Chan Kuan Chee**

Approval No: 02271/10/2019 J  
Chartered Accountant

# Statements of Financial Position

as at 30 June 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	<b>243,033</b>	229,163	-	-
Intangible assets	6	<b>1,629</b>	3,729	-	-
Investments in subsidiaries	7	-	-	<b>67,356</b>	73,737
Investments in associates	8	<b>11,417</b>	4,707	<b>7,574</b>	3,028
Investments in joint ventures	9	<b>3,644</b>	2,232	-	997
Other investments	10	<b>360</b>	360	-	-
Deferred tax assets	11	<b>908</b>	1,015	-	-
		<b>260,991</b>	241,206	<b>74,930</b>	77,762
<b>Current assets</b>					
Other investments	10	<b>4,160</b>	16,255	-	-
Trade receivables	12	<b>116,001</b>	107,458	-	-
Other receivables, deposits and prepayments	13	<b>17,313</b>	11,485	<b>265</b>	103
Amounts owing by subsidiaries	14	-	-	<b>31,294</b>	32,929
Amounts owing by associates	15	<b>6,204</b>	1,368	<b>3,810</b>	858
Amounts owing by related parties	16	<b>335</b>	623	-	-
Amounts owing by joint ventures	17	<b>4,886</b>	5,689	<b>3,912</b>	5,232
Current tax assets		<b>3,079</b>	1,405	-	-
Cash and cash equivalents	18	<b>42,345</b>	38,846	<b>8,754</b>	9,566
		<b>194,323</b>	183,129	<b>48,035</b>	48,688
<b>TOTAL ASSETS</b>		<b>455,314</b>	424,335	<b>122,965</b>	126,450
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	19	<b>104,290</b>	104,290	<b>104,290</b>	104,290
Reserves	20	<b>184,254</b>	142,729	<b>9,470</b>	15,280
		<b>288,544</b>	247,019	<b>113,760</b>	119,570
Non-controlling interests		<b>5,178</b>	16,030	-	-
<b>TOTAL EQUITY</b>		<b>293,722</b>	263,049	<b>113,760</b>	119,570

Statements of **Financial Position**  
as at 30 June 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Hire purchase and lease liabilities	21	<b>7,445</b>	4,460	-	-
Term loans	22	<b>47,861</b>	59,812	-	-
Deferred tax liabilities	11	<b>25,129</b>	17,620	-	-
Post-employment benefits obligation	23	<b>1,089</b>	864	-	-
		<b>81,524</b>	82,756	-	-
<b>Current liabilities</b>					
Trade payables	24	<b>36,555</b>	36,735	-	-
Other payables and accruals	25	<b>19,826</b>	20,313	<b>628</b>	708
Amounts owing to subsidiaries	14	-	-	<b>5,781</b>	3,370
Amount owing to an associate	15	-	5	-	-
Amounts owing to related parties	16	-	284	-	-
Amount owing to a joint venture	17	<b>34</b>	191	-	-
Hire purchase and lease liabilities	21	<b>2,747</b>	2,357	-	-
Term loans	22	<b>8,992</b>	10,495	-	-
Bank overdrafts - secured	26	<b>4,894</b>	1,830	-	-
Dividend payable		<b>2,792</b>	2,792	<b>2,792</b>	2,792
Current tax liabilities		<b>4,228</b>	3,528	<b>4</b>	10
		<b>80,068</b>	78,530	<b>9,205</b>	6,880
<b>TOTAL LIABILITIES</b>		<b>161,592</b>	161,286	<b>9,205</b>	6,880
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>455,314</b>	424,335	<b>122,965</b>	126,450

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 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	27	<b>511,585</b>	461,295	<b>12,383</b>	12,878
Cost of services		<b>(374,109)</b>	(329,758)	-	-
Gross profit		<b>137,476</b>	131,537	<b>12,383</b>	12,878
Other income		<b>11,229</b>	9,420	<b>347</b>	487
Administrative expenses		<b>(116,234)</b>	(107,423)	<b>(9,212)</b>	(4,084)
Finance costs	28	<b>(3,577)</b>	(4,024)	-	-
Share of loss of associates	8(d)	<b>(2,594)</b>	(94)	-	-
Share of profit/(loss) of joint ventures	9(e)	<b>2,126</b>	(500)	-	-
Profit before tax	29	<b>28,426</b>	28,916	<b>3,518</b>	9,281
Tax expense	30	<b>(8,310)</b>	(7,867)	<b>(21)</b>	(32)
Profit for the financial year		<b>20,116</b>	21,049	<b>3,497</b>	9,249
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translations	30(d)	<b>(6,836)</b>	2,941	-	-
		<b>(6,836)</b>	2,941	-	-
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Actuarial gain/(loss) on defined benefits plan	30(d)	<b>105</b>	(13)	-	-
Revaluation surplus on land and buildings	30(d)	<b>36,913</b>	-	-	-
		<b>37,018</b>	(13)	-	-
Total other comprehensive income, net of tax		<b>30,182</b>	2,928	-	-
Total comprehensive income		<b>50,298</b>	23,977	<b>3,497</b>	9,249
Profit attributable to:					
Owners of the parent		<b>19,695</b>	21,026	<b>3,497</b>	9,249
Non-controlling interests	7(e)	<b>421</b>	23	-	-
		<b>20,116</b>	21,049	<b>3,497</b>	9,249
Total comprehensive income attributable to:					
Owners of the parent		<b>50,520</b>	23,105	<b>3,497</b>	9,249
Non-controlling interests		<b>(222)</b>	872	-	-
		<b>50,298</b>	23,977	<b>3,497</b>	9,249
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic earnings per ordinary share	33	<b>10.58</b>	11.50		
Diluted earnings per ordinary share	33	<b>10.58</b>	11.50		

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

# Consolidated Statement of Changes in Equity

for the Financial Year Ended 30 June 2018

GROUP	Note	Non-distributable				Distributable			Total equity RM'000
		Share capital RM'000	Share premium 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 2016		88,809	7,207	5,467	23,153	100,022	224,658	16,314	240,972
Profit for the financial year		-	-	-	-	21,026	21,026	23	21,049
Actuarial loss on defined benefits plan, net of tax		-	-	-	-	(23)	(23)	10	(13)
Foreign currency translations, net of tax		-	-	2,102	-	-	2,102	839	2,941
Total comprehensive income, net of tax		-	-	2,102	-	21,003	23,105	872	23,977
Balance c/f		88,809	7,207	7,569	23,153	121,025	247,763	17,186	264,949
<b>Transactions with owners</b>									
Acquisition of additional interest from non-controlling interests		-	-	-	-	(205)	(205)	(576)	(781)
Dilution of equity by non-controlling interests of a subsidiary		-	-	-	-	304	304	(304)	-
Dividends paid	31	-	-	-	-	(9,117)	(9,117)	-	(9,117)
Dividends paid to non-controlling interests of a subsidiary		-	-	-	-	-	-	(337)	(337)
Ordinary shares contributed by non-controlling interest of a subsidiary		-	-	-	-	-	-	61	61
Ordinary shares issued pursuant to exercise of warrants	19	4,265	4,009	-	-	-	8,274	-	8,274
Total transactions with owners		4,265	4,009	-	-	(9,018)	(744)	(1,156)	(1,900)
Transfer due to crystallisation of revaluation reserve		-	-	-	(373)	373	-	-	-
Transfer pursuant to Companies Act 2016	19	11,216	(11,216)	-	-	-	-	-	-
Balance as at 30 June 2017		104,290	-	7,569	22,780	112,380	247,019	16,030	263,049

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

Consolidated Statement of Changes in Equity  
for the Financial Year Ended 30 June 2018

GROUP	Note	Non-distributable				Distributable			Total equity RM'000
		Share capital RM'000	Share premium 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	34	-	-	-	-	-	-	(10,584)	(10,584)
Dilution of equity by non-controlling interests of a subsidiary		-	-	-	-	312	312	(312)	-
Dividends paid	31	-	-	-	-	(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		<b>104,290</b>	<b>-</b>	<b>1,417</b>	<b>59,320</b>	<b>123,517</b>	<b>288,544</b>	<b>5,178</b>	<b>293,722</b>

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

# Statement of Changes in Equity

for the Financial Year Ended 30 June 2018

COMPANY	Note	← Non-distributable →		Distributable	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Retained earnings RM'000	
Balance as at 1 July 2016		88,809	7,207	15,148	111,164
Profit for the financial year		-	-	9,249	9,249
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		-	-	9,249	9,249
<b>Transactions with owners</b>					
Dividends paid	31	-	-	(9,117)	(9,117)
Ordinary shares issued pursuant to exercise of warrants	19	4,265	4,009	-	8,274
Total transactions with owners		4,265	4,009	(9,117)	(843)
Transfer pursuant to Companies Act 2016	19	11,216	(11,216)	-	-
Balance as at 30 June 2017		104,290	-	15,280	119,570
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	31	-	-	(9,307)	(9,307)
Balance as at 30 June 2018		<b>104,290</b>	<b>-</b>	<b>9,470</b>	<b>113,760</b>

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



# Statements of Cash Flows

for the Financial Year Ended 30 June 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		<b>28,426</b>	28,916	<b>3,518</b>	9,281
Adjustments for:					
Amortisation of intangible assets	6	<b>447</b>	268	-	-
Bad debts written off		<b>23</b>	33	-	-
Depreciation of property, plant and equipment	5	<b>12,706</b>	14,779	-	-
Dividend income		<b>(23)</b>	(23)	<b>(8,105)</b>	(8,847)
Fair value gain on:					
-short-term fund	10	<b>(297)</b>	(432)	-	-
-quoted shares	10	<b>(355)</b>	-	-	-
Gain on disposal of:					
-a subsidiary	34	<b>(1,523)</b>	-	<b>(263)</b>	-
-property, plant and equipment		<b>(655)</b>	(693)	-	-
-unquoted shares	10	-	(35)	-	-
Impairment losses on:					
-investments in subsidiaries	7	-	-	<b>1,650</b>	-
-investments in associates	8	<b>1,280</b>	-	-	-
-investments in joint ventures	9	-	-	<b>997</b>	-
-amounts owing by joint ventures	17	<b>1,757</b>	-	<b>1,757</b>	-
-property, plant and equipment	5	<b>3</b>	-	-	-
-trade receivables	12	<b>1,487</b>	1,565	-	-
Interest expense	28	<b>3,577</b>	4,024	-	-
Interest income		<b>(294)</b>	(1,015)	<b>(86)</b>	(133)
Property, plant and equipment written off	5	<b>95</b>	122	-	-
Provision for post-employment benefits obligation	23	<b>591</b>	-	-	-
Reversal of:					
- impairment losses on trade receivables	12	<b>(1,107)</b>	(817)	-	-
- provision for post-employment benefits obligation	23	-	(15)	-	-
Share of loss of associates		<b>2,594</b>	94	-	-
Share of (profit)/loss of joint ventures		<b>(2,126)</b>	500	-	-
Unrealised loss/(gain) on foreign currency transactions		<b>1,545</b>	1,232	<b>581</b>	(354)
Operating profit/(loss) before changes in working capital		<b>48,151</b>	48,503	<b>49</b>	(53)
Increase in trade receivables		<b>(13,804)</b>	(14,689)	-	-
(Increase)/decrease in other receivables, deposits and prepayments		<b>(7,790)</b>	1,736	<b>(162)</b>	8
Decrease in amounts owing by related parties		<b>288</b>	587	-	-
Increase in amounts owing by joint ventures		<b>(1,057)</b>	(239)	-	-
(Decrease)/increase in amounts owing to related parties		<b>(284)</b>	131	-	-
(Decrease)/increase in amount owing to a joint venture		<b>(157)</b>	70	-	-
Increase in trade payables		<b>5,788</b>	2,571	-	-
Increase/(decrease) in other payables and accruals		<b>3,052</b>	2,102	<b>(80)</b>	120
Cash generated from/(used in) operations		<b>34,187</b>	40,772	<b>(193)</b>	75
Contributions paid for post-employment benefits obligation	23	<b>(83)</b>	(5)	-	-
Interest paid		<b>(150)</b>	(128)	-	-
Tax paid		<b>(9,869)</b>	(8,373)	<b>(27)</b>	(22)
Net cash from/(used in) operating activities		<b>24,085</b>	32,266	<b>(220)</b>	53

Statements of **Cash Flows**  
for the Financial Year Ended 30 June 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisitions of:					
- additional investment in an existing subsidiary	7	-	(781)	-	-
- a subsidiary	7	-	-	-	(1,000)
- redeemable convertible preference share in a subsidiary		-	-	-	(1,000)
Advances from subsidiaries		-	-	-	14
Advances from an associate		-	5	-	-
Repayment from/(advances to) subsidiaries		-	-	<b>4,046</b>	(5,951)
Advances to a joint venture		<b>(849)</b>	(1,563)	<b>(849)</b>	(1,250)
Advances to associates		<b>(4,841)</b>	(742)	<b>(3,121)</b>	(542)
Disposal of a subsidiary, net of cash and cash equivalents disposed of	34	<b>(1,665)</b>	-	-	-
Dividends received		<b>23</b>	23	<b>8,105</b>	8,847
Dividends received from a joint venture	9(e)	<b>532</b>	246	-	-
Interest received		<b>294</b>	1,015	<b>86</b>	133
Placements of:					
-fixed deposits pledged to licensed banks		<b>(94)</b>	(108)	-	-
-fixed deposits placed with a licensed bank with original maturity of more than three (3) months		<b>(17)</b>	(16)	-	-
Proceeds from disposals of:					
- a subsidiary	34	-	-	<b>448</b>	-
- property, plant and equipment		<b>2,720</b>	1,788	-	-
- unquoted shares	10	-	38	-	-
Purchase of:					
- intangible assets	6(e)	<b>(6)</b>	(1,326)	-	-
- property, plant and equipment	5(f)	<b>(6,328)</b>	(4,678)	-	-
- unquoted shares	10	-	(360)	-	-
Repayment of cost of investment in a joint venture		<b>182</b>	-	-	-
Net cash (used in)/from investing activities		<b>(10,049)</b>	(6,459)	<b>8,715</b>	(749)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid		<b>(9,307)</b>	(8,989)	<b>(9,307)</b>	(8,989)
Dividends paid to non-controlling interests of a subsidiary		<b>(498)</b>	(337)	-	-
Drawdown of term loan		-	5,470	-	-
Interest paid		<b>(3,427)</b>	(3,896)	-	-
Ordinary share capital contributed by non-controlling interests of a subsidiary		<b>764</b>	61	-	-
Proceeds from exercise of warrants		-	8,274	-	8,274
Repayments of:					
- hire purchase and lease liabilities	18(g)	<b>(2,976)</b>	(2,427)	-	-
- term loans	18(g)	<b>(9,836)</b>	(16,536)	-	-
Net cash used in financing activities		<b>(25,280)</b>	(18,380)	<b>(9,307)</b>	(715)
Net (decrease)/increase in cash and cash equivalents		<b>(11,244)</b>	7,427	<b>(812)</b>	(1,411)
Effects of exchange rate changes on cash and cash equivalents		<b>(882)</b>	664	-	-
Cash and cash equivalents at beginning of the financial year		<b>48,596</b>	40,505	<b>9,566</b>	10,977
Cash and cash equivalents at end of the financial year	18(d)	<b>36,470</b>	48,596	<b>8,754</b>	9,566

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

# Notes to the Financial Statements

30 June 2018

## 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 2018 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 25 October 2018.

## 2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out 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 41.1 to the financial statements.

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.

#### 4. OPERATING SEGMENTS

The Company and its subsidiaries are principally engaged in the freight and forwarding industry. The Group has arrived at eight (8) (2017: 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 Singapore, which are involved in two separate nature of services as summarised below:

(a) Logistics

There are seven (7) (2017: 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 and Sri Lanka.

(b) Marine

There is one (1) (2017: one (1)) reportable segment engaged as charterers and operators of barges and tugboats, which is operated by a company in Singapore. The Group has discontinued its marine segment following the disposal of TCH Marine Pte. Ltd., during the financial year.

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

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.

## 4. OPERATING SEGMENTS (CONTINUED)

2018	← Logistics			→				Other operating segments		Total RM'000
	Malaysia RM'000	Australia RM'000	Indonesia RM'000	Thailand RM'000	Vietnam RM'000	India RM'000	Sri Lanka RM'000	←Marine Singapore RM'000	RM'000	
Revenue										
Total revenue	389,033	44,800	33,296	14,451	13,164	10,731	7,182	6,512	11,886	511,585
Inter-segment revenue	(3,968)	(838)	(1,291)	(1,672)	(483)	(255)	(49)	-	(10,914)	-
<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>511,585</b>
Finance costs	(3,317)	(18)	(75)	(4)	-	(128)	-	(114)	-	(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>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>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>132,235</b>
<b>Other material non-cash items</b>										
Depreciation of property, plant and equipment	10,398	150	321	93	228	66	17	1,273	160	12,706
Impairment losses on:										
- investments in subsidiaries	-	-	-	-	-	-	-	-	1,650	(1,650)
- investments in associates	-	-	-	-	-	-	-	-	1,280	1,280
- investments in joint ventures	-	-	-	-	-	-	-	-	997	(997)
- amounts owing by joint ventures	-	-	-	-	-	-	-	-	1,757	1,757
- trade receivables	1,200	59	109	23	-	96	-	-	-	1,487
Provision for post-employment benefits obligation	-	-	-	-	-	-	-	-	-	-
Gain on disposal of a subsidiary	-	-	-	-	-	-	-	-	(1,523)	(1,523)
Reversal of impairment losses on trade receivables	(834)	-	(167)	(58)	-	(48)	-	-	-	(1,107)

**4. OPERATING SEGMENTS (CONTINUED)**

2017	← Logistics →			← Marine →				Other operating segments RM'000	Total RM'000		
	Malaysia RM'000	Australia RM'000	Indonesia RM'000	Thailand RM'000	Vietnam RM'000	India RM'000	Sri Lanka RM'000			Singapore RM'000	Eliminations RM'000
Revenue											
Total revenue	340,027	37,706	32,486	6,161	16,576	11,908	7,565	16,125	13,164	(20,423)	461,295
Inter-segment revenue	(2,611)	(1,033)	(2,196)	(1,151)	(566)	(289)	(48)	-	(12,529)	20,423	-
<b>Revenue from external customers</b>	337,416	36,673	30,290	5,010	16,010	11,619	7,517	16,125	635	-	461,295
Finance costs	(3,601)	(27)	(20)	-	-	(79)	-	(321)	-	24	(4,024)
Share of loss of associates	22	-	-	-	-	-	-	-	(116)	-	(94)
Share of loss of joint ventures	-	-	-	-	-	-	-	-	(500)	-	(500)
<b>Segment profit/(loss) before income tax</b>	25,623	903	2,727	(1,252)	(258)	(31)	18	(1,397)	12,358	(9,775)	28,916
Investments in associates	457	-	-	-	-	-	-	-	4,250	-	4,707
Investments in joint ventures	-	-	-	-	-	-	-	-	2,232	-	2,232
Other investments	15,451	-	-	-	-	-	-	-	1,164	-	16,615
Additions to non-current assets other than financial instruments	5,726	330	125	6	490	126	12	986	1,665	-	9,466
<b>Segment assets</b>	378,836	10,348	13,194	1,119	3,915	3,953	1,227	33,946	81,119	(105,742)	421,915
<b>Segment liabilities</b>	212,332	4,572	7,449	3,823	2,286	3,824	1,178	10,617	26,328	(132,271)	140,138
<b>Other material non-cash items</b>											
Depreciation of property, plant and equipment	10,818	122	285	48	187	51	20	3,130	118	-	14,779
Impairment losses on: - trade receivables	1,161	120	100	131	4	-	-	49	-	-	1,565
Reversal of: - impairment losses on trade receivables	(669)	(52)	-	-	(29)	-	-	(67)	-	-	(817)
- provision for post-employment benefits obligation	-	-	(15)	-	-	-	-	-	-	-	(15)

**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:

	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the financial year</b>		
Total profit or loss for reportable segments	<b>28,426</b>	28,916
Tax expense	<b>(8,310)</b>	(7,867)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	<b>20,116</b>	21,049
<b>Assets</b>		
Total assets for reportable segments	<b>451,327</b>	421,915
Deferred tax assets	<b>908</b>	1,015
Current tax assets	<b>3,079</b>	1,405
Assets of the Group per consolidated statement of financial position	<b>455,314</b>	424,335
<b>Liabilities</b>		
Total liabilities for reportable segments	<b>132,235</b>	140,138
Deferred tax liabilities	<b>25,129</b>	17,620
Current tax liabilities	<b>4,228</b>	3,528
Liabilities of the Group per consolidated statement of financial position	<b>161,592</b>	161,286
<b>Major customers</b>		

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

## 5. PROPERTY, PLANT AND EQUIPMENT

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		Impairment losses RM'000	Revaluation surplus RM'000	Disposals of a subsidiary (Note 34) RM'000	Reclassification adjustments RM'000	Translations RM'000	Balance as at 30.6.2018 RM'000
					RM'000	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



**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
	<b>103,655</b>	<b>207,088</b>	<b>(67,638)</b>	<b>(72)</b>	<b>243,033</b>

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

Group	Balance as at 1.7.2016	Additions	Disposals	Written off	Depreciation charge for the financial year	Reclassification	Translations adjustments	Balance as at 30.6.2017
	RM'000							RM'000
<b>Carrying amount</b>								
Freehold land								
- at valuation	513	-	-	-	-	-	-	513
- at cost	41,981	-	-	-	-	-	-	41,981
Long-term leasehold land								
- at valuation	40,648	-	-	-	(553)	-	-	40,095
Buildings								
- at valuation	72,424	471	-	-	(1,672)	249	-	71,472
- at cost	9,189	-	-	-	-	-	-	9,189
Machinery, furniture and fittings	10,424	525	(25)	(37)	(1,685)	-	10	9,212
Office equipment	3,464	1,694	(111)	(13)	(1,590)	-	32	3,476
Renovations	1,204	314	(113)	(21)	(231)	-	13	1,166
Motor vehicles	7,723	2,204	(144)	-	(2,193)	-	89	7,679
Forklifts	694	324	-	-	(441)	-	-	577
Storage containers	879	3	(11)	-	(153)	-	-	718
Tugboats and barges	32,272	971	(589)	(51)	(2,979)	-	1,517	31,141
Prime movers and trailers	13,694	1,634	(102)	-	(3,282)	-	-	11,944
Construction-in-progress	249	-	-	-	-	(249)	-	-
	235,358	8,140	(1,095)	(122)	(14,779)	-	1,661	229,163

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

Group	← At 30.6.2017 →			
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
	Freehold land			
- at valuation	513	-	-	513
- at cost	41,981	-	-	41,981
Long-term leasehold land				
- at valuation	41,200	(1,105)	-	40,095
Buildings				
- at valuation	74,910	(3,369)	(69)	71,472
- at cost	9,673	(484)	-	9,189
Machinery, furniture and fittings	18,024	(8,812)	-	9,212
Office equipment	17,174	(13,698)	-	3,476
Renovations	2,107	(941)	-	1,166
Motor vehicles	19,025	(11,346)	-	7,679
Forklifts	5,174	(4,597)	-	577
Storage containers	2,282	(1,564)	-	718
Tugboats and barges	48,251	(17,110)	-	31,141
Prime movers and trailers	32,744	(20,800)	-	11,944
	313,058	(83,826)	(69)	229,163

**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 any 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 off 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 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%
Tugboats and barges	5%
Prime movers and trailers	10%

Freehold land has unlimited useful life and is not depreciated. Construction-in-progress represents warehouse renovation-in-progress and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

- (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 are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Revaluation reserve	<b>45,285</b>	-
Deferred tax liabilities (Note 11(a))	<b>(8,372)</b>	-
	<b>36,913</b>	-

**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:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Freehold land	<b>42,480</b>	236
Long-term leasehold land	<b>18,060</b>	18,317
Buildings	<b>71,782</b>	63,624
	<b>132,322</b>	82,177

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2018</b>				
Freehold land	-	<b>55,560</b>	-	<b>55,560</b>
Long-term leasehold land	-	<b>56,400</b>	-	<b>56,400</b>
Buildings	-	<b>95,056</b>	-	<b>95,056</b>
	-	<b>207,016</b>	-	<b>207,016</b>
<b>2017</b>				
Freehold land	-	513	-	513
Long-term leasehold land	-	40,095	-	40,095
Buildings	-	71,472	-	71,472
	-	112,080	-	112,080

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 30 June 2018.
- (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.

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

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

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of property, plant and equipment	<b>12,718</b>	8,140
Financed by hire purchase and lease arrangements	<b>(6,390)</b>	(3,462)
Cash payments on purchase of property, plant and equipment	<b>6,328</b>	4,678

(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:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Motor vehicles	<b>4,406</b>	4,747
Prime movers and trailers	<b>8,495</b>	3,526
Forklifts	<b>194</b>	-
	<b>13,095</b>	8,273

Details of the terms of the hire purchase and lease arrangements are disclosed in Note 21 to the financial statements.

(h) Property, plant and equipment pledged as security for banking facilities granted to the Group as disclosed in Notes 22 and 26 to the financial statements are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Carrying amount</b>		
Freehold land	<b>55,000</b>	41,981
Long-term leasehold land	<b>56,400</b>	40,095
Buildings	<b>93,600</b>	73,586
Tugboats and barges	-	15,215
	<b>205,000</b>	170,877

(i) During the financial year, there were impairment losses of RM2,401 (2017: nil) recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income due to the recoverable amounts of the buildings were less than their carrying amounts.

## 6. INTANGIBLE ASSETS

Group	Balance as at 1.7.2017 RM'000	Additions RM'000	Disposal of a subsidiary (Note 34) 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		
	Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount 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

Group	Balance as at 1.7.2016 RM'000	Additions RM'000	Amortisation charge for the financial year RM'000	Balance as at 30.6.2017 RM'000
Goodwill on consolidation	1,659	-	-	1,659
Computer software	762	1,326	(268)	1,820
Rights to participate in hub business	250	-	-	250
	2,671	1,326	(268)	3,729

Group	As at 30.6.2017		
	Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount RM'000
Goodwill on consolidation	1,876	(217)	1,659
Computer software	2,114	(294)	1,820
Rights to participate in hub business	250	-	250
	4,240	(511)	3,729

**6. INTANGIBLE ASSETS (CONTINUED)**

- (a) After initial recognition, intangible assets, excluding goodwill is stated at cost less any 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>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Logistics:		
- Malaysia	<b>179</b>	179
- Thailand	<b>23</b>	23
- Australia	<b>4</b>	4
Marine	<b>-</b>	1,659
Others	<b>11</b>	11
	<b>217</b>	1,876
Less: Impairment losses		
Logistics:		
- Malaysia	<b>(179)</b>	(179)
- Thailand	<b>(23)</b>	(23)
- Australia	<b>(4)</b>	(4)
Others	<b>(11)</b>	(11)
	<b>-</b>	1,659

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

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash payments on purchase of intangible assets	<b>6</b>	1,326

- (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**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted equity shares, at cost	<b>43,495</b>	48,226
Equity loan to a subsidiary	<b>26,161</b>	26,161
	<b>69,656</b>	74,387
Less: Impairment losses	<b>(2,300)</b>	(650)
	<b>67,356</b>	73,737

- (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:

<b>Name of subsidiary</b>	<b>Principal place of business/ Country of incorporation</b>	<b>Interest in equity held by</b>				<b>Principal activities</b>
		<b>Company</b>	<b>Subsidiary</b>	<b>2018</b>	<b>2017</b>	
FM Multimodal Services Sdn. Bhd.	Malaysia	<b>100%</b>	100%	-	-	Provision of freight services
FM Global Logistics (KUL) Sdn. Bhd.	Malaysia	<b>100%</b>	100%	-	-	Provision of freight services
#FM Worldwide Logistics (Penang) Sdn. Bhd.	Malaysia	<b>100%</b>	100%	-	-	Dormant
#FM Global Logistics (Ipoh) Sdn. Bhd.	Malaysia	<b>100%</b>	100%	-	-	Dormant
FM Global Logistics (M) Sdn. Bhd.	Malaysia	<b>100%</b>	100%	-	-	Provision of freight services
#FM Global Logistics (Melaka) Sdn. Bhd.	Malaysia	<b>100%</b>	100%	-	-	Dormant
#FM Global Logistics (Penang) Sdn. Bhd.	Malaysia	<b>100%</b>	100%	-	-	Dormant
#Advance International Freight Sdn. Bhd.	Malaysia	<b>100%</b>	100%	-	-	Dormant

**7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

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

Name of subsidiary	Principal place of business/ Country of incorporation	Interest in equity held by				Principal activities
		Company 2018	Company 2017	Subsidiary 2018	Subsidiary 2017	
#FMG Capital & Management Sdn. Bhd.	Malaysia	<b>100%</b>	100%	-	-	Investment holding
#Freight Management MSC Sdn. Bhd.	Malaysia	<b>100%</b>	100%	-	-	Developing, providing and maintaining IT software application solutions
Symphony Express Sdn. Bhd.	Malaysia	<b>80%</b>	80%	-	-	Provision of freight services
#Exterian Enterprise Sdn. Bhd.	Malaysia	<b>100%</b>	100%	-	-	Provision of freight services
ΩTCH Marine Pte. Ltd. ("TCH")	Singapore	-	51%	-	-	Charterers of barges and tugboats
#FM Global Logistics (S'pore) Pte. Ltd.	Singapore	<b>100%</b>	100%	-	-	Provision of freight services
#FM Global Logistics Ventures Sdn. Bhd. ("FMGLV")	Malaysia	<b>100%</b>	100%	-	-	Investment holding
+Icon Freight International Inc.	British Virgin Islands	<b>100%</b>	100%	-	-	Provision of management services
#FM Hubwire Sdn. Bhd.	Malaysia	<b>65%</b>	65%	-	-	Provision of e-commerce logistics services
Parcel To Post Services Sdn. Bhd.	Malaysia	<b>100%</b>	100%	-	-	Provision of parcel services
<b>Subsidiaries of FM Global Logistics Ventures Sdn. Bhd.</b>						
* PT. FM Global Logistics ("PTFM")	Indonesia	-	-	<b>67%</b>	62%	Provision of freight services
+FM Global Logistics Pty. Ltd.	Australia	-	-	<b>75%</b>	75%	Provision of integrated freight and logistic services
#FM Global Logistics Co., Ltd.	Thailand	-	-	<b>100%</b>	100%	Provision of freight services
+FM Global Korea Corporation	South Korea	-	-	<b>100%</b>	100%	Provision of trading services

**7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

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

Name of subsidiary	Principal place of business/ Country of incorporation	Interest in equity held by				Principal activities
		Company 2018	Company 2017	Subsidiary 2018	Subsidiary 2017	
<b>Subsidiaries of FM Global Logistics Ventures Sdn. Bhd. (continued)</b>						
*FM Global Logistics Company Limited	Vietnam	-	-	<b>95%</b>	95%	Provision of freight services
+FM Global Logistics (HK) Limited	Hong Kong	-	-	<b>100%</b>	100%	Provision of freight services
#@FM Global Logistics (India) Private Limited	India	-	-	<b>51%</b>	51%	Provision of integrated freight and logistic services
#^@FM Global Logistics Lanka (Private) Limited ("FMGLL")	Sri Lanka	-	-	<b>40%</b>	40%	Provision of integrated freight and logistic services
<b>Subsidiary of FM Multimodal Services Sdn. Bhd.</b>						
#Dependable Global Express Malaysia Sdn. Bhd.	Malaysia	-	-	<b>51%</b>	51%	Provision of freight services
<b>Subsidiaries of FM Global Logistics (M) Sdn. Bhd.</b>						
#FM Contract Logistics Sdn. Bhd.	Malaysia	-	-	<b>100%</b>	100%	Provision of freight services
#Advance Cargo Logistics Sdn. Bhd.	Malaysia	-	-	<b>100%</b>	100%	Provision of freight services

^ 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 2018. 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 is a member.

# Subsidiaries audited by other firms of chartered accountants.

@ Subsidiaries had financial year ended 31 March 2018 and were consolidated based on management accounts for the financial year ended 30 June 2018.

Ω The Company disposed of 2% of its effective interest in TCH Marine Pte. Ltd. as disclosed in Note 7(c)(i) to the financial statements.

**7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

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

Financial year ended 30 June 2018

- (i) On 19 December 2017, the Company disposed of 53,000 ordinary shares representing approximately 2% of the equity interest in TCH, a company incorporated in Singapore for a consideration of SGD149,000 (RM447,746). Consequently, the equity interest of the Company in TCH reduced from 51% to 49% and TCH ceased to be a subsidiary of the Company and is regarded as an associate of the Company as disclosed in Note 8 to the financial statements and the financial effects of this are disclosed in Note 34 to the financial statements.
- (ii) On 16 May 2018, FMGLV, a wholly-owned subsidiary of the Company increased its issued and paid-up share capital in PTFM from IDR3,100,000,000 to IDR9,380,000,000 by way of issuance of 62,800 new shares of IDR100,000 each for a total cash consideration of IDR6,280,000,000 (RM1,800,970).

The remaining 27,200 ordinary shares of IDR100,000 each were subscribed for by the non-controlling interests for a total cash consideration of IDR2,720,000,000 (RM764,356).

- (iii) During the financial year, the Company has carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A total impairment losses of RM1,650,000 (2017:nil), representing the write-down of the investments to their recoverable amounts, was recognised in 'Administrative Expenses' line item of the statement of profit or loss and other comprehensive income.

Financial year ended 30 June 2017

- (i) On 25 July 2016, FMGLV acquired a total of 900,000 ordinary shares of VND6,000 each in FM Global Logistics Company Limited ("FM Vietnam") for a purchase consideration of VND5,400,000,000 (RM1,001,406). This has resulted in an increase in equity interest in FM Vietnam from 51.0% to 95.1%.
- (ii) On 26 August 2016, the Company announced that it had subscribed for 500,000 Redeemable Convertible Preference Shares of RM1.00 each in FM Hubwire Sdn. Bhd. for a total consideration of RM500,000, pursuant to the terms and conditions as stipulated in the Shareholders' Agreement dated 31 March 2017.

Subsequently on 1 December 2016, the Company had further subscribed for an additional 500,000 Redeemable Convertible Preference Shares of RM1.00 each in FM Hubwire Sdn. Bhd. for a total consideration of RM500,000.

- (iii) On 9 May 2017, FMGLV acquired a total of 5,850 ordinary shares of IDR100,000 each in PTFM, representing 13% of the total issued and paid-up share capital of PTFM from existing shareholders for a purchase consideration of IDR2,421,900,000 (RM781,000). Consequently, FMGLV now holds 62% equity interest in PTFM.

Subsequently on 22 June 2017, PTFM increased its issued and paid-up share capital from IDR4,500,000,000 to IDR5,000,000,000 by the issuance of 5,000 new ordinary shares of IDR100,000 each. FMGLV had further subscribed for 3,100 ordinary shares of IDR100,000 each in PTFM, representing 62% of the additional issued and paid-up share capital of PTFM for a total purchase consideration of IDR310,000,000 (RM100,000).

The remaining 2,900 ordinary shares of IDR100,000 each were subscribed for by the non-controlling interests for a total cash consideration of IDR290,000,000 (RM61,290).

**7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

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

Financial year ended 30 June 2017 (continued)

(iv) On 8 May 2017, the Company announced that it had acquired 1 ordinary share of RM1.00 each of the issued and paid-up share capital of Parcel To Post Services Sdn. Bhd. ("PTPS"), for a cash consideration of RM1.00. Subsequently on 5 June 2017, the Company had further subscribed for an additional 999,999 ordinary shares of RM1.00 each for a cash consideration of RM999,999, representing 100% of the issued and paid-up share capital of PTPS.

The principal activity of PTPS is provision of parcel services. The above incorporation and subscription of ordinary shares of PTPS did not have any material financial effect to the Group.

(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 substantiveness of the 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:

<b>2018</b>	<b>TCH Marine Pte. Ltd.</b>	<b>PT. FM Global Logistics</b>	<b>FM Global Logistics Pty. Ltd.</b>	<b>Other individual immaterial subsidiaries</b>	<b>Total</b>
NCI percentage of ownership and voting interests	-	33%	25%	-	
Carrying amount of NCI (RM'000)	-	3,022	1,556	600	5,178
Profit/(Loss) 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)	(297)	-	-	(200)	(497)

**7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

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

	<b>TCH Marine Pte. Ltd.</b>	<b>PT. FM Global Logistics</b>	<b>FM Global Logistics Pty. Ltd.</b>	<b>Other individual immaterial subsidiaries</b>	<b>Total</b>
<b>2017</b>					
NCI percentage of ownership and voting interests	49%	38%	25%	-	
Carrying amount of NCI (RM'000)	11,432	2,414	1,437	747	16,030
Profit/(Loss) allocated to NCI (RM'000)	(685)	731	154	(177)	23
Other comprehensive income allocated to NCI (RM'000)	-	10	-	-	10
Dividend paid to NCI (RM'000)	-	-	-	337	337

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

**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:

	<b>TCH Marine Pte. Ltd. RM'000</b>	<b>PT. FM Global Logistics RM'000</b>	<b>FM Global Logistics Pty. Ltd. RM'000</b>
<b>2018</b>			
<b>Assets and liabilities</b>			
Non-current assets	-	<b>2,094</b>	<b>598</b>
Current assets	-	<b>12,322</b>	<b>10,768</b>
Non-current liabilities	-	<b>(122)</b>	<b>(222)</b>
Current liabilities	-	<b>(5,135)</b>	<b>(4,919)</b>
Net assets	-	<b>9,159</b>	<b>6,225</b>
<b>Results</b>			
Revenue	<b>6,512</b>	<b>33,296</b>	<b>44,800</b>
(Loss)/Profit for the financial year	<b>(840)</b>	<b>1,173</b>	<b>1,087</b>
Total comprehensive (loss)/income	<b>(840)</b>	<b>1,285</b>	<b>1,087</b>
Cash flows from operating activities	-	<b>2,071</b>	<b>2,083</b>
Cash flows used in investing activities	-	<b>(1,148)</b>	<b>(43)</b>
Cash flows from/(used in) financing activities	-	<b>527</b>	<b>(113)</b>
Net increase in cash and cash equivalents	-	<b>1,450</b>	<b>1,927</b>
<b>2017</b>			
<b>Assets and liabilities</b>			
Non-current assets	31,546	1,224	621
Current assets	2,401	12,579	9,727
Non-current liabilities	(2,960)	(23)	(186)
Current liabilities	(7,657)	(7,426)	(4,413)
Net assets	23,330	6,354	5,749
<b>Results</b>			
Revenue	16,125	32,486	37,706
(Loss)/Profit for the financial year	(1,398)	1,924	618
Total comprehensive (loss)/income	(1,398)	1,910	618
Cash flows from operating activities	3,142	1,717	204
Cash flows used in investing activities	(126)	(449)	(329)
Cash flows used in financing activities	(2,391)	(103)	(99)
Net increase/(decrease) in cash and cash equivalents	625	1,165	(224)

**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**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Unquoted equity shares, at cost	<b>15,335</b>	4,751	<b>7,574</b>	3,028
Share of post-acquisition losses	<b>(2,638)</b>	(44)	-	-
	<b>12,697</b>	4,707	<b>7,574</b>	3,028
Less: Impairment losses	<b>(1,280)</b>	-	-	-
	<b>11,417</b>	4,707	<b>7,574</b>	3,028

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



**8. INVESTMENTS IN ASSOCIATES (CONTINUED)**

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

Name of associate	Principal place of business/ Country of incorporation	Interest in equity held by				Principal activities
		Group		Company		
		2018	2017	2018	2017	
*TCH Marine Pte. Ltd. ("TCH")	Singapore	49%	-	49%	-	Charterers of barges and tugboats
*^YKP-FM Global Shipyard Co., Ltd.	Thailand	25%	25%	25%	25%	Development and operation of shipyard

**Associate of FM Global Logistics (M) Sdn. Bhd.**

*FM Distribution Sdn. Bhd.	Malaysia	49%	49%	-	-	Provision of warehouse services
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**Associate of FM Global Logistics Ventures Sdn. Bhd.**

*^Hubwire Sdn. Bhd.	Malaysia	20%	20%	-	-	Provision of e-commerce business
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\* Associates audited by other firms of chartered accountants.

^ Associates had financial year ended 31 December 2017 and were equity accounted based on management accounts for the financial year ended 30 June 2018.

(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 Shipyard Co., Ltd. RM'000	Hubwire Sdn. Bhd. RM'000
<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)	-

**8. INVESTMENTS IN ASSOCIATES (CONTINUED)**

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

	<b>TCH Marine Pte. Ltd. RM'000</b>	<b>FM Distribution Sdn. Bhd. RM'000</b>	<b>YKP-FM Global Shipyards Co., Ltd. RM'000</b>	<b>Hubwire Sdn. Bhd. RM'000</b>
<b>2017</b>				
<b>Assets and liabilities</b>				
Non-current assets	-	-	22,449	676
Current assets	-	832	2,817	1,737
Non-current liabilities	-	-	(12,805)	-
Current liabilities	-	(40)	(1,862)	(702)
Net assets	-	792	10,599	1,711
<b>Results</b>				
Revenue	-	315	-	51
Profit/(Loss) for the financial year	-	44	(465)	(3)
Total comprehensive income/(loss)	-	44	(465)	(3)

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

	<b>TCH Marine Pte. Ltd. RM'000</b>	<b>FM Distribution Sdn. Bhd. RM'000</b>	<b>YKP-FM Global Shipyards Co., Ltd. RM'000</b>	<b>Hubwire Sdn. Bhd. RM'000</b>	<b>Total RM'000</b>
<b>As at 30 June 2018</b>					
Share of net assets of the Group	<b>7,938</b>	<b>460</b>	<b>2,631</b>	<b>342</b>	<b>11,371</b>
Goodwill	-	<b>68</b>	-	<b>1,258</b>	<b>1,326</b>
Less: Impairment losses	-	-	-	<b>(1,280)</b>	<b>(1,280)</b>
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>(2,594)</b>

**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 (continued):

	<b>TCH Marine Pte. Ltd. RM'000</b>	<b>FM Distribution Sdn. Bhd. RM'000</b>	<b>YKP-FM Global Shipyards Co., Ltd. RM'000</b>	<b>Hubwire Sdn. Bhd. RM'000</b>	<b>Total RM'000</b>
<b>As at 30 June 2017</b>					
Share of net assets of the Group	-	389	2,650	342	3,381
Goodwill	-	68	-	1,258	1,326
Carrying amount in the statements of financial position	-	457	2,650	1,600	4,707
<b>Share of results of the Group for the financial year ended 30 June 2017</b>					
Share of (loss)/profit/other comprehensive (loss)/ income of the Group	-	22	(116)	*	(94)

\* Less than RM1,000.

**9. INVESTMENTS IN JOINT VENTURES**

	<b>Group</b>		<b>Company</b>	
	<b>2018 RM'000</b>	<b>2017 RM'000</b>	<b>2018 RM'000</b>	<b>2017 RM'000</b>
Unquoted equity shares, at cost	<b>2,987</b>	3,169	<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>(756)</b>	(2,350)	-	-
	<b>3,644</b>	2,232	<b>2,410</b>	2,410
Less: Impairment losses	-	-	<b>(2,410)</b>	(1,413)
	<b>3,644</b>	2,232	-	997

- (a) Investments in joint ventures are measured at cost 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.

**9. INVESTMENTS IN JOINT VENTURES (CONTINUE)**

(c) The details of the joint ventures are as follows:

Name of joint venture	Principal place of business/ Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2018	2017	2018	2017	
*#Transenergy Shipping Pte. Ltd.	Malaysia	<b>50%</b>	50%	<b>50%</b>	50%	Provision of marine services
*#Transenergy Shipping Management Sdn. Bhd.	Malaysia	<b>50%</b>	50%	<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 2018 and were equity accounted based on management accounts for the financial year ended 30 June 2018.*^ *Joint venture had financial year ended 31 December 2017 and was equity accounted based on management accounts for the financial year ended 30 June 2018.*

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

(d) The summarised financial information of the joint ventures, adjusted for any differences in accounting policies is as follows:

	<b>Transenergy Group of Companies* RM'000</b>	<b>FM Global Logistics (Phil.), Inc. RM'000</b>	<b>Amass Freight Middle East FZCO RM'000</b>
<b>2018</b>			
<b>Assets and liabilities</b>			
Non-current assets	<b>11,075</b>	<b>1,848</b>	<b>271</b>
Current assets	<b>702</b>	<b>7,269</b>	<b>5,850</b>
Current liabilities	<b>(21,779)</b>	<b>(4,271)</b>	<b>(5,640)</b>
Net (liabilities)/assets	<b>(10,002)</b>	<b>4,846</b>	<b>481</b>
<b>Results</b>			
Revenue	<b>11,611</b>	<b>22,940</b>	<b>24,521</b>
Administrative expenses	<b>(9,398)</b>	<b>(20,731)</b>	<b>(24,693)</b>
Profit/(Loss) for the financial year	<b>2,213</b>	<b>2,209</b>	<b>(172)</b>
<b>2017</b>			
<b>Assets and liabilities</b>			
Non-current assets	12,451	403	179
Current assets	3,365	7,427	1,303
Current liabilities	(18,524)	(3,635)	(831)
Net (liabilities)/assets	(2,708)	4,195	651
<b>Results</b>			
Revenue	1,762	18,158	-
Administrative expenses	(4,069)	(16,739)	(112)
(Loss)/ Profit for the financial year	(2,307)	1,419	(112)

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

**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:

	<b>Transenergy Group of Companies*</b> RM'000	<b>FM Global Logistics (Phil.), Inc.</b> RM'000	<b>Amass Freight Middle East FZCO</b> RM'000	<b>Total</b> RM'000
<b>As at 30 June 2018</b>				
Share of net (liabilities)/assets of the Group	-	<b>2,423</b>	<b>241</b>	<b>2,664</b>
Goodwill	-	<b>980</b>	-	<b>980</b>
Carrying amount in the statements of financial position	-	<b>3,403</b>	<b>241</b>	<b>3,644</b>
Share of profit/(loss) by the Group for the financial year	<b>1,107</b>	<b>1,105</b>	<b>(86)</b>	<b>2,126</b>
Dividend received from a joint venture	-	<b>(532)</b>	-	<b>(532)</b>
<b>As at 30 June 2017</b>				
Share of net (liabilities)/assets of the Group	(1,354)	2,099	325	1,070
Goodwill	-	1,162	-	1,162
Carrying amount in the statements of financial position	(1,354)	3,261	325	2,232
Share of (loss)/profit by the Group for the financial year	(1,154)	710	(56)	(500)
Dividend received from a joint venture	-	(246)	-	(246)

\* 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 RM5,001,000 of which approximately RM2,891,000 was the share of the current year financial year's losses. The Group has no obligation in respect of these losses.

**10. OTHER INVESTMENTS**

	Group	
	2018 RM'000	2017 RM'000
<b>Non-current</b>		
Available-for-sale financial assets		
- Unquoted shares in Malaysia	360	360
<b>Current</b>		
Financial assets at fair value through profit or loss		
- Unit trust funds quoted in Malaysia	3,001	15,451
- Quoted shares outside Malaysia	1,159	804
Total current other investments	4,160	16,255
Total other investments	4,520	16,615

- (a) All regular way purchases and sales of financial assets are recognised or derecognised using trade date accounting.
- (b) 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 price to book valuation model. Management obtained the industry price to book ratio from observable market data, discounted the price to book ratio for illiquidity, and multiplied the discounted price to book ratio with the book value per share 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.

- (c) The Group divested its unit trust funds quoted in Malaysia, at net for a total cash consideration of RM12,737,707 (2017: nil).

At the end of the reporting period, the Group recognised a fair value gain of RM297,405 (2017: RM431,634) 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 18(d)).

- (d) At the end of the reporting period, the Group recognised a fair value gain on quoted shares of RM354,994 (2017: nil) in the financial statements.
- (e) The fair values of other investments of the Group are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>				
<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
<b>2017</b>				
<b>Other investments</b>				
- Unit trust funds quoted in Malaysia	15,451	-	-	15,451
- Unquoted shares in Malaysia	-	-	360	360
- Quoted shares outside Malaysia	804	-	-	804

**10. OTHER INVESTMENTS (CONTINUED)**

- (f) 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:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Effects of 100bp changes in market quoted prices to profit after tax</b>		
- Unit trust funds	<b>23</b>	117

- (g) The following table shows a reconciliation of Level 3 fair values of other investments:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets at available-for-sale</b>		
Balance as at 1 July 2017/2016	<b>360</b>	3
Additions	-	360
Disposals	-	(38)
Gain on disposal	-	35
Balance as at 30 June 2018/2017	<b>360</b>	360

- (h) 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:

<b>Financial instruments</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair values</b>
<u>Financial assets</u> Unquoted investments in Malaysia	Discounted industry price-earnings ratio 3.68 (2017: 2.42)	The higher the price-earnings ratio, the higher the fair values of the unquoted investments would be.

- (i) The following table shows the sensitivity analysis for the level 3 fair value measurements:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Profit after tax</b>		
Price-to-book ratio		
- Increase by 0.5	<b>241</b>	68
- Decrease by 0.5	<b>(241)</b>	(68)



**10. OTHER INVESTMENTS (CONTINUED)**

- (j) In the previous financial year, FM Global Logistics Ventures Sdn. Bhd. ("FMGLV"), a wholly-owned subsidiary of the Company entered into an investment agreement with Nankai Express Co. Ltd. ("Nankai Express") for the purpose of investing in 200,000 ordinary shares of RM1.00 each in Nankai Transport Sdn. Bhd. ("Nankai Transport"), a subsidiary of Nankai Express for a total cash consideration of RM360,000, representing 20% of the total share capital of Nankai Transport.

The Group holds a twenty percent (20%) interest in Nankai Transport for which the Group has determined that it does not hold significant influence over Nankai Transport as:

- (i) The Group does not have any representative on the Board of Directors of Nankai Transport, and is therefore unable to participate in policy-making process of Nankai Transport;
- (ii) There are no material transactions between the Group and Nankai Transport; and
- (iii) There is no interchange of managerial personnel and provision of essential technical information between the Group and Nankai Transport.

Based on this, the Group considers that it does not have the power to exercise significant influence and has treated its interest in Nankai Transport as a simple investment in unquoted shares in Malaysia.

- (k) In the previous financial year, FM Global Logistics (M) Sdn. Bhd. ("FMGLM"), a wholly-owned subsidiary of the Company, disposed of its unquoted investment in FM Forwarding Sdn. Bhd. for a total cash consideration of RM38,014. Such consideration had been received by the Group on 18 April 2017. The disposal had resulted in a gain of RM35,238.

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

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

	Group	
	2018 RM'000	2017 RM'000
Balance as at 1 July 2017/2016	<b>16,605</b>	17,799
Recognised in profit or loss (Note 30)		
- Originating and reversal of temporary differences	<b>(695)</b>	(932)
- Overprovision in prior years	<b>(218)</b>	(180)
Recognised in other comprehensive income		
- Actuarial gain/(loss) on defined benefits plan	<b>35</b>	(4)
- Arising from revaluation of land and buildings	<b>8,372</b>	-
Exchange differences	<b>122</b>	(78)
Balance as at 30 June 2018/2017	<b>24,221</b>	16,605
Presented after appropriate offsetting		
Deferred tax assets, net	<b>(908)</b>	(1,015)
Deferred tax liabilities, net	<b>25,129</b>	17,620
	<b>24,221</b>	16,605

**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:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Deferred tax assets</b>		
Balance as at 1 July 2017/2016	<b>(1,015)</b>	(730)
Recognised in profit or loss		
- Property, plant and equipment	-	(3)
- Provision for post-employment benefits obligation	<b>(97)</b>	(32)
- Unused tax losses	<b>169</b>	(246)
Recognised in other comprehensive income		
- Actuarial gain/(loss) on defined benefits plan	<b>35</b>	(4)
	<b>(908)</b>	(1,015)
<b>Deferred tax liabilities</b>		
Balance as at 1 July 2017/2016	<b>17,620</b>	18,529
Recognised in profit or loss		
- Property, plant and equipment	<b>(931)</b>	(664)
- Unrealised gain/(loss) on foreign currency transactions	<b>185</b>	(127)
- Crystallisation of deferred tax on revaluation reserve	<b>(117)</b>	(118)
Recognised in other comprehensive income		
- Arising from revaluation of land and buildings	<b>8,372</b>	-
	<b>25,129</b>	17,620

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

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Deferred tax assets</b>		
Property, plant and equipment	<b>(72)</b>	(72)
Provision for post-employment benefits obligation	<b>(269)</b>	(172)
Unused tax losses	<b>(559)</b>	(728)
Actuarial loss on defined benefits plan	<b>(8)</b>	(43)
	<b>(908)</b>	(1,015)

**11. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)**

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

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Deferred tax liabilities</b>		
Property, plant and equipment	<b>9,832</b>	10,763
Unrealised loss on foreign currency transactions	<b>(148)</b>	(333)
Revaluation of land and buildings	<b>15,445</b>	7,190
	<b>25,129</b>	17,620

- (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>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unused tax losses	<b>3,314</b>	3,703	<b>374</b>	773
Unabsorbed capital allowances	<b>86</b>	65	-	-
Unrealised loss/(gain) on foreign currency transactions	<b>581</b>	(356)	<b>581</b>	(353)
Others	<b>15</b>	28	-	-
	<b>3,996</b>	3,440	<b>955</b>	420

**12. TRADE RECEIVABLES**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Third parties	<b>117,796</b>	109,701	-	-
Less: Impairment losses	<b>(1,795)</b>	(2,243)	-	-
Total trade receivables	<b>116,001</b>	107,458	-	-
Total trade receivables	<b>116,001</b>	107,458	-	-
Other receivables, deposits and prepayments (Note 13)	<b>17,313</b>	11,485	<b>265</b>	103
Amounts owing by subsidiaries (Note 14)	-	-	<b>31,294</b>	32,929
Amounts owing by associates (Note 15)	<b>6,204</b>	1,368	<b>3,810</b>	858
Amounts owing by related parties (Note 16)	<b>335</b>	623	-	-
Amounts owing by joint ventures (Note 17)	<b>4,886</b>	5,689	<b>3,912</b>	5,232
Cash and cash equivalents (Note 18)	<b>42,345</b>	38,846	<b>8,754</b>	9,566
Less:				
Prepayments (Note 13)	<b>(4,835)</b>	(3,365)	<b>(83)</b>	(102)
Total loans and receivables	<b>182,249</b>	162,104	<b>47,952</b>	48,586

- (a) Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method.
- (b) Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranges from 7 to 60 days (2017: 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 ageing analysis of trade receivables of the Group are as follows:

	Group	
	2018 RM'000	2017 RM'000
Neither past due nor impaired	<b>87,144</b>	84,762
Past due, not impaired		
1 to 30 days past due	<b>15,587</b>	11,867
31 to 60 days past due	<b>6,265</b>	6,391
61 to 90 days past due	<b>2,611</b>	2,571
91 to 120 days past due	<b>906</b>	1,220
More than 120 days	<b>3,488</b>	647
	<b>28,857</b>	22,696
Past due and impaired	<b>1,795</b>	2,243
	<b>117,796</b>	109,701

**12. TRADE RECEIVABLES (CONTINUED)**

- (c) The ageing analysis of trade receivables of the Group are as follows (continued):

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payment history. The trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

	<b>Group</b>	
	<b>Individually impaired</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables, gross	<b>1,795</b>	2,243
Less: Impairment losses	<b>(1,795)</b>	(2,243)
	-	-

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July 2017/2016	<b>2,243</b>	1,756
Charged for the financial year	<b>1,487</b>	1,565
Reversal for the financial year	<b>(1,107)</b>	(817)
Written off	<b>(728)</b>	(316)
Disposal of a subsidiary	<b>(96)</b>	-
Exchange differences	<b>(4)</b>	55
At 30 June 2018/2017	<b>1,795</b>	2,243

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

**12. TRADE RECEIVABLES (CONTINUED)**

- (e) 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:

	2018		Group		2017	
	RM'000	% of total	RM'000	% of total	RM'000	% of total
<b>By country</b>						
Domestic	<b>97,115</b>	<b>84</b>	84,622		79	
Foreign	<b>18,886</b>	<b>16</b>	22,836		21	
	<b>116,001</b>	<b>100</b>	107,458		100	

The Company does not have any significant concentration of credit risk other than the amounts owing by subsidiaries, which constitutes 79.66% (2017: 84.17%) of total receivables of the Company as at the end of the reporting period.

- (f) The currency exposure profiles of trade receivables are as follows:

	Group	
	2018 RM'000	2017 RM'000
Ringgit Malaysia	<b>97,115</b>	84,622
US Dollar	<b>5,834</b>	7,177
Singapore Dollar	<b>19</b>	448
Australian Dollar	<b>4,090</b>	4,121
Thai Baht	<b>887</b>	558
Indonesian Rupiah	<b>5,781</b>	6,701
Vietnamese Dong	<b>817</b>	1,409
Indian Rupee	<b>1,131</b>	1,758
Others	<b>327</b>	664
	<b>116,001</b>	107,458

- (g) 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	
	2018 RM'000	2017 RM'000
<b>Effects of 5% changes to RM against foreign currencies</b>		
<b>Profit after tax</b>		
- US Dollar	<b>216</b>	249

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

**13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Other receivables and deposits</b>				
Other receivables	6,707	4,086	181	-
Deposits	5,771	4,034	1	1
	<b>12,478</b>	8,120	<b>182</b>	1
<b>Prepayments</b>				
Prepayments	4,835	3,365	83	102
	<b>17,313</b>	11,485	<b>265</b>	103

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	9,663	5,687	182	1
Indonesian Rupiah	1,278	861	-	-
Australian Dollar	389	170	-	-
Thai Baht	60	109	-	-
Singapore Dollar	-	54	-	-
Vietnamese Dong	286	220	-	-
US Dollar	-	2	-	-
Indian Rupee	802	1,017	-	-
	<b>12,478</b>	8,120	<b>182</b>	1

- (c) 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.

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

**15. AMOUNTS OWING BY/(TO) ASSOCIATES****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 previous reporting period based on contractual undiscounted repayment obligations was repayable on demand or within one year.
- (c) The currency exposure profiles of amounts owing by associates are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	<b>44</b>	510	-	-
Singapore Dollar	<b>4,284</b>	-	<b>2,044</b>	-
Thai Baht	<b>1,876</b>	858	<b>1,766</b>	858
	<b>6,204</b>	1,368	<b>3,810</b>	858

- (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:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Effects of 5% changes to RM against foreign currencies</b>				
<b>Profit after tax</b>				
- Singapore Dollar	<b>163</b>	-	<b>78</b>	-
- Thai Baht	<b>71</b>	32	<b>67</b>	32
	<b>234</b>	32	<b>145</b>	32

- (e) Amount owing to an associate was denominated in RM.

**16. AMOUNTS OWING BY/(TO) RELATED PARTIES****Group**

- (a) The amounts owing by/(to) related parties represent trade transactions that have a credit term of 30 to 60 days (2017: 30 to 60 days) from date of invoices.
- (b) The maturity profile of amounts owing to related parties of the Group at the end of the previous reporting period based on contractual undiscounted repayment obligations were repayable on demand or within one year.



**16. AMOUNTS OWING BY/(TO) RELATED PARTIES (CONTINUED)**

(c) The currency exposure profiles of amounts owing by related parties are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	<b>335</b>	623

(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) Amounts owing to related parties were denominated in RM.

**17. AMOUNTS OWING BY/(TO) JOINT VENTURES**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amounts owing by joints ventures	<b>6,643</b>	5,689	<b>5,669</b>	5,232
Less: Impairment losses	<b>(1,757)</b>	-	<b>(1,757)</b>	-
	<b>4,886</b>	5,689	<b>3,912</b>	5,232

**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 (2017: 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) The currency exposure profiles of amounts owing by joint ventures are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Singapore Dollar	<b>102</b>	107	<b>102</b>	107
US Dollar	<b>4,784</b>	5,582	<b>3,810</b>	5,125
	<b>4,886</b>	5,689	<b>3,912</b>	5,232

**17. AMOUNTS OWING BY/(TO) JOINT VENTURES (CONTINUED)**

- (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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Effects of 5% changes to RM against foreign currencies</b>				
<b>Profit after tax</b>				
- US Dollar	<b>160</b>	200	<b>145</b>	195

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

**18. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash in hand	<b>1,197</b>	923	-	-
Cash at bank	<b>37,166</b>	33,578	<b>8,754</b>	9,566
Fixed deposits with licensed banks	<b>3,982</b>	4,345	-	-
	<b>42,345</b>	38,846	<b>8,754</b>	9,566

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

	Group	
	2018	2017
<b>Weighted average effective interest rate</b>		
- Fixed rate	<b>3.15%</b>	2.81%

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 2018 have maturity periods ranging from 3 months to 12 months (2017: 6 days to 12 months).
- (c) Included in the fixed deposits with licensed banks of the Group is an amount of RM3,504,577 (2017: RM3,410,907), which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 26 to the financial statements.

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

- (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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	<b>38,363</b>	34,501	<b>8,754</b>	9,566
Fixed deposits with licensed banks	<b>3,982</b>	4,345	-	-
	<b>42,345</b>	38,846	<b>8,754</b>	9,566
Less:				
Bank overdrafts - secured (Note 26)	<b>(4,894)</b>	(1,830)	-	-
Fixed deposits placed with a licensed bank with original maturity of more than three (3) months	<b>(478)</b>	(460)	-	-
Fixed deposits pledged to licensed banks	<b>(3,504)</b>	(3,411)	-	-
Add:				
Short-term funds (Note 10(c))	<b>3,001</b>	15,451	-	-
	<b>36,470</b>	48,596	<b>8,754</b>	9,566

- (e) The currency exposure profiles of cash and cash equivalents are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	<b>27,569</b>	25,018	<b>8,754</b>	9,566
Singapore Dollar	<b>399</b>	443	-	-
US Dollar	<b>7,666</b>	7,727	-	-
Indonesian Rupiah	<b>2,896</b>	2,728	-	-
Thai Baht	<b>480</b>	291	-	-
Australian Dollar	<b>1,880</b>	1,064	-	-
Vietnamese Dong	<b>1,327</b>	891	-	-
Indian Rupee	<b>46</b>	352	-	-
Sri Lankan Rupee	<b>79</b>	318	-	-
Euro	<b>3</b>	14	-	-
	<b>42,345</b>	38,846	<b>8,754</b>	9,566

- (f) 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	
	2018 RM'000	2017 RM'000
<b>Effects of 5% changes to RM against foreign currencies</b>		
<b>Profit after tax</b>		
- US Dollar	<b>234</b>	195

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

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

(g) 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>2018</b>			
At 1 July	<b>70,307</b>	<b>6,817</b>	<b>77,124</b>
<u>Changes in financing cash flows</u>			
Repayment of borrowing principal	<b>(9,836)</b>	<b>(2,976)</b>	<b>(12,812)</b>
Repayment of borrowing interests	<b>(2,955)</b>	<b>(464)</b>	<b>(3,419)</b>
	<b>(12,791)</b>	<b>(3,440)</b>	<b>(16,231)</b>
<u>Non-cash changes</u>			
Disposal of a subsidiary (Note 34)	<b>(3,562)</b>	<b>-</b>	<b>(3,562)</b>
New hire purchase and lease liabilities (Note 5)	<b>-</b>	<b>6,390</b>	<b>6,390</b>
Finance charges recognised in profit or loss (Note 28)	<b>2,955</b>	<b>464</b>	<b>3,419</b>
Foreign translation differences	<b>(56)</b>	<b>(39)</b>	<b>(95)</b>
	<b>(663)</b>	<b>6,815</b>	<b>6,152</b>
At 30 June	<b>56,853</b>	<b>10,192</b>	<b>67,045</b>

Comparative information is not presented by virtue of the exemption given in MFRS 107.

**19. SHARE CAPITAL**

	<b>Group and Company</b>			
	<b>2018</b>			<b>2017</b>
	<b>Number of shares '000</b>	<b>RM'000</b>	<b>Number of shares '000</b>	<b>RM'000</b>
Issued and fully paid ordinary shares				
At beginning of the financial year	<b>186,148</b>	<b>104,290</b>	177,618	88,809
Issued pursuant to exercise of warrants	-	-	8,530	4,265
Transfer from share premium account pursuant to the new Companies Act 2016	-	-	-	11,216
At end of the financial year	<b>186,148</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.

**19. SHARE CAPITAL (CONTINUED)**

- (b) In the previous financial year, the Company increased its issued and paid-up share capital by the issuance of 8,530,407 new ordinary shares for cash via the exercise of 8,530,407 warrants at an exercise price of RM0.97 per warrant on the basis of one (1) new ordinary share for every one (1) warrant exercised pursuant to the Deed Poll dated 6 January 2012.
- (c) In the previous financial year, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016 ("the Act"). Consequently, balance within the share premium account was transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the new Act.

**20. RESERVES**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-distributable:				
Foreign exchange translation reserve	1,417	7,569	-	-
Revaluation reserve	59,320	22,780	-	-
	<b>60,737</b>	30,349	-	-
Distributable:				
Retained earnings	123,517	112,380	9,470	15,280
	<b>184,254</b>	142,729	9,470	15,280

- (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 of the Group in foreign operations, 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.

**21. HIRE PURCHASE AND LEASE LIABILITIES**

	Group	
	2018 RM'000	2017 RM'000
Minimum hire purchase and lease payments:		
- not later than one (1) year	3,230	2,686
- later than one (1) year but not later than five (5) years	8,046	4,806
Total minimum hire purchase and lease payments	11,276	7,492
Less: Future interest charges	(1,084)	(675)
Present value of hire purchase and lease payments	<b>10,192</b>	6,817

**21. HIRE PURCHASE AND LEASE LIABILITIES (CONTINUED)**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	<b>2,747</b>	2,357
Non-current liabilities:		
- later than one (1) year but not later than five (5) years	<b>7,445</b>	4,460
	<b>10,192</b>	6,817

- (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 5.48% (2017: 5.65%).
- (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:

<b>Group</b>	<b>2018</b>		<b>2017</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Hire purchase and lease liabilities	<b>10,192</b>	<b>9,444</b>	6,817	6,636

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.

- (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:

<b>Group</b>	<b>Within one year</b>	<b>One to five years</b>	<b>Over five years</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2018</b>				
Hire purchase and lease liabilities	<b>3,230</b>	<b>8,046</b>	-	<b>11,276</b>
<b>2017</b>				
Hire purchase and lease liabilities	2,686	4,806	-	7,492

**21. HIRE PURCHASE AND LEASE LIABILITIES (CONTINUED)**

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

	Group	
	2018 RM'000	2017 RM'000
Ringgit Malaysia	9,597	6,437
Australian Dollar	286	311
Indonesian Rupiah	197	69
Thai Baht	112	-
	<b>10,192</b>	6,817

(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.

**22. TERM LOANS**

	Group	
	2018 RM'000	2017 RM'000
<b>Secured</b>		
Term loan I	6,920	7,700
Term loan II	985	1,195
Term loan III	1,674	2,084
Term loan IV	1,305	1,595
Term loan V	2,173	2,738
Term loan VI	12,260	14,420
Term loan VII	2,525	3,105
Term loan VIII	29,011	33,007
Term loan IX	-	4,463
Total term loans	<b>56,853</b>	70,307
Term loans are repayable as follows:		
Current liabilities:		
- not later than one (1) year	8,992	10,495
Non-current liabilities:		
- later than one (1) year but not later than two (2) years	8,992	11,764
- later than two (2) years but not later than five (5) years	25,358	27,075
- later than five (5) years	13,511	20,973
	<b>47,861</b>	59,812
	<b>56,853</b>	70,307

**22. TERM LOANS (CONTINUED)**

- (a) Term loan I is repayable by 178 monthly instalments of RM65,000 plus one final instalment of RM30,000 and bears interest at 1.00% (2017: 1.00%) per annum above the effective cost of fund of the bank.

Term loan II is repayable by 113 monthly instalments of RM17,500 plus one final instalment of RM22,500 and bears interest at 1.00% (2017: 1.00%) per annum above the effective cost of fund of the bank.

The term loans I and II 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.

- (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% (2017: 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% (2017: 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.

- (c) Term loan V is repayable by 96 monthly instalments of RM47,100 plus one final instalment of RM53,500 and bears interest at 1.00% (2017: 1.00%) per annum above the effective cost of fund of the bank.

Term loan VI is repayable by 111 monthly instalments of RM180,000 plus one final instalment of RM20,000 and bears interest at 1.00% (2017: 1.00%) per annum above the effective cost of fund of the bank.

The term loans V and VI 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.

- (d) Term loan VII is repayable by 89 monthly instalments of RM48,400 plus one final instalment of RM56,280 and bears interest at 1.00% (2017: 1.00%) per annum above the effective cost of fund of the bank.

The term loan VII 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.

- (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% (2017: 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 in the previous financial year was repayable by 31 monthly instalments of SGD61,203 which was equivalent to RM187,954 and bore interest at 4.81% per annum.

During the financial year, the Company disposed of approximately 2% of its equity interests in TCH Marine Pte. Ltd. ("TCH"). Consequently, TCH ceased to be a subsidiary and is regarded as associate as disclosed in Note 8 to the financial statements.



**22. TERM LOANS (CONTINUED)**

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

	<b>Group</b>	
	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Fixed rate	-	4,463
Floating rate	<b>56,853</b>	65,844

(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 4.89% to 5.58% (2017: 4.80% to 4.81%).

(i) The carrying amounts of term loans of the Group as at the reporting period that do not approximate their fair values are:

<b>Group</b>	<b>2018</b>		<b>2017</b>	
	<b>Carrying amount</b> <b>RM'000</b>	<b>Fair value</b> <b>RM'000</b>	<b>Carrying amount</b> <b>RM'000</b>	<b>Fair value</b> <b>RM'000</b>
Term loans	-	-	4,463	4,146

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.

(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:

<b>Group</b>	<b>Within one year</b> <b>RM'000</b>	<b>One to five years</b> <b>RM'000</b>	<b>Over five years</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2018</b>				
Term loans	<b>11,647</b>	<b>40,481</b>	<b>14,372</b>	<b>66,500</b>
<b>2017</b>				
Term loans	14,102	45,928	22,649	82,679

(k) The currency exposure profiles of term loans are as follows:

	<b>Group</b>	
	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Ringgit Malaysia	<b>56,853</b>	65,844
Singapore Dollar	-	4,463
	<b>56,853</b>	70,307

**22. TERM LOANS (CONTINUED)**

- (l) 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 in the Group.
- (m) Sensitivity analysis for fixed rate term loan as at the end of the previous reporting period was not presented as fixed rate instruments were not affected by change in interest rate. 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:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Effects of 100bp changes to profit after tax</b>		
Floating rate instruments	<b>432</b>	605

**23. 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.

- (a) The amount recognised in the statements of financial position is analysed as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Present value of defined benefits obligation	<b>1,089</b>	864

- (b) The following table sets out the reconciliation of defined benefits plan:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 July 2017/2016	<b>864</b>	817
Current service cost	<b>272</b>	108
Net interest cost	<b>80</b>	55
Past service cost	<b>121</b>	-
Liability due to excluding management level	<b>(84)</b>	-
Plan asset termination	<b>202</b>	(178)
Included in profit or loss (Note 32)	<b>591</b>	(15)

**23. POST-EMPLOYMENT BENEFITS OBLIGATION (CONTINUED)**

(b) The following table sets out the reconciliation of defined benefits plan (continued):

	Group	
	2018	2017
	RM'000	RM'000
<b>Re-measurements</b>		
Actuarial losses from:		
- Effect on changes in actuarial assumptions	(78)	24
- Experience adjustments	(62)	(7)
Included in other comprehensive income (Note 30(d))	(140)	17
Exchange differences	(143)	50
Benefits paid	(83)	(5)
Balance as at 30 June 2018/2017	<b>1,089</b>	864

(c) Movements in the present value of the defined benefits obligation in the current year are as follows:

	Group	
	2018	2017
	RM'000	RM'000
Opening defined benefits obligation	864	817
Current service cost	272	108
Net interest cost	80	55
Past service cost	121	-
Liability due to excluding management level	(84)	-
Plan asset termination	202	(178)
<b>Re-measurement (losses)/gains:</b>		
- Actuarial gains and losses on benefits payments	(62)	(7)
- Actuarial gains and losses on changes in actuarial assumptions	(78)	24
Benefits paid	(83)	(5)
Foreign currencies translation	(143)	50
Closing defined benefits obligation	<b>1,089</b>	864

(d) The principal actuarial assumptions used in respect of the funded defined benefits plan of the Group are as follows:

	Group	
	2018	2017
	%	%
Discount rate	8.4	7.7
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.

**24. TRADE PAYABLES**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade payables	<b>36,555</b>	36,735	-	-
Other payables and accruals (Note 25)	<b>19,826</b>	20,313	<b>628</b>	708
Amounts owing to subsidiaries (Note 14)	-	-	<b>5,781</b>	3,370
Amount owing to an associate (Note 15)	-	5	-	-
Amounts owing to related parties (Note 16)	-	284	-	-
Amount owing to a joint venture (Note 17)	<b>34</b>	191	-	-
Hire purchase and lease liabilities (Note 21)	<b>10,192</b>	6,817	-	-
Term loans (Note 22)	<b>56,853</b>	70,307	-	-
Bank overdrafts (Note 26)	<b>4,894</b>	1,830	-	-
Dividend payable	<b>2,792</b>	2,792	<b>2,792</b>	2,792
Total other financial liabilities	<b>131,146</b>	139,274	<b>9,201</b>	6,870

- (a) Financial liabilities are classified as other 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 (2017: 7 to 90 days) from date of invoices.
- (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) The currency exposure profiles of trade payables are as follows:

	Group	
	2018 RM'000	2017 RM'000
Ringgit Malaysia	<b>22,198</b>	20,717
US Dollar	<b>8,190</b>	9,592
Australian Dollar	<b>2,401</b>	2,223
Singapore Dollar	<b>74</b>	471
Thai Baht	<b>573</b>	721
Indonesian Rupiah	<b>1,435</b>	1,509
Euro	<b>650</b>	642
British Pound	<b>187</b>	119
Hong Kong Dollar	<b>14</b>	20
Vietnamese Dong	<b>259</b>	306
Sri Lankan Rupee	<b>76</b>	15
Indian Rupee	<b>382</b>	223
Brunei Dollar	-	69
Others	<b>116</b>	108
	<b>36,555</b>	36,735

**24. TRADE PAYABLES (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:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Effects of 5% changes to RM against foreign currencies</b>		
<b>Profit after tax</b>		
- US Dollar	<b>224</b>	240

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

**25. OTHER PAYABLES AND ACCRUALS**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other payables	<b>6,416</b>	4,592	<b>17</b>	-
Accruals	<b>13,410</b>	15,721	<b>611</b>	708
	<b>19,826</b>	20,313	<b>628</b>	708

- (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 is repayable on demand or within one year.
- (b) The currency exposure profiles of other payables and accruals are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	<b>15,353</b>	15,679	<b>628</b>	708
Australian Dollar	<b>1,897</b>	1,544	-	-
Singapore Dollar	<b>151</b>	435	-	-
Indonesian Rupiah	<b>1,682</b>	1,239	-	-
Thai Baht	<b>325</b>	129	-	-
Vietnamese Dong	<b>114</b>	93	-	-
Indian Rupee	<b>72</b>	894	-	-
Sri Lankan Rupee	<b>232</b>	300	-	-
	<b>19,826</b>	20,313	<b>628</b>	708

- (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.

**26. 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 18);
  - (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) The currency exposure profiles of bank overdrafts are as follows:

	<b>Group</b>	
	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Ringgit Malaysia	<b>3,735</b>	-
Singapore Dollar	-	663
Indian Rupee	<b>1,159</b>	1,167
	<b>4,894</b>	1,830

- (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 in 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 7.62% (2017: 8.65%).
- (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.

**27. REVENUE**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Services rendered	<b>511,585</b>	461,295	-	-
Management fees	-	-	<b>4,278</b>	4,031
Dividend income	-	-	<b>8,105</b>	8,847
	<b>511,585</b>	461,295	<b>12,383</b>	12,878

**27. REVENUE (CONTINUED)**

## (a) Services

Revenue from freight and forwarding is recognised in profit or loss when the services are rendered.

## (b) Management fees

Management fees in respect of the rendering of management and consultation services to the subsidiaries are recognised on an accrual basis.

## (c) Dividend income

Dividend income is recognised when the right to receive payment is established.

**28. FINANCE COSTS**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on:				
- bank overdrafts	150	128	-	-
- hire purchase and lease liabilities	464	371	-	-
- term loans	2,955	3,525	-	-
- others	8	-	-	-
	<b>3,577</b>	4,024	-	-

**29. 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
Crowe Malaysia				
- statutory audit:				
- current year	177	198	63	60
- non-statutory:				
- current year	35	47	35	32
- under provision in prior year	-	8	-	8
Crowe Global Member Firms				
- statutory audit:				
- current year	49	32	-	-
Other auditors				
- statutory audit:				
- current year	69	74	-	-

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**29. 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax is arrived at after charging (continued):				
Amortisation of intangible assets	447	268	-	-
Bad debts written off	23	33	-	-
Depreciation of property, plant and equipment	12,706	14,779	-	-
Directors' remunerations:				
- Fees:				
- payable by the Company	418	418	418	418
- payable by the subsidiaries	235	249	-	-
- Other emoluments:				
- paid by the Company	34	34	34	34
- paid by the subsidiaries	8,565	9,103	-	-
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	-	1,757	-
- property, plant and equipment	3	-	-	-
- trade receivables	1,487	1,565	-	-
Loss on foreign currency transactions:				
- realised	-	880	-	-
- unrealised	1,545	1,232	581	-
Property, plant and equipment written off	95	122	-	-
Provision for post-employment benefits obligation	591	-	-	-
Rental of hostel	36	32	-	-
Rental of office equipment	28	23	-	-
Rental of premises	3,114	2,847	-	-
Rental of warehouses	6,520	4,122	-	-
Rental of forklift	300	89	-	-
And crediting:				
Bad debts recovered	2	-	-	-
Fair value gain on:				
- short term fund	297	432	-	-
- quoted shares	355	-	-	-
Gain on disposal of:				
- a subsidiary	1,523	-	263	-
- property, plant and equipment	655	693	-	-
- unquoted shares	-	35	-	-
Gain on foreign currency transactions:				
- realised	598	-	-	-
- unrealised	-	-	-	354
Gross dividends from:				
- subsidiaries	-	-	8,105	8,847
- quoted shares	23	23	-	-



**29. 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
And crediting (continued):				
Interest income received from:				
- fixed deposits and repo	121	129	-	-
- current and savings accounts	151	242	86	133
- a trade receivable	-	644	-	-
- an associate	22	-	-	-
Management fees received from:				
- subsidiaries	-	-	4,278	4,031
- a third party	192	-	-	-
Rental income from:				
- third parties	4,990	4,878	-	-
- an associate	255	119	-	-
Reversal of:				
- impairment losses on trade receivables	1,107	817	-	-
- provision for post-employment benefits obligation	-	15	-	-

## (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 of an ongoing lease.

**30. TAX EXPENSE**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax expense based on profit for the financial year	9,319	9,057	21	32
Deferred tax (Note 11)	(695)	(932)	-	-
	<b>8,624</b>	8,125	<b>21</b>	32
Overprovision in prior years:				
- income tax	(96)	(78)	-	-
- deferred tax (Note 11)	(218)	(180)	-	-
	<b>(314)</b>	(258)	-	-
	<b>8,310</b>	7,867	<b>21</b>	32

(a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2017: twenty-four percent (24%)) of the estimated taxable profit for the fiscal year.

**30. TAX EXPENSE (CONTINUED)**

- (b) Tax expenses for other taxation 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax	<b>28,426</b>	28,916	<b>3,518</b>	9,281
Tax at the statutory rate of 24% (2017: 24%)	<b>6,822</b>	6,939	<b>844</b>	2,227
Tax effects in respect of:				
Share of results of associates	<b>622</b>	22	-	-
Share of results of joint ventures	<b>(510)</b>	120	-	-
Non-allowable expenses	<b>2,033</b>	1,843	<b>994</b>	105
Non-taxable income	<b>(438)</b>	(432)	<b>(1,945)</b>	(2,123)
Deferred tax assets not recognised	<b>306</b>	314	<b>128</b>	-
Utilisation of deferred tax assets previously not recognised	<b>(173)</b>	(192)	-	(177)
Crystallisation of deferred tax on revaluation reserve	<b>(117)</b>	(118)	-	-
Lower tax rate in foreign jurisdiction	<b>99</b>	(346)	-	-
Tax exempt income	<b>(20)</b>	(25)	-	-
	<b>8,624</b>	8,125	<b>21</b>	32
Overprovision in prior years:				
- income tax	<b>(96)</b>	(78)	-	-
- deferred tax	<b>(218)</b>	(180)	-	-
Tax expenses	<b>8,310</b>	7,867	<b>21</b>	32

- (d) Tax on each component of other comprehensive income is as follows:

	Group					
	Before tax RM'000	2018 Tax effect RM'000	After tax RM'000	Before tax RM'000	2017 Tax effect RM'000	After tax RM'000
<b>Items that may be reclassified subsequently to profit or loss</b>						
Foreign currency translations	<b>(6,836)</b>	-	<b>(6,836)</b>	2,941	-	2,941
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Actuarial gain/(loss) on defined benefits plan (Note 23)	<b>140</b>	<b>(35)</b>	<b>105</b>	(17)	4	(13)
Revaluation surplus on lands and buildings (Note 5)	<b>45,285</b>	<b>(8,372)</b>	<b>36,913</b>	-	-	-

**31. DIVIDENDS**

	Group and Company			
	2018	2018	2017	2017
	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 2017/2016				
- Second interim single tier dividend	3.5	6,515	3.5	6,325
In respect of the financial year ended 30 June 2018/2017				
- First interim single tier dividend	1.5	2,792	1.5	2,792
	<b>5.0</b>	<b>9,307</b>	5.0	9,117

A second interim single tier dividend in respect of the financial year ended 30 June 2018 of 3.5 sen per ordinary share had been declared by the Directors on 21 August 2018. 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 2019.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 30 June 2018.

**32. EMPLOYEE BENEFITS**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Salaries, wages and bonuses	62,302	58,199	34	34
Contributions to defined contribution plans	6,586	5,679	-	-
Social security contributions	768	659	-	-
Defined benefits plan (Note 23)	591	(15)	-	-
Other benefits	2,113	2,211	-	-
	<b>72,360</b>	66,733	<b>34</b>	34

Included in the employee benefits of the Group and of the Company are Directors' remunerations amounting to RM8,598,598 (2017: RM9,137,000) and RM34,000 (2017: RM34,000) respectively.

**33. 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.

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>'000</b>	<b>'000</b>
Profit attributable to equity holders of the parent (RM)	<b>19,695</b>	21,026
Weighted average number of ordinary shares in issue (unit)	<b>186,148</b>	177,618
Effect of exercise of warrants	-	5,196
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	<b>186,148</b>	182,814
Basic earnings per ordinary share (sen)	<b>10.58</b>	11.50

## (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.

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>'000</b>	<b>'000</b>
Profit attributable to equity holders of the parent (RM)	<b>19,695</b>	21,026
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share (unit)	<b>186,148</b>	182,814
Effect of dilution in exercise of warrants	-	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	<b>186,148</b>	182,814
Diluted earnings per ordinary share (sen)	<b>10.58</b>	11.50

**34. DISPOSAL OF SUBSIDIARY**

On 19 December 2017, 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 summarises 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
	<hr/>
Net disposal proceeds	<b>11,032</b>

## (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)
	<hr/>
	<b>18,434</b>
Goodwill on consolidation (Note 6)	1,659
Non-controlling interest's net assets at disposal date	(10,584)
	<hr/>
Carrying value of net assets disposed of	<b>9,509</b>
Net disposal proceeds (item (a) above)	<b>11,032</b>
	<hr/>
Gain on disposal of a subsidiary	<b>1,523</b>

## (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)
	<hr/>
Net cash outflow from disposal of a subsidiary	<b>(1,665)</b>

**35. 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:

<b>Related parties</b>	<b>Relationships</b>
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 a subsidiary, 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:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Freight charges received/receivable from:				
- FM Global Logistics (Phil.), Inc.	<b>1,898</b>	2,944	-	-
- 1 <sup>st</sup> Cornerstone Investment Pte. Ltd.	<b>1,419</b>	3,926	-	-
Freight charges paid/payable to:				
- Nankai Global Logistics (M) Sdn. Bhd.	<b>308</b>	1,233	-	-
- Advance Logistics Sdn. Bhd.	<b>319</b>	459	-	-
- FM Global Logistics (Phil.), Inc.	<b>622</b>	551	-	-

**35. 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Rental income received/receivable from:				
- FM Distribution Sdn. Bhd.	255	119	-	-
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	67	-	-	-
Administrative expenses paid/payable to a subsidiary	-	-	2,400	2,400
Interest income received/receivable from an associate	22	-	-	-
Gross dividends received from subsidiaries	-	-	8,105	8,847
Management fees received from subsidiaries	-	-	4,278	4,031

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 2018 is disclosed in Notes 14, 15, 16 and 17 to the financial statements respectively.

## (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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fees	653	667	418	418
Short term employee benefits	7,582	8,300	34	34
Contributions to defined contribution plans	1,017	837	-	-
	<b>9,252</b>	9,804	<b>452</b>	452

**36. 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:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than one (1) year	<b>8,413</b>	4,097
Later than one (1) year but not later than five (5) years	<b>10,453</b>	1,045
	<b>18,866</b>	5,142

The currency exposure profiles of operating lease commitments - the Group as lessee are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	<b>17,408</b>	2,966
Singapore Dollar	-	50
Thai Baht	<b>378</b>	101
Vietnamese Dong	<b>472</b>	549
Indonesian Rupiah	-	209
Australian Dollar	<b>608</b>	1,267
	<b>18,866</b>	5,142

## (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:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than one (1) year	<b>1,183</b>	4,546
Later than one (1) year but not later than five (5) years	<b>54</b>	1,008
	<b>1,237</b>	5,554



**36. COMMITMENTS (CONTINUED)**

## (b) Capital commitments

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure in respect of purchase of property, plant and equipment: - contracted but not provided for	<b>4,654</b>	2,602

**37. CONTINGENT LIABILITIES - UNSECURED**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries, limit up to RM129,030,400 (2017: RM130,324,000)	<b>63,455</b>	69,977

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The Directors are of the view that the likelihood of the financial institutions calling upon the corporate guarantees is remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries for banking facilities are negligible.

**38. 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 2018.

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 2018 and 30 June 2017 respectively.

**38. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

## (a) Capital management (continued)

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.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade payables	<b>36,555</b>	36,735	-	-
Other payables and accruals	<b>19,826</b>	20,313	<b>628</b>	708
Amounts owing to subsidiaries	-	-	<b>5,781</b>	3,370
Amount owing to an associate	-	5	-	-
Amounts owing to related parties	-	284	-	-
Amount owing to a joint venture	<b>34</b>	191	-	-
Hire purchase and lease liabilities	<b>10,192</b>	6,817	-	-
Term loans	<b>56,853</b>	70,307	-	-
Bank overdrafts - secured	<b>4,894</b>	1,830	-	-
Dividend payable	<b>2,792</b>	2,792	<b>2,792</b>	2,792
Post-employment benefits obligation	<b>1,089</b>	864	-	-
Total liabilities	<b>132,235</b>	140,138	<b>9,201</b>	6,870
Less: Cash and cash equivalents	<b>(42,345)</b>	(38,846)	<b>(8,754)</b>	(9,566)
Net debt/(cash)	<b>89,890</b>	101,292	<b>447</b>	(2,696)
Total capital	<b>288,544</b>	247,019	<b>113,760</b>	119,570
Net debt/(cash)	<b>89,890</b>	101,292	<b>447</b>	(2,696)
Total	<b>378,434</b>	348,311	<b>114,207</b>	116,874
Gearing ratio	<b>24%</b>	29%	<b>0.4%</b>	-

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 2018.

The Group is not subject to any other externally imposed capital requirements.

**38. 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 counter party fails to perform as contracted. The counter parties are major licensed financial institutions and reputable multinational organisations. It is the policy of the Group to monitor the financial standing of these counter parties 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 12 to the financial statements.

## (ii) Liquidity and cash flow risk

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 14, 15, 16, 17, 21, 22, 24, 25 and 26 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 18, 21, 22 and 26 to the financial statements respectively.

**38. 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 12, 15, 17, 18 and 24 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 RM4,160,000 (2017: RM16,255,000). 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.

**39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- (a) On 19 December 2017, the Company disposed of 53,000 ordinary shares representing approximately 2% of the equity interest in TCH Marine Pte. Ltd. ("TCH"), a company incorporated in Singapore for a total consideration of SGD149,000 (RM447,746). Consequently, the equity interest of the Company in TCH reduced from 51% to 49% and TCH ceased to be a subsidiary of the Company and is regarded as an associate of the Company.
- (b) On 16 May 2018, FM Global Logistics Ventures Sdn. Bhd. ("FMGLV"), a wholly-owned subsidiary of the Company increased its issued and paid-up share capital in PT. FM Global Logistics ("PTFM") from IDR3,100,000,000 to IDR9,380,000,000 by the issuance of 62,800 new shares of IDR100,000 each for a total cash consideration of IDR6,280,000,000 (RM1,800,970).

The remaining 27,200 ordinary shares of IDR100,000 each were subscribed by the non-controlling interests for a total cash consideration of IDR2,720,000,000 (RM764,356).

**40. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD**

On 24 October 2018, the Company proposed to undertake a bonus issue of 93,074,223 new ordinary shares ("Bonus Share(s)") on the basis of 1 Bonus Share for every 2 existing ordinary shares held ("Proposed Bonus Issue").

**41. ADOPTION ON NEW MFRSs AND AMENDMENTS TO MFRSs****41.1 New MFRSs adopted during the financial year**

During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 107: Disclosure Initiative

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

Annual Improvements to MFRS Standards 2014 - 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

**41.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018****MFRSs and/or IC Interpretations (Including The Consequential Amendments)****Effective Date**

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

1 January 2018

MFRS 15 Revenue from Contracts with Customers

1 January 2018

MFRS 16 Leases

1 January 2019

MFRS 17 Insurance Contracts

1 January 2021

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

1 January 2018

IC Interpretation 23 Uncertainty Over Income Tax Treatments

1 January 2019

Amendments to MFRS 2: Classification and Measurement of Share-based

Payment Transactions

1 January 2018

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with

MFRS 4 Insurance Contracts

1 January 2018

Amendments to MFRS 9: Prepayment Features with Negative Compensation

1 January 2019

**41. ADOPTION ON NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)****41.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018 (continued)**

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2014 - 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. The new standard contains 3 principal classification categories for financial assets (measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income) and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available-for-sale financial assets.

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. The new impairment model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. It involves a 3-stage approach under which financial assets move through the stages as their credit quality changes. This new impairment model applies to financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments and certain financial guarantee contracts.

The Group is currently assessing the impact of implementing MFRS 9. As a result, the potential impact on the adoption of this standard would only be observable when the assessment is completed later.

**41. ADOPTION ON NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)****41.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018 (continued)**MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

As at the date of authorisation of issue of the financial statements, the assessment of implementing MFRS 15 has not been finalised. Thus, the potential impact of the adoption of this standard cannot be determined and estimated reliably until the assessment is completed later.

MFRS 16 Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

The amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset). The amendments will be applied prospectively upon its initial application.

## Analysis of Shareholdings

as at 5 October 2018

Total No. of Share Capital : 186,148,446 ordinary shares  
 Class of Shares : Ordinary shares  
 Voting Right : One vote per ordinary share

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	194	10.77	6,837	0.00
100 - 1,000	439	24.36	170,883	0.09
1,001 - 10,000	779	43.23	3,738,945	2.01
10,001 - 100,000	324	17.98	9,984,574	5.36
100,001 to less than 5% of issued shares	62	3.44	59,352,113	31.89
5% and above of issued shares	4	0.22	112,895,094	60.65
<b>Total</b>	<b>1,802</b>	<b>100.00</b>	<b>186,148,446</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders as at 5 October 2018

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
CHEW CHONG KEAT	44,791,743	24.06	183,333 <sup>@</sup>	0.10
SINGAPORE ENTERPRISES PRIVATE LIMITED	37,325,800	20.05	-	-
YANG HENG LAM	34,137,559	18.34	613,299 <sup>#@</sup>	0.33
CHUA TIONG HOCK	-	-	37,325,800 <sup>^</sup>	20.05
KHUA KIAN KEONG	-	-	37,325,800 <sup>^</sup>	20.05

<sup>@</sup> Deemed interested in shares held by his 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.



**DIRECTORS' SHAREHOLDINGS**

According to the Register of Directors' Shareholdings as at 5 October 2018

Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
AARON SIM KWEE LEIN	-	-	-	-
YANG HENG LAM	34,137,559	18.34	613,299# <sup>@</sup>	0.33
GAN SIEW YONG	8,098,536	4.35	183,333 <sup>@</sup>	0.10
KHUA KIAN KEONG	-	-	37,325,800 <sup>^</sup>	20.05
DATUK DR. HJ. NOORDIN BIN HJ. AB. RAZAK	-	-	-	-
CHEW CHONG KEAT	44,791,743	24.06	183,333 <sup>@</sup>	0.10
ONG LOOI CHAI	2,279,889	1.22	-	-
CHUA TIONG HOCK	-	-	37,325,800 <sup>^</sup>	20.05
LAU SWEE CHIN	-	-	-	-

<sup>@</sup> Deemed interested in shares held by his children.

# 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 5 October 2018

**THIRTY (30) LARGEST SHAREHOLDERS**

No.	Name of Shareholders	No. of Shares	%
1.	CHEW CHONG KEAT	44,791,743	24.06
2.	SINGAPORE ENTERPRISES PRIVATE LIMITED	37,325,800	20.05
3.	YANG HENG LAM	19,675,280	10.57
4.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR YANG HENG LAM (PB)	11,102,271	5.96
5.	CITIGROUP NOMINEES (ASING) SDN. BHD. JP MORGAN SEC LLC FOR FPA HAWKEYE FUND, LLC (FPA GLB OPP FD )	8,395,120	4.51
6.	GAN SIEW YONG	8,098,536	4.35
7.	CARTABAN NOMINEES (ASING) SDN. BHD. SSBT FUND F9EX FOR FIDELITY NORTHSTAR FUND	5,500,000	2.95
8.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR YANG HENG LAM (PBCL-0G0321)	3,330,000	1.79
9.	RHB NOMINEES (TEMPATAN) SDN. BHD. OSK TECHNOLOGY VENTURES SDN. BHD.	3,118,100	1.68
10.	SEE KOK HING	2,924,380	1.57
11.	ONG LOOI CHAI	2,266,747	1.22
12.	FOO SOOK WAN	2,012,469	1.08
13.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR YOONG KAH YIN (MY2443)	2,006,653	1.08
14.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI (8095789)	2,000,000	1.07
15.	TANG GEONG KOANG	1,586,833	0.85
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG TET FUI (8054679)	1,511,100	0.81
17.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	1,311,200	0.70
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	1,150,026	0.62
19.	CARTABAN NOMINEES (ASING) SDN. BHD. BBH AND CO BOSTON FOR FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	1,000,000	0.54
20.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM KUAN GIN	1,000,000	0.54

**THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)**

<b>No.</b>	<b>Name of Shareholders</b>	<b>No. of Shares</b>	<b>%</b>
21.	NIOW SOO SEE	785,982	0.42
22.	RHB NOMINEES (ASING) SDN. BHD. LIN, KUANG	766,666	0.41
23.	CHEW PHEK YING	698,333	0.38
24.	YVONNE KALATHINI A/P M.VIJAYARAJ	613,333	0.33
25.	RHB NOMINEES (ASING) SDN. BHD. NAIGAI TRANS LINE LTD	547,617	0.29
26.	RHB NOMINEES (TEMPATAN) SDN. BHD. AMARA INVESTMENT MANAGEMENT SDN. BHD. FOR WONG YEE HUI	520,000	0.28
27.	YEOW SOON GUAT	458,199	0.25
28.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HONJI CORPORATION SDN. BHD. (E-SS2)	420,000	0.223
29.	SUSY DING	410,000	0.22
30.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SEE KOK WAH	346,869	0.19
<b>TOTAL</b>		<b>165,673,257</b>	<b>89.00</b>

## List of Properties

as at 30 June 2018

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 30.06.18 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	43 years	22 October 1994	280 (Land)  350 (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	43 years	25 June 2002	280 (Land)  350 (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	18 years	23 September 1998	20 (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	18 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 Lebu 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	12 years	16 September 2005	38,000 (Land)  62,000 (Building)

List of **Properties**  
as at 30 June 2018

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 30.06.18 RM'000
H.S (D) 116367, PT 183 Mukim Bandar Sultan Sulaiman, Daerah Klang, Selangor Darul Ehsan.  Postal Address: Lot 24, Jalan Lebu 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	25 years	17 January 2011	14,400 (Land)  15,900 (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	23 years	11 April 2012	4,000 (Land)  6,000 (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	29 years	27 August 2015	55,000 (Land)  9,700 (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	20 years	1 July 2017	332 (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	20 years	1 September 2017	390 (Building)

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Second (22<sup>nd</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 **Wednesday, 28 November 2018** 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 2018 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 amounting to RM417,600 for the financial year ended 30 June 2018.   | <b>Ordinary Resolution 1</b>                  |
| 3. To approve the payment of Directors' fees up to an aggregate amount of RM477,600 for the financial year ending 30 June 2019 to be paid monthly in arrears.                        | <b>Ordinary Resolution 2</b>                  |
| 4. 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 3</b>                  |
| 5. To re-elect the following Directors who are retiring pursuant to Article 109 of the Company's Articles of Association:-   |   |
| a. Madam Gan Siew Yong   | <b>Ordinary Resolution 4</b>                  |
| b. Mr. Aaron Sim Kwee Lein   | <b>Ordinary Resolution 5</b>                  |
| 6. To re-elect Madam Lau Swee Chin who is retiring pursuant to Article 114 of the Company's Articles of Association.   | <b>Ordinary Resolution 6</b>                  |
| 7. To re-appoint Crowe Malaysia 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:-

#### **8. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate")**

"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 recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of Part A of the Circular to Shareholders dated 30 October 2018, 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**

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."

## 9. Proposed Renewal of Share Buy-Back Authority

"THAT subject always to the Companies Act 2016 ("Act"), the Memorandum and Articles of Association of the Company, the Main Market 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 ("Share Buy-Back Mandate") provided that:-

### Ordinary Resolution 9

- (a) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company at any point of time pursuant to the Share Buy-Back Mandate shall not exceed ten percent (10%) of the total number of issued shares of the Company as at the point of purchase;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the 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; and
- (c) the Directors of the Company may decide either to retain the shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased and cancel the remainder or resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends or transfer the treasury shares under an employees' share scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

THAT the authority conferred by this resolution will be effective upon 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,

whichever occurs first.

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 Share Buy-Back Mandate 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."

Notice of **Annual General Meeting****10. Authority to Issue and Allot Shares**

"THAT subject always to the Companies Act 2016 ("Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of the relevant governmental/ regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Act to issue and allot shares in the Company from time to time and upon such terms and conditions, to such persons and for such purposes as the Directors may deem fit PROVIDED THAT the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company 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 may 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****11. Authority to Continue in Office as Independent Directors**

(i) "THAT authority be and is hereby given to Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak who has served as an Independent Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Director of the Company."

**Ordinary Resolution 11**

(ii) "THAT authority be and is hereby given to Mr. Aaron Sim Kwee Lein who has served as an Independent Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Director of the Company."

**Ordinary Resolution 12****12. Proposed Adoption of New Constitution of the Company ("Proposed Adoption of New Constitution")**

"THAT the Company's existing Memorandum and Articles of Association be deleted in its entirety and that the new Constitution as set out in Part C of the Circular to Shareholders dated 30 October 2018 be and is hereby adopted as the new Constitution of the Company.

**Special Resolution**

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things as necessary and/or expedient in order to give full effect to the Proposed Adoption of New Constitution with full power to assent to any conditions, modifications, and/or amendments as may be required by any relevant authorities to give effect to the Proposed Adoption of New Constitution."

13. To transact any other business of which due notice shall have been given in accordance with the Memorandum and Articles of Association of the Company and the Companies Act 2016.

By Order of the Board,

**LIM HOOI MOOI (MAICSA 0799764)**  
**WONG WAI FOONG (MAICSA 7001358)**  
 Company Secretaries

Kuala Lumpur  
 30 October 2018



Notice of **Annual General Meeting****NOTES:-**

- a. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 November 2018 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
- b. A member 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. Where a member appoints two (2) or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- c. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- d. Where a member is an exempt authorised nominee which holds ordinary shares for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which exempt authorised nominee may appoint in respect of each omnibus account it holds.
- e. The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or the hand of its attorney duly authorised.
- f. The instrument appointing a proxy shall 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 not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof and in default, the instrument appointing a proxy shall not be treated as valid.

**EXPLANATORY NOTES:-****1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 30 June 2018**

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 to Shareholders dated 30 October 2018, which was circulated together with the Company's 2018 Annual Report.

**3. Ordinary Resolution 9 - Proposed Renewal of Share Buy-Back Authority**

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 Statement to Shareholders dated 30 October 2018, which is circulated together with the Company's 2018 Annual Report.

## Notice of **Annual General Meeting**

### **EXPLANATORY NOTES (CONTINUED):-**

#### **4. Ordinary Resolution 10 - 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 29 November 2017 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 last Annual General Meeting.

#### **5. Ordinary Resolutions 11 and 12 - Authority to Continue in Office as Independent Directors**

The proposed Resolutions 11 and 12 are to seek shareholders' approval on the retention of Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak and Mr. Aaron Sim Kwee Lein who had served as Independent Directors of the Company for a cumulative term of more than twelve (12) years to continue serving as Independent Directors of the Company as recommended under the Malaysian Code on Corporate Governance.

The Board through the Nomination Committee has conducted assessments on Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak and Mr. Aaron Sim Kwee Lein respectively and had recommended them to continue to act as the Independent Directors of the Company based on the following justifications:-

- i. They had fulfilled the criteria under the definition of Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and hence they would be able to bring the element of objectivity, independent judgement and balance to the Board;
- ii. They are knowledgeable and have applied their vast experience and due care during their tenure as Independent Directors of the Company and have discharged their duties with reasonable skill and competence, bringing independent judgement and depth into the Board's decision making in the interest of the Company and its shareholders;
- iii. They have been with the Company for more than twelve (12) years and therefore understand the Company's business operations which enable them to participate actively and contribute during deliberations and discussions at the Board and Board Committee meetings; and
- iv. They exhibited high commitment and devoted sufficient time and efforts to attend all Company's meetings.

Pursuant to the Malaysian Code on Corporate Governance, the Company will adopt two-tier voting process in seeking annual shareholders' approval to retain the Independent Directors beyond twelve (12) years. Based on the above justification, the Board recommends that you support the resolution for the Independent Directors to continue their office.

#### **6. Special Resolution - Proposed Adoption of New Constitution**

The proposed Special Resolution, if passed, will align the Constitution of the Company with the Companies Act 2016 which came into force on 31 January 2017, the updated provision of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the prevailing laws, guidelines, or requirements of the relevant authorities, to render greater clarity and consistency as well as to enhance administrative efficiency.

Further details relating to this proposed resolution are set out in Part C of the Company's Circular to Shareholders dated 30 October 2018 which was circulated together with the Company's 2018 Annual Report.



**FREIGHT MANAGEMENT HOLDINGS BHD** 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 22<sup>nd</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 **Wednesday, 28 November 2018 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 ended 30 June 2018.		
Ordinary Resolution 2	To approve the payment of Directors' fees for the financial year ending 30 June 2019 to be paid monthly in arrears.		
Ordinary Resolution 3	To approve the payment of Directors' benefits.		
Ordinary Resolution 4	To re-elect Madam Gan Siew Yong as Director of the Company.		
Ordinary Resolution 5	To re-elect Mr. Aaron Sim Kwee Lein as Director of the Company.		
Ordinary Resolution 6	To re-elect Madam Lau Swee Chin as Director of the Company.		
Ordinary Resolution 7	To re-appoint Crowe Malaysia as Auditors of the Company.		
Ordinary Resolution 8	Proposed Renewal of Shareholders' Mandate.		
Ordinary Resolution 9	Proposed Renewal of Share Buy-Back Authority.		
Ordinary Resolution 10	Authority to Issue and Allot Shares.		
Ordinary Resolution 11	Authority to continue in office as Independent Director - Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak.		
Ordinary Resolution 12	Authority to continue in office as Independent Director - Mr. Aaron Sim Kwee Lein.		
Special Resolution	Proposed Adoption of New Constitution.		

(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 \_\_\_\_\_ 2018

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 19 November 2018 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
- b. A member 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. A78 Where a member appoints two (2) or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- c. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- d. Where a member is an exempt authorised nominee which holds ordinary shares for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which exempt authorised nominee may appoint in respect of each omnibus account it holds.
- e. The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or the hand of its attorney duly authorised.
- f. The instrument appointing a proxy shall 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 not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof and in default, the instrument appointing a proxy shall not be treated as valid.

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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.</b> <b>(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.</b> <b>(Company No. 199558-U)</b> (KLIA-Warehouse & Operation office) Lot 3CA, Block C, Malaysia Airlines Freight Forwards Complex, Free Commercial Zone, KLIA Carto Village, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan.  <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	+603-8787 2990	+603-8787 2933
3.	SELANGOR (EAST MALAYSIA)	<b>FM MULTIMODAL SERVICES SDN. BHD.</b> <b>(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.	PASIR GUDANG, JOHOR (OCEAN)	<b>FM GLOBAL LOGISTICS (M) SDN. BHD.</b> <b>(Company No. 85740-U)</b> <b>(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  <b>(BATU PAHAT)</b> No. 13, Jalan Kundang, Taman Bukit Pasir, 83000 Batu Pahat, Johor Darul Takzim.	+607-350 0959	+607-362 2621
5.	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 Pulau Mutiara. Email Address : enquiry-pen@fmgloballogistics.com	+604-331 4358	+604-331 4368

## Freight Management **Group Directory**

No	Area	Address	Tel	Fax
<b>MALAYSIA</b>				
6.	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
7.	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 1611 +605-242 1600	+605-255 1446 +605-255 1380
8.	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 : cs_mel@fmgloballogistics.com	+606-336 8888	+606-336 7777
9.	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 Kuatan, 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 11 <sup>th</sup> 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 Kanchanawaniti Road, Samnakkham, Sadao, Songkhla, 90320 Thailand.	+66-74 802-089	

No	Area	Address	Tel	Fax
<b>INDONESIA</b>				
<b>PT. FM GLOBAL LOGISTICS</b>				
1.	JAKARTA	Rukan Artha Gading Niaga Blok H No. 11, Jln. 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, Jln. Niaga Raya Kav AA3, Cikarang Baru, Bekasi Kawasan Industri Jababeka Tahap 2, Indonesia.	+62-21 893 4913 +62-21 893 4869	+62-21 8983 6776
3.	BANDUNG	Metro Trade Centre Blok H-58, Jln. Soekarno Hatta, No. 590, Bandung 40286, Indonesia. Email : enquiry-id@fmgloballogistics.com	+62-22 753 6478	+62-22 756 5687
4.	MEDAN (BELAWAN)	Graha Harmoni Building 6 <sup>th</sup> Floor, Jln. Gaharu No. 2B, Harmoni, Medan Timur, Kota Medan, Sumatera Utara 20235, Indonesia. Email : enquiry-id@fmgloballogistics.com	+62-61 664 4272	+62-61 664 4273
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, 12 <sup>th</sup> Floor, Citilight Tower, 45 Vo Thi Sau Street, Dakao Ward, District 1, Ho Chi Minh City, Vietnam. Email : enquiry-vn@fmgloballogistics.com	+848-3823 8628	+848-3823 7868
2.	HAIPHONG	Unit 702B, 7 <sup>th</sup> Floor, TD Business Centre, Lot 20A, Le Hong Phong St., Ngo Quyen Dist, Hai Phong City, Vietnam.	+84 31 3722168	+84 31 3722998
3.	HANOI	Unit 1403, 14 <sup>th</sup> Floor, Han Viet Tower, 203, Minh Khai Street, Minh Khai Ward, Hai Ba Trung District, Ha Noi City, Vietnam.	+8424 3633 0488	

Freight Management **Group Directory**

No	Area	Address	Tel	Fax
<b>SINGAPORE</b> <b>TCH MARINE PTE. LTD.</b>				
1.	SINGAPORE	6001 Beach Road #19 - 11A, Golden Mile Tower, Singapore 199589. Email : tchtay@singnet.com.sg	+65-6294 7787	+65-6294 8483
<b>INDIA</b> <b>FM GLOBAL LOGISTICS (INDIA) PVT. LTD.</b>				
1.	CHENNAI	Andra Chamber of Commerce Building, 2 <sup>nd</sup> floor, 23, 3 <sup>rd</sup> Cross Street. West CIT Nagar, Nandanam, Chennai 600035, Tamilnadu, India. Email : enquiry-in@fmgloballogistics.com	+91 999 435 5523	+91 44 2433 2045
2.	CALCUTTA	Ballygunge Park Tower, 67B Ballygunge Circular Road, "B" Block , 9 <sup>th</sup> Floor, Flat B-25, Kolkata - 700019, India.	+91 988 496 4909	
3.	MUMBAI	C/O 26A, Om Niwas, Tarun Bharath Society, Chakala, Andheri (East) Mumbai 400099, India.	+91 8939 88 1788	+91 22 2837 6649
<b>AUSTRALIA</b> <b>FM GLOBAL LOGISTICS PTY LTD.</b>				
1.	FREMANTLE	2 Hines Road, O'Connor WA 6163, Australia. Email : brad@fmgloballogistics.com.au	+61 8 9314 2004	+61 8 9314 6004
2.	MELBOURNE	Ground Floor, 737 Burwood Road, Hawthorn VIC3122, Australia. Email : tania@fmgloballogistics.com.au	+61 03 8862 5481	+61 03 8862 6601
3.	ADELAIDE	306 St Vincent Street, Port Adelaide SA 5015, Australia. Email : adelaideops@fmgloballogistics.com.au	+61 43 2443 248	
4.	BRISBANE	16 Snow Wood Drive, Eatons Hill QLD 4037, Australia. Email : brad.evans@fmgloballogistics.com.au	+61 478 564 090	



No	Area	Address	Tel	Fax
<b>SRI LANKA</b> <b>FM GLOBAL LOGISTICS LANKA (PVT) LTD.</b>				
1.	COLOMBO	No. 02, Ground Floor, Hunupitiya Cross Road, Colombo 02, Sri Lanka. Email : eshantha@fmgloballogistics.com	+94 114645900	+94 114645903
<b>PHILIPPINES</b> <b>FM GLOBAL LOGISTICS (PHIL.), INC.</b>				
1.	MANILA	2/F, TMI Centre Arzobispo St, Intramuros, Manila, Philippines. Email : elma@fmgloballogistics.com	+63-2 5270221 +63-2 5270224	+63-2 5270209
2.	CEBU	G/F R & R Bldg., A.C. Cortez Ave., Alang alang, Mandaue City.	+63-2 2728889	+63-2 3450937
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## EXTENSIVE WORLDWIDE COVERAGE

Network of 200 independent agents covering 145 ports in more than 53 countries.

### Region - Country/(Port)

#### ASIA-PACIFIC

##### BANGLADESH

Chittagong, Dhaka

##### BRUNEI

Muara

##### CHINA

Dalian, Huangpu Ningbo, Qingdao Shanghai, Shekou Xiamen, Xingang Yantian, Nanjing Nansha, Nantong Sanshui, Shenzhen Tianjin, Zhanjiang Zhongshan Fuqing, Guoming, Lianhuashan Zhangjiagang

##### CAMBODIA

Sihanoukville , Phnom Penh

##### HONG KONG

Hong Kong

##### INDIA

Calcutta, Chennai, Mumbai, New Delhi, Nhava Sheva, Bangalore, Cochin

##### INDONESIA

Belawan, Jakarta, Surabaya, Batam Island, Pontianak

##### JAPAN

Hakata, Kobe, Moji, Nagoya, Osaka, Shimizu, Tokyo, Yokohama

##### KOREA

Busan, Incheon

##### PAKISTAN

Karachi

##### PHILIPPINES

Manila, Cebu

##### SINGAPORE

Singapore

##### SRI LANKA

Colombo

##### TAIWAN

Kaoshiung, Keelung, Taipei, Taichung

##### THAILAND

Bangkok, Lat Krabang, Laem Chabang

##### VIETNAM

Ho Chi Minh, Hanoi, Tanchang, Haiphong

##### AUSTRALIA

Adelaide, Brisbane, Fremantle, Sydney, Melbourne, Tasmania

##### NEW ZEALAND

Auckland, Timaru, Lyttelton, Wellington, Tauranga, Napier, New Plymouth, Port Chalmers

#### EUROPE

##### FRANCE

LeHavre, Paris, Marseille

##### GERMANY

Hamburg

##### SWITZERLAND

Basel, Geneva

##### NETHERLANDS

Amsterdam, Rotterdam

##### PORTUGAL

Leixoes

##### SPAIN

Barcelona, Valencia

##### ITALY

Genoa, Venice, Milan, Trieste

##### BELGIUM

Antwerp

##### TURKEY

Mersin, Istanbul

##### UNITED KINGDOM

Felixstowe, Liverpool, London, Dublin, Southampton, Grangemouth, Thames Port

##### GEORGIA

Poti

##### RUSSIA

St. Petersburg

#### MIDDLE EAST

##### KUWAIT

Kuwait

##### BAHRAIN

Bahrain

##### QATAR

Doha

##### EGYPT

Alexandria, Sokhna Port

##### OMAN

Muscat

##### SAUDI ARABIA

Ad Dammam Jeddah, Riyadh

##### U. ARAB EMIRATES

Dubai, Jebel Ali

#### AFRICA & THE WEST INDIES

##### NIGERIA

Apapa, Tin Can Island Port

##### KENYA

Mombasa, ICD Nairobi

##### SOUTH AFRICA

Durban, Cape Town, Johannesburg

##### CAMEROON

Douala

##### THE GAMBIA

Banjul

##### GHANA

Tema

##### SWAZILAND

Matsapha

##### BOTSWANA

Gaborone

#### PACIFIC ISLANDS

##### PAPUA NEW GUINEA

Lae, Port Moresby

##### FIJI ISLAND

Suva, Lautoka

#### AMERICAS

##### UNITED STATES OF AMERICA

Los Angeles, New York, Chicago, Long Beach

##### GUATEMALA

Guatemala City, Puerto Quetzal

##### CANADA

Montreal, Vancouver Toronto

##### BRAZIL

Santos

##### ARGENTINA

Buenos Aires

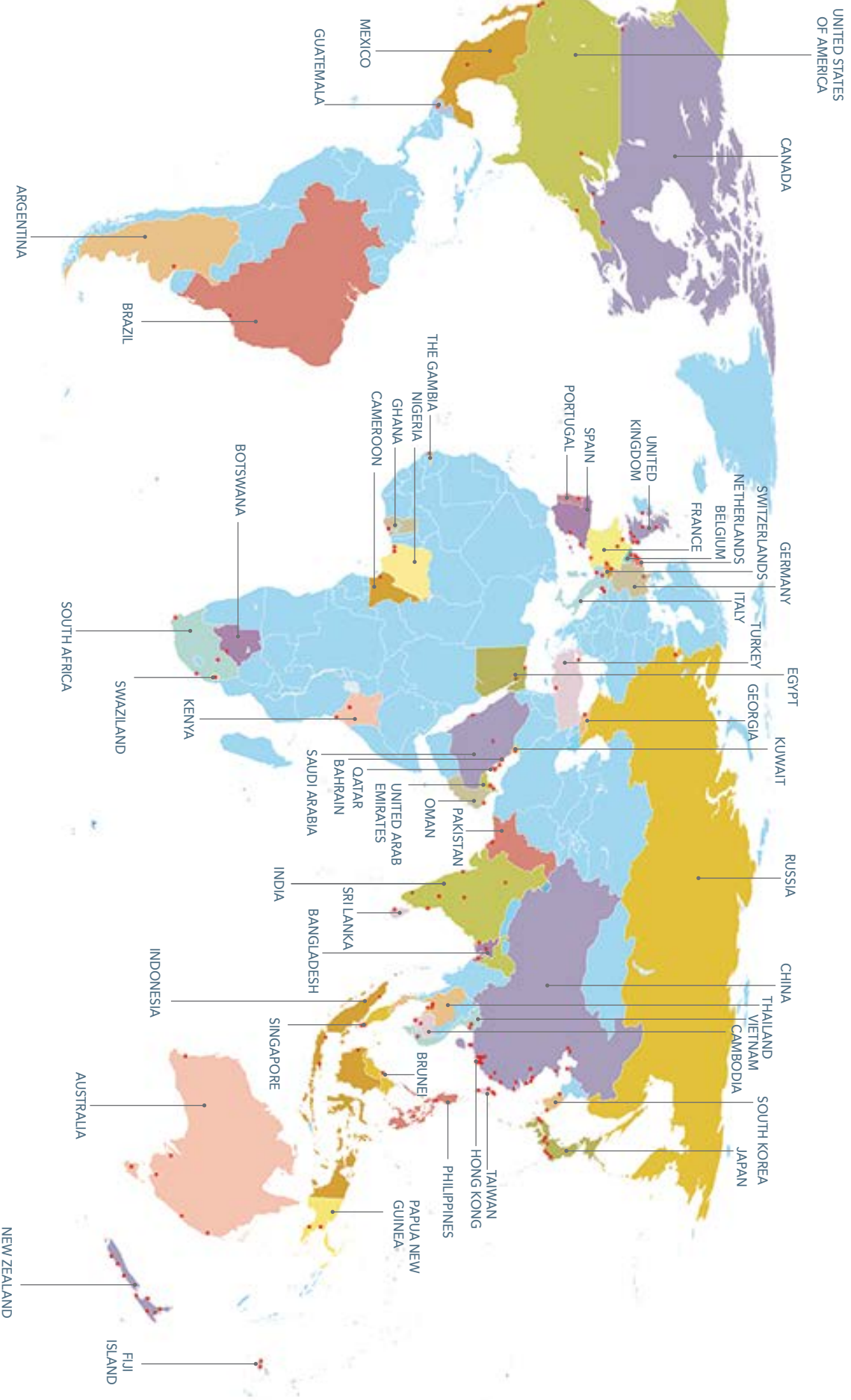
##### MEXICO

Mexico City, Manzanillo

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**Region - Country/(Port)**



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