

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

**Notes on the quarterly report – 30 June 2021**

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

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the year ended 30 June 2020.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial year ended 30 June 2020.

The accounting policies and method of computation adopted by the Group in the preparation of the consolidated interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 30 June 2020 except for the adoption of those new Malaysian Financial Reporting Standards (“MFRS”) and amendment to MFRS and Interpretations that are applicable to the Group for the financial period beginning on or after 1 July 2020.

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

**A2. Qualification of Annual Financial Statements**

The audit report of the Group’s most recent annual audited financial statements for the year ended 30 June 2020 was not qualified.

**A3. Seasonality or cyclical factors**

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

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**A4. Unusual Items**

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

**A5. Changes in estimates**

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

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

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

**A7. Dividend paid**

The first interim single tier dividend of 1.0 sen per share amounting to RM2,792,224 in respect of financial year ended 30 June 2020 has been paid on 28 July 2020.

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

The first interim single tier dividend of 1.0 sen per share amounting to RM2,792,224 in respect of financial year ended 30 June 2021 has been paid on 23 December 2020.

The second interim single tier dividend of 2.0 sen per share amounting to RM5,584,448 in respect of financial year ended 30 June 2021 has been paid on 22 March 2021.



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	←—————			Logistics	—————→						
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	Sri Lanka	USA	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Liabilities</b>											
Segment liabilities	289,760	8,963	6,209	6,587	1,798	4,717	-	1,762	25,151	(147,527)	197,420
Deferred tax liabilities	30,231	-	-	-	-	-	-	-	-	558	30,789
Current tax liabilities	1,886	516	-	-	109	14	-	-	-	-	2,525
Total liabilities											<u>230,734</u>
<b>Other segment information</b>											
Capital expenditure	10,671	17	32	47	8	50	-	-	11	-	10,836
Capital expenditure – ROU assets (HP)	11,625	-	-	-	-	-	-	-	-	-	11,625
Depreciation	18,627	179	821	250	265	(51)	-	8	77	253	20,429
Amortization of Intangible assets	-	-	-	-	-	-	-	-	508	-	508
Other non-cash income	(785)	-	(25)	-	(29)	-	-	-	-	-	(839)
Other non-cash expenses other than depreciation	2,546	367	356	152	139	197	-	-	340	-	4,097

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### A8. Segment information

	Operating segments for the current financial period ended 30 June 2020:										
	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>Revenue</b>											
Total revenue	417,204	61,042	34,982	23,535	12,848	12,001	591	6,510	9,598	(26,702)	551,609
Inter-segment revenue	(5,339)	(1,700)	(1,147)	(2,287)	(922)	(837)	(11)	(5,798)	(8,661)	26,702	-
Revenue from external customers	411,865	59,342	33,835	21,248	11,926	11,164	580	712	937	-	551,609
<b>Results</b>											
Segment results	26,366	819	1,452	472	69	(106)	(28)	167	10,639	(10,981)	28,869
Finance costs	(3,680)	(17)	(69)	(30)	(7)	(128)	-	-	-	-	(3,931)
Share of loss of associates	(52)	-	-	-	-	-	-	-	(5,973)	-	(6,025)
Share of profit of joint ventures	-	-	-	-	-	-	-	-	1,355	-	1,355
Profit before tax	22,634	802	1,383	442	62	(234)	(28)	167	6,021	(10,981)	20,268
Tax expense											(7,522)
Profit for the period											12,746
<b>Assets</b>											
Segment assets	459,142	13,257	17,929	7,638	3,108	3,636	-	1,782	80,847	(115,416)	471,923
Investments in associates	447	-	-	-	-	-	-	-	1,026	-	1,473
Investments in joint ventures	-	-	-	-	-	-	-	-	4,686	-	4,686
Deferred tax assets	-	-	598	-	50	567	-	-	-	-	1,215
Current tax assets	2	-	748	1,859	-	-	-	-	167	-	2,776
Total assets											482,073



## **FREIGHT MANAGEMENT HOLDINGS BHD**

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### **Notes on the quarterly report – 30 June 2021**

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

The Group comprises the following major business segments:

- i) Logistics – provision of integrated freight and logistics services such as sea freight, air freight, land freight, warehouse and distribution and supporting services, which are operated by companies in Malaysia, Australia, Indonesia, Thailand, Vietnam, India, Sri Lanka and USA. (note: Sri Lanka is not applicable for FY2021 as this company has been disposed in FY2020)
- ii) Others – investment holdings and provision of management services, provision of IT application solutions and support services.

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

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

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

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

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

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

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

## **FREIGHT MANAGEMENT HOLDINGS BHD**

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### **Notes on the quarterly report – 30 June 2021**

#### **A12. Contingent liabilities**

The Directors of FMHB are not aware of any material changes in the contingent liabilities since the last financial year save as disclosed below:-

	<b>RM'000</b>
Guarantees given to third parties in respect of trade performance of subsidiaries	7,418
Guarantees given to financial institutions in respect of credit facilities granted	64,900
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	<u>72,318</u>

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

**Contracted but not provided for :**

	<b>As at 30.06.21 RM'000</b>
Land	75,679
PM & Trailers	2,999
Office equipment	403
Warehouse equipment	132
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	<u>79,213</u>

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### **Notes on the quarterly report – 30 June 2021**

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

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

The Group registered revenue growth of RM101.3 million or approximately 80% higher than 4QFY20. Details of changes in each service type are as follows:-

<b>Service Type</b>	<b>4QFY21</b>	<b>4QFY20</b>	<b>Changes RM mil</b>	<b>% change</b>
International freight	174.8	92.0	82.8	90%
Domestic Logistics	53.5	35.0	18.5	53%
<b>TOTAL REVENUE</b>	<b>228.3</b>	<b>127.0</b>	<b>101.3</b>	<b>80%</b>

Compared to 4QFY20, the increased revenue is mainly due to higher freight rates and business activities in the current quarter.

As compared to 4QFY20, the Group's Profit before Tax ("PBT") increased from RM3.3 million to RM13.5 million or 313% higher due to a significant improvement in performance in both its Malaysian and Overseas operations.

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

<b>Service Type</b>	<b>4QFY21</b>	<b>3QFY21</b>	<b>Changes RM mil</b>	<b>% change</b>
International freight	174.8	165.4	9.4	6%
Domestic Logistics	53.5	50.4	3.1	6%
<b>TOTAL REVENUE</b>	<b>228.3</b>	<b>215.8</b>	<b>12.5</b>	<b>6%</b>

Revenue as compared to the preceding quarter increased by 6% or RM12.5 million mainly due to higher freight rates and improvement in business activities in the current quarter.

As compared to the preceding quarter PBT in 4QFY21 increased to RM13.5mil from RM11.1 mil in 3QFY21 or 21% higher mainly due to an improved performance in both its Malaysian and Overseas operations.

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#### B3. Current year prospects

For the financial year ending 30 June 2022, the Group is confident of a positive performance but remains mindful of the challenges and potential downside risks posed by the Covid-19 pandemic. Notwithstanding the challenges, the Group remains focused on its core businesses 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.

#### B5. Tax expense

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current	Preceding
	Quarter	Corresponding	Year To	Year
	30.06.2021	Quarter	Date	Corresponding
	30.06.2021	30.06.2020	30.06.2021	Quarter
	RM'000	RM'000	RM'000	RM'000
<b>In respect of current period:</b>				
Income tax	3,533	1,977	12,615	8,085
Deferred tax	592	(49)	503	(961)
	<u>4,125</u>	<u>1,928</u>	<u>13,118</u>	<u>7,124</u>
<b>In respect of prior years :</b>				
Income tax	(21)	121	(91)	161
Deferred tax	-	(1)	-	237
	<u>(21)</u>	<u>120</u>	<u>(91)</u>	<u>398</u>
<b>Total</b>	<u><u>4,104</u></u>	<u><u>2,048</u></u>	<u><u>13,027</u></u>	<u><u>7,522</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.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 June 2021****B6. Status of corporate proposal**

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

**B7. Group borrowings**

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

	<b>As at 30.06.2021 RM'000</b>	<b>As at 30.06.2020 RM'000</b>
<b>Payable within 12 months (secured)</b>		
Term loans		
- Ringgit Malaysia	21,688	5,100
- India Dollar (INR4.64m / -)^	251	-
Hire purchase and lease liabilities		
- Ringgit Malaysia	7,663	4,357
- Australian Dollar (AUD23k / AUD22k)^	72	64
- Indonesia Dollar (IDR252m / IDR562m)^	69	159
- Thailand Dollar (THB714k / THB663k)^	87	87
- India Dollar (INR310k / INR281k)^	17	15
Overdraft		
- Ringgit Malaysia	1,969	2,550
- India Dollar (INR26.6m / INR27m)^	1,440	1,475
	<u>33,256</u>	<u>13,807</u>
<b>Payable after 12 months (secured)</b>		
Term loans		
- Ringgit Malaysia	39,468	46,657
Hire purchase and lease liabilities		
- Ringgit Malaysia	17,850	15,361
- Australian Dollar (AUD94k / AUD118k)^	287	340
- Indonesia Dollar (- / IDR252m)^	-	71
- Thailand Dollar (THB1,294k / THB2.0m)^	158	262
- India Dollar (INR690m / INR1.0m)^	37	55
	<u>57,800</u>	<u>62,746</u>
<b>Total borrowings</b>	<u><u>91,056</u></u>	<u><u>76,553</u></u>
<b>^ Exchange rate</b>		
- Australian Dollar	3.059	2.885
- Indonesian Rupiah	0.000272	0.000283
- Thai Baht	12.17	13.05
- Indian Rupee	0.0541	0.0550

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**B8. Material Litigation**

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

**B9. Dividend**

The Board of Directors has declared a third interim single tier dividend of 1.0 sen per ordinary share, in respect of the financial year ended 30 June 2021. The dividend will be paid on 18 October 2021 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 30 September 2021.

**B10. Trade Receivables**

	<b>As at 30.06.2021 RM'000</b>	<b>As at 30.06.2020 RM'000</b>
Trade Receivables	<u>168,755</u>	<u>115,090</u>

The average credit terms of trade receivables were Sixty (60) days. As at 30 June 2021, the trade receivables has increased by 47% or RM53.7 million as compare to audited financial year ended 30 June 2020.

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#### B11. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Quarter
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit attributable to equity holders of the parent (RM'000)	8,584	1,112	27,035	12,045
Weighted average number of ordinary shares in issue ('000)	558,445	558,445	558,445	558,445
Basic Earnings Per Ordinary Share (sen)	1.54	0.20	4.84	2.16

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

	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	30.06.21	30.06.20	30.06.21	30.06.20
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period is arrived at after charging/(crediting) :</b>				
Interest income	(41)	(88)	(259)	(388)
Fair value loss/(gain) on other investment	(805)	156	(805)	156
(Gain)/Loss on disposal of property, plant and equipment	(274)	29	(216)	(511)
(Gain)/Loss on foreign exchange	(168)	413	1,598	1,728
Impairment loss on PPE	702	-	702	-
Depreciation	5,465	2,880	20,429	19,309
Amortization of Intangible asset	107	133	508	527
(Reversal)/Loss Impairment of trade receivables	(1,442)	(1,098)	3,388	1,712
Impairment loss on advance in associate	486	685	1,717	685
Loss on disposal of investment in associate	-	-	152	-
Interest expenses	972	1,221	3,278	3,931

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 2021.