

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

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

**PART A : EXPLANATORY NOTES AS PER MFRS 134**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the year ended 30 June 2019.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial year ended 30 June 2019.

The accounting policies and method of computation adopted by the Group in the preparation of the consolidated interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 30 June 2019 except for the adoption of the of MFRS 16 Leases effective for the financial period beginning on 1 July 2019.

MFRS 16 introduces a single accounting model, requiring the lessee to recognize the right-of-use of the underlying lease asset and the future lease payments liabilities in the statements of financial position. Accordingly, the Group prepares its financial statements with adoption of MFRS 16 in its financial statement for the financial year ending 30 June 2020.

**A2. Qualification of Annual Financial Statements**

The audit report of the Group’s most recent annual audited financial statements for the year ended 30 June 2019 was not qualified.

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#### **A3. Seasonality or cyclical factors**

The Group's business operation results were not materially affected by any major seasonal or cyclical factors.

#### **A4. Unusual Items**

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

#### **A5. Changes in estimates**

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

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

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

#### **A7. Dividend paid**

The interim single tier dividend of 1.0 sen per share amounting to RM2,792,224 in respect of financial year ended 30 June 2019 has been paid on 26 July 2019.

The second interim single tier dividend of 2.5 sen per share amounting to RM6,980,557 in respect of financial year ended 30 June 2019 has been paid on 15 November 2019.

The interim single tier dividend of 1.0 sen per share amounting to RM2,792,224.15 in respect of financial year ended 30 June 2020 has been paid on 28 July 2020.







## FREIGHT MANAGEMENT HOLDINGS BHD

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### Notes on the quarterly report – 30 June 2020

	← Logistics →										
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	Sri Lanka	USA	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Liabilities</b>											
Segment liabilities	220,385	6,401	5,891	10,296	1,625	3,151	464	821	30,341	(140,303)	139,072
Deferred tax liabilities	24,315	-	-	-	-	-	-	-	83	-	24,398
Current tax liabilities	3,358	16	94	-	25	-	(1)	6	164	-	3,662
Total liabilities											<u>167,132</u>
<b>Other segment information</b>											
Capital expenditure	17,360	204	567	54	176	262	-	25	36	-	18,684
Depreciation	11,746	171	345	61	175	47	12	4	128	-	12,689
Amortization of Intangible assets	226	-	-	-	-	-	-	1	424	-	651
Other non-cash income	(2,836)	(154)	(34)	(74)	(12)	-	-	-	(547)	-	(3,657)
Other non-cash expenses other than depreciation	1,237	-	127	54	135	52	10	-	602	-	2,217

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**A8. Segmental Information (Cont'd)**

The Group comprises the following major business segments:

- i) Logistics – provision of integrated freight and logistics services such as sea freight, air freight, land freight, warehouse and distribution and supporting services, which are operated by companies in Malaysia, Australia, Indonesia, Thailand, Vietnam, India, Sri Lanka and USA.
- ii) Others – investment holdings and provision of management services, provision of IT application solutions and support services.

There have been no differences in the basis of segmentation or in the basis of measurement of segment profit and loss as compared to the last annual financial statements.

**A9. Valuation of property, plant and equipment**

The Group's property, plant and equipment other than land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses. Land and buildings are stated at valuation, which are the fair values at the date of revaluation.

**A10. Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the current quarter.

**A11. Changes in the composition of the Group**

There were no material changes in the composition of the Group during the current financial period.

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

**A12. Contingent liabilities**

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

	<b>RM'000</b>
Guarantees given to third parties in respect of trade performance of subsidiaries	5,100
Guarantees given to financial institutions in respect of credit facilities granted	51,598
	<hr/>
	56,698

**A13. Capital commitments**

**Contracted but not provided for :**

	<b>As at 30.06.20 RM'000</b>
Warehouse land & building	702
Warehouse equipment	205
Computer	136
Truck and Prime Movers	786
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	1,829



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

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

<b>Service Type</b>	<b>4QFY20</b>	<b>4QFY19</b>	<b>Changes</b>	
			<b>RM mil</b>	<b>% change</b>
Seafreight	73.8	84.9	-11.1	-13%
Airfreight	18.2	18.6	-0.4	-2%
3PL & Warehousing & Distribution	17.4	17.4	0.0	0%
Landfreight	4.9	5.5	-0.6	-11%
Supporting services	12.7	16.5	-3.8	-23%
<b>TOTAL</b>	<b>127.0</b>	<b>142.9</b>	<b>-15.9</b>	<b>-11%</b>

The Group's revenue decreased by RM15.9 million or approximately 11% compared to 4QFY19. The decrease in revenue is mainly due to disruption of the whole supply chain of businesses caused by the spread of Covid-19 pandemic in the current quarter.

The Group's Profit before Tax ("PBT") for this 4QFY20 reduced from RM3.8 million to RM3.2 million or 13% lower compared to 4QFY19 mainly due to decrease of revenue in most of the services as a result of the disruption of the supply chain caused by Covid-19 pandemic and share of impairment of assets and its advances from an associate in shipyard services.

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### **Notes on the quarterly report – 30 June 2020**

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

<b>Service Type</b>	<b>4QFY20</b>	<b>3QFY20</b>	<b>Changes RM mil</b>	<b>% change</b>
Seafreight	73.8	83.6	-9.8	-12%
Airfreight	18.2	14.9	3.3	22%
3PL & Warehousing & Distribution	17.4	18.3	-0.9	-5%
Landfreight	4.9	4.9	0.0	0%
Supporting services	12.7	15.3	-2.6	-17%
<b>TOTAL</b>	<b>127.0</b>	<b>137.0</b>	<b>-10.0</b>	<b>-7%</b>

Revenue as compared to the preceding quarter, decreased by 7% or RM10.0 million mainly due to lower activities in all services due to disruption of the whole supply chain of businesses caused by the spread of Covid-19 pandemic.

As compared to the preceding quarter 3QFY20, PBT for 4QFY20 decreased by 2% or RM0.6 million, mainly due to share of impairment of assets and its advances from an associate in shipyard services.

#### **B3. Prospects for Next Financial Year**

In this coming financial year, the Group aims to improve its performance and is mindful of the challenges and potential downside risks of the uncertain global economic activities and its supply chain due to Covid-19 pandemic. Notwithstanding the challenges, the Group remains focus in its business and would continue to expand its customer base regionally and improve its cost management via operational efficiencies.

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

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

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 June 2020****B5. Tax expense**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current Year To Date</b>	<b>Preceding Year</b>
	<b>Quarter</b>	<b>Corresponding Quarter</b>	<b>Quarter</b>	<b>Corresponding Quarter</b>
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>In respect of current period:</b>				
Income tax	1,977	2,860	8,085	8,872
Deferred tax	(49)	(265)	(961)	(1,165)
	<u>1,928</u>	<u>2,595</u>	<u>7,124</u>	<u>7,707</u>
<b>In respect of prior years :</b>				
Income tax	121	-	161	(186)
Deferred tax	(1)	(1)	237	381
	<u>120</u>	<u>(1)</u>	<u>398</u>	<u>195</u>
<b>Total</b>	<u><u>2,048</u></u>	<u><u>2,594</u></u>	<u><u>7,522</u></u>	<u><u>7,902</u></u>

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

**B6. Status of corporate proposal announced**

There were no corporate proposals during the date of this report.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 June 2020****B7. Group borrowings**

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

	<b>As at 30.06.2020 RM'000</b>	<b>As at 30.06.2019 RM'000</b>
<b>Payable within 12 months (secured)</b>		
Term loans		
- Ringgit Malaysia	5,100	6,700
Hire purchase and lease liabilities		
- Ringgit Malaysia	4,357	4,773
- Australian Dollar (AUD22k / AUD22k)^	64	62
- Indonesia Dollar (IDR562m / IDR585m)^	159	163
- Thailand Dollar (THB663k / THB223k)^	87	28
- India Dollar (INR281k / INR254k)^	15	15
Overdraft		
- Ringgit Malaysia	2,353	1,926
- India Dollar (INR27m / INR20m)^	1,475	1,192
	<u>13,610</u>	<u>14,859</u>
<b>Payable after 12 months (secured)</b>		
Term loans		
- Ringgit Malaysia	46,657	42,649
Hire purchase and lease liabilities		
- Ringgit Malaysia	15,361	13,046
- Australian Dollar (AUD118k / AUD93k)^	340	267
- Indonesia Dollar (IDR252m / IDR814m)^	71	227
- Thailand Dollar (THB2.0m / THB536k)^	262	68
- India Dollar (INR1.0m / INR1.3m)^	55	75
	<u>62,746</u>	<u>56,332</u>
<b>Total borrowings</b>	<u><u>76,355</u></u>	<u><u>71,191</u></u>
^ Exchange rate		
- Australian Dollar	2.885	2.859
- Indonesian Rupiah	0.000283	0.000279
- Thai Baht	13.05	12.73
- Indian Rupee	0.0550	0.0582

The weighted average interest rate of Hire purchase and Term loans as at 30 June 2020 was 6.30% and 3.25% to 4.05% (30.06.2019: 5.48% and 4.73% to 4.80%).

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**B8. Change in material litigation**

Neither FMHB nor any of its subsidiaries in the Group is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or any of its subsidiaries in the Group and the Board of Directors of FMHB is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or any of its subsidiaries in the Group.

**B9. Dividend**

The Board of Directors has declared a second interim single tier dividend of 1.0 sen per ordinary share, in respect of the financial year ended 30 June 2020. The dividend will be paid on 16 October 2020 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 30 September 2020.

**B10. Trade Receivables**

	<b>As at 30.06.2020 RM'000</b>	<b>As at 30.06.2019 RM'000</b>
Trade Receivables	<u>115,090</u>	<u>119,827</u>

The average credit terms of trade receivables were Sixty (60) days. As at 30 June 2020, the trade receivables had decreased by 3.95% or RM4.7 million as compared to audited trade receivables for the financial year ended 30 June 2019.

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>Year</b>	<b>Year</b>	<b>Year To</b>	<b>Year</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>Date</b>	<b>Corresponding</b>
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
Profit attributable to equity holders of the parent (RM'000)	1,112	1,071	12,045	13,600
Weighted average number of ordinary shares in issue ('000)	279,222	279,222	279,222	279,222
Basic Earnings Per Ordinary Share (sen)	0.40	0.38	4.31	4.87

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 June 2020****B12. Additional Disclosures on Profit for the period**

	<b>Current Year Quarter 30.06.20 RM'000</b>	<b>Preceding Year Quarter 30.06.19 RM'000</b>	<b>Current Year To Date 30.06.20 RM'000</b>	<b>Preceding Year To Date 30.06.19 RM'000</b>
<b>Profit for the period is arrived at after charging/(crediting) :</b>				
Interest income	(88)	(49)	(388)	(329)
Fair value loss/(gain) on other investment	156	168	156	168
Gain on disposal of property, plant and equipment	29	(213)	(511)	(710)
(Gain)/Loss on foreign exchange	413	52	1,728	168
Depreciation of property, plant and equipment	2,059	3,258	8,413	12,689
Depreciation of Right-of-use assets (rental)	(305)	-	6,294	-
Depreciation of Right-of-use assets (HP)	1,126	-	4,602	-
Amortization of Intangible asset	133	333	527	651
(Reversal)/Loss Impairment of trade receivables	(1,098)	(45)	1,712	(1,556)
Impairment loss on advance in associate	685	320	685	320
Interest expense	87	986	2,797	3,695
Interest expense – Right-of assets (rental)	1,134	-	1,134	-

Other than the above, there were no gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for the current quarter and financial period ended 30 June 2020.