

7. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT OF THE FM GROUP

7.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

7.1.1 Promoters

The Promoters of FMH and their respective shareholdings in FMH after the Public Issue are as follows:

Promoter	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Chew Chong Keat	Malaysian	24,801,948*	29.11	-	-
Yang Heng Lam	Malaysian	16,195,852*	19.00	-	-
Gan Siew Yong	Malaysian	3,703,122*	4.35	-	-

Note:

* Assuming that they take up in full their respective pink form allocations pursuant to the Public Issue

The profiles of Chew Chong Keat, Yang Heng Lam and Gan Siew Yong are set out in Section 7.2.2 of this Prospectus.

7.1.2 Substantial shareholders

The substantial shareholders and their respective shareholdings in FMH after the Public Issue are as follow:

Substantial shareholder	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Chew Chong Keat	Malaysian	24,801,948*	29.11	-	-
Yang Heng Lam	Malaysian	16,195,852*	19.00	-	-

Note:

* Assuming that they take up in full their respective pink form allocations pursuant to the Public Issue

For further information on the substantial shareholders of FMH, please refer to Section 7.2.2 of this Prospectus.

7.1.3 Promoters' and substantial shareholders' directorships and substantial shareholdings in all other public corporations for the past two years

Based on the declarations by the Promoters and substantial shareholders of FMH, none of the Promoters or substantial shareholders of FMH have any directorships and / or substantial shareholdings (holding 5% or more equity interest in the shares) in any other public corporation for the past two years preceding the date of this Prospectus.

7. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT OF THE FM GROUP (Cont'd)

7.1.4 Changes in the shareholdings of Promoters and substantial shareholders of FMH for the past three years

Save as disclosed below, there has been no change in the shareholdings of the Promoters and substantial shareholders of FMH for the past three years:

Promoter / Substantial Shareholder	Date of change	←-----Direct-----→		Cumulative no. of Shares held after allotment
		No. of Shares held before allotment	Total no. of Shares allotted	
Chew Chong Keat	30.11.2004	1*	-	2^
	30.11.2004	2	19,774,428 ¹	19,774,430
	02.12.2004	19,774,430	4,933,438	24,707,868
Yang Heng Lam	30.11.2004	1*	-	2^
	30.11.2004	2	12,886,718 ¹	12,886,720
	02.12.2004	12,886,720	3,215,052 ²	16,101,772
Gan Siew Yong	30.11.2004	1*	-	2^
	30.11.2004	2	2,888,420 ¹	2,888,422
	02.12.2004	2,888,422	720,620 ²	3,609,042

Notes:

* Representing ordinary share of RM1.00 each before Share Split

^ Shares issued pursuant to Share Split

1 Shares issued pursuant to Acquisitions

2 Shares issued pursuant to Acquisitions from Minority Shareholders and Capitalisation of Advances

7.2 DIRECTORS

7.2.1 Directors' shareholdings

The Directors of FMH and their respective shareholdings in FMH after the Public Issue are as follows:

Directors	Designation	←-----Direct-----→		←-----Indirect-----→	
		No. of Shares	%	No. of Shares	%
Chew Chong Keat	Managing Director	24,801,948*	29.11	-	-
Yang Heng Lam	Executive Director	16,195,852*	19.00	-	-
Gan Siew Yong	Executive Director	3,703,122*	4.35	-	-
Datuk Dr. Haji Noordin bin Haji Abd. Razak	Independent Non-Executive Director	3,408,000 [#]	4.00	-	-
Aaron Sim Kwee Lein	Independent Non-Executive Director	-	-	-	-

Note:

* Assuming that they take up in full their respective pink form allocations pursuant to the Public Issue

Assuming that he takes up in full his allocation under the Issue Shares reserved for eligible Bumiputera investors approved by MITI

7. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT OF THE FM GROUP (Cont'd)

7.2.2 Profiles

The profiles of the Board of Directors of FMH are as follows:

Datuk Dr. Haji Noordin bin Haji Abd. Razak, aged 59, is the Chairman and an Independent Non-Executive Director of the Group. He obtained his degree in Bachelor of Arts 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 USA in 1991. He is a fellow member of the British Institute of Management and a member of the Institute Management Consultant Malaysia. He is also a fellow member of the Institute Sultan Iskandar of Urban Habitat and Highrise.

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 in 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 such as University Malaya Alumni Association, Institut Pemikiran Kreatif Malaysia (INSPEK) and Malaysian Red Crescent of Kuala Lumpur. He also sits as council member of National Association for the Prevention of Drug Abuse (PEMADAM) and Institute of Islamic Understanding Malaysia (IKIM).

Chew Chong Keat, aged 43, is the Managing Director of the Group. He is one of the co-founders of the Group and was instrumental in expanding the Group from a small sea freight services provider with 2 international independent agents to support its LCL consolidation business in 1988 to a multimodal international freight services provider covering sea, rail and air with established offices along the major ports and towns on the west coast of Malaysia and a network of more than 50 international independent agents in 30 countries worldwide. He has more than 18 years of experience in the provision of freight services and logistics. In 1984, he graduated from the University of Manchester, United Kingdom with a Bachelor degree in Economics. He also holds a Diploma in Business Education Council National and Diploma of Competence in Freight Forwarding from the International Federation of Freight Forwarders ("FIATA").

Yang Heng Lam, aged 41, is the Executive Director responsible for import services and sales. He completed his Sijil Tinggi Pelajaran Malaysia in 1982 and has since been involved in the freight forwarding industry.

He commenced his career with East Asia Line Sdn Bhd as an Operational Executive handling all matters in the operation department in 1987. He was subsequently promoted to take charge of the marketing department prior to joining FMM. His primary responsibility was to oversee the operations and customer service department besides develop new markets. He also assisted the Managing Director of the company to develop an international network of business alliances.

In 1989, he joined FMM. Mr Yang has been instrumental in securing and maintaining major customers for the FM Group. His other responsibilities include nurturing and expanding the supporting services of FM Group, such as customs brokerage, warehousing and distribution.

Gan Siew Yong, aged 42, is the Executive Director responsible for exports services. She is also one of the co-founders of the Group and has been with FM Group since 1988. She completed her Higher School Certificate in 1981 and has since 1988 been involved in the freight forwarding industry.

7. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT OF THE FM GROUP (Cont'd)

She commenced her career as a secondary school teacher in 1982 and in 1985 she joined Roda Maju Sdn Bhd as Transportation Coordinator. In 1988, she joined FMM as the Customer Service Manager, responsible for the overall customers' freight service requirements for both FCL and LCL consolidation. In April 1993, she was appointed as a director of FMM. She is responsible for the overall export related services of FM Group, including sea freight and in particular, LCL consolidation.

She is also responsible for the negotiation of rates and securing container space with the shipping lines. She has been entrusted with the responsibility of expanding the Group's LCL consolidation business since 1993 when Port Klang was designated as a FCZ. Together with the strong support from her customer service team of more than 25 personnel, Ms Gan has been instrumental in the establishment of the Group's LCL consolidation business which has direct links to other independent agents located at various ports worldwide such as Tokyo and Hong Kong.

Aaron Sim Kwee Lein, aged 38, is an Independent Non-Executive Director of FMH. He was admitted as a member of the Chartered Association of Certified Accountants ("ACCA"), United Kingdom in 1995. In addition to being a Fellow Member of the ACCA, he is a Chartered Accountant of the Malaysian Institute of Accountants and a Chartered Member of the Institute of Internal Auditors Malaysia.

He commenced his career in 1992 with an international accounting firm and gained professional exposure in stock-broking, trading, manufacturing and construction concerns. Thereafter in 1994, he joined a company listed on the Main Board of Bursa Securities, as an Internal Auditor where he was engaged in audit work of stock-broking, manufacturing, retail and distribution concerns. In addition, he was also involved in due diligence, operational rationalisation and strategic planning work of corporate acquisitions. In 1996, he joined a food retail franchise chain company as the Finance & Administrative Manager and thereafter in 1999, he joined a glove manufacturing company as the Senior Manager of Internal Audit and left as the Deputy General Manager of Corporate Strategies in 2001. He is currently the Principal Consultant with Omni Biz Consulting, offering business and financial advisory services.

7.2.3 Directors' remuneration and benefits

For the FYE 30 June 2005, the amount payable to the Directors of FMH for their services rendered in all capacities to the FM Group is estimated to be RM1.2 million. Details are as follows:

Remuneration and benefits band	Number of Directors For the FYE 2005
Below RM50,000	2
Between RM300,001 – RM400,000	2
Between RM400,001 – RM500,000	1

7. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT OF THE FM GROUP (Cont'd)

7.2.4 Directors' directorships and substantial shareholdings in all other public corporations for the past two years

Based on the declarations by the Directors of FMH, save as disclosed below, none of the Directors have any directorships and/or substantial shareholdings (holding 5% or more of the issued and paid-up share capital) in any other public corporation for the past two years preceding the date of this Prospectus.

Director	Name of company	Date of appointment/ (resignation) to the board	<---Direct--->		<---Indirect--->	
			No. of shares	%	No. of shares	%
Aaron Sim Kwee Lein	LNG Resources Berhad	15 March 2003	-	-	-	-

7.3 KEY MANAGEMENT

7.3.1 Key management's shareholdings

FMH was incorporated as an investment holding company with key management being under the direct employment of its subsidiary companies. The key management and their respective shareholdings in FMH (assuming that they take up in full their respective pink form allocations pursuant to the Public Issue) after the Public Issue are as follow:

Key management	Designation	<-----After Public Issue ----->			
		<---Direct--->		<---Indirect--->	
		No. of Shares	%	No. of Shares	%
Gan Siew Geok	Group Financial Controller of FM Group	58,000	0.07	-	-
Seet Pei Ling	Accountant – Corporate of FMM	-	-	-	-
Ong Looi Chai	Executive Director of FM(Penang)	994,050	1.17	-	-
Wong Lee Choo	Executive Director of FMI	330,592	0.39	-	-
Goh Chong Weng	Executive Director of FMHWL	985,793	1.16	-	-
Teh Swee Sim	Executive Director of FMHWL	999,793	1.17	-	-
Cheong Tak Hua	Executive Director of ALSB	151,662	0.18	-	-
Azha bin Halip	Senior Import Manager of FMM	4,214,800 [#]	4.95	-	-
Lim Cheng Kiat	Senior Sales Manager of FMM	48,000	0.06	-	-
Phang Chiun Joo	Senior Export Manager of FMM	48,000	0.06	-	-
Glen Edward Richards	Senior Manager of FMM	32,000	0.04	-	-

7. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT OF THE FM GROUP (Cont'd)

Key management	Designation	-----After Public Issue-----			
		-----Direct-----		-----Indirect-----	
		No. of Shares	%	No. of Shares	%
Abdul Jalil Bin Abdullah	Executive Director of FMD	4,174,800 [#]	4.90	-	-

Note:

Assuming that they take up in full their allocations under the Issue Shares reserved for eligible Bumiputera investors approved by MITI

7.3.2 Profiles

The management of the FM Group is headed by Mr Chew Chong Keat who is assisted by a team of key management personnel comprising:

Gan Siew Geok, aged 49, is the Group Financial Controller of FM Group. She obtained a diploma from London Chamber of Commerce and Industry ("LCCI"), United Kingdom in 1975 and completed Part B examination of the Chartered Association of Certified Accountants in 1976. She commenced her career in 1975 as Accounts Executive with Ancom Berhad and was promoted to Assistant Accountant in 1990, reporting directly to the Managing Director. During her career with Ancom Berhad, she was involved and responsible for all financial and accounting related matters in Ancom Berhad, such as preparing accounts, setting up of accounting system and hedging of foreign currency. She was also involved in the listing of Ancom Berhad on the Main Board of Bursa Securities in 1989. In 1994, she left Ancom Berhad and joined Mastra Corporation Sdn Bhd as Accounts Manager reporting directly to the Managing Director and Group Financial Controller where she was responsible for all accounting functions of the company.

In 1995, she joined FMM and assumed her current position. She reports directly to the Managing Director and her main responsibilities include budgeting, setting and monitoring of annual financial targets, analysing financial performance of each business units in FM Group, tax planning, credit control, reviewing of financial control systems and implementing cost saving measures.

Seet Pei Ling, aged 30, is the Accountant – Corporate of FMM. She graduated with a Bachelor of Commerce from University of Southern Queensland in 1998. She is a chartered member of Malaysian Institute of Accountants and a member of CPA Australia.

She started her career as Audit Assistant with Lim, Thong & Associates in 1998, where she was involved in the audit of companies in various industries, including property development, trading, shipping and forwarding. In 2000, she joined Décor Trend Industries Sdn Bhd as Accounts Executive where she was responsible for the preparation of the accounts of the company. In 2003, she joined KESM Industries Bhd as Accountant where she was responsible for the monthly and quarterly preparation and reporting of accounts and cashflow management of the company, liaising with auditors, bankers and tax agents. In 2004, she joined FMM and assumed her current position. Her primary responsibility is overseeing the overall accounting and corporate function of FMM.

Ong Looi Chai, aged 37, is the Executive Director of FM(Penang). He obtained a certificate from LCCI in 1988 and a diploma in Freight Forwarding accredited by the Federation of Malaysian Freight Forwarders in 1995.

He started his career with Nepline Sdn Bhd in 1988 as an accounts clerk. Thereafter he joined FMM in 1989 as Export Customer Service Officer and was subsequently promoted to Import Manager in 1994. In 1995, he took on the role as Manager of FM(Penang) where he was responsible for the reorganisation and computerisation of the business operations. He was entrusted to spearhead the business operations of FM(Penang) to undertake both import and export LCL consolidation for the northern region of West Malaysia.

7. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT OF THE FM GROUP (Cont'd)

In 1997, he was appointed as Executive Director of FM(Penang). In tandem with FMM's business direction, he put in place FCZ warehousing and CFS activities as part of FM(Penang)'s business segment. He also introduced customs brokerage to FM(Penang)'s existing clients. He is also one of the committee members that pioneered the Asean Rail Exchange rail freight service from Penang to Bangkok for the FM Group.

Wong Lee Choo, aged 34, is the Executive Director of FM(Ipoh). After the completion of her Sijil Pelajaran Malaysia, she completed her secretarial course in Stamford College in 1991. She then joined Wonderful Cake House Sdn Bhd as Operation Manager in 1991 and was responsible for the overall achievement of budget and sales target set by the management.

In 1998, she joined FM(Ipoh) as Customer Service Executive and was promoted in August 2000 to Manager of FM(Ipoh). She was responsible for the improvement of the FM Group's market presence in the Kinta Valley region. On 9 July 2002, she was promoted and assumed her current position. Her responsibilities include managing the entire operations of FM(Ipoh) and developing the market presence of FM Group in Kinta Valley. With the support from a team of staff, she set-up a customer service team to support FM(Ipoh)'s growth.

Goh Chong Weng, aged 44, is the Executive Director of FMHWL. In 1979, he obtained a Higher Diploma in LCCI. He forayed into the freight forwarding industry when he joined Wexco Airfreight (M) Sdn Bhd ("Wexco") in 1984 as Sales Executive. He left Wexco in 1986 to join Curio Pack Sdn Bhd as Operation Manager and in 1988, he joined Yamato Transport Sdn Bhd, also as Operation Manager. Thereafter, in 1989, he rejoined Wexco as Sales Manager and later was promoted to Customer Service Manager.

In 1994, He joined FMHWL as General Manager and assumed his present position in FMHWL on 15 September 1995. He is responsible for the overall development of the air freight services for the FM Group, which has grown from an initial staff strength of 3 to over 50.

Teh Swee Sim, aged 54, is the Executive Director of FMHWL. She obtained her Senior Cambridge High School Certificate in 1964 and since then has accumulated over 38 years of experience in the logistic and freight forwarding industries.

She started her career with Boustead Shipping Agencies as a clerk in 1966 and during the same year she joined Harrisons & Crosfield (M) Sdn Bhd as a shipping clerk until 1985. In 1985, she was a director and shareholder of CT Express Sdn Bhd, which is principally involved in customs brokerage. In 1988, she left to join FMM as the Sales Manager. In 1990, she assumed her current position as a director of FMHWL. Her primary responsibilities include managing and improving customer services for FMHWL and negotiating with the air carriers for competitive rates and space.

Cheong Tak Hua, aged 48, is the Marketing Manager of ALSB. He obtained a Diploma in Marketing from the Institute of Marketing, United Kingdom in 1985.

He commenced his career as Marketing Assistant in Intas Sdn Bhd, a subsidiary of Integrated Forwarding and Shipping Sdn Bhd in 1982, where he was responsible for canvassing of cargos for Taiwan and Japan. In 1986, he joined Metroplex Leasing Sdn Bhd as Marketing Executive and was responsible for the marketing of financing and leasing instruments. Thereafter, in 1989, he joined Transocean World Transport Sdn Bhd as the Branch Manager, responsible for the overall operations of the logistics business. In 1996, he joined ALSB as Marketing Manager, where he is responsible for the development of the customs brokerage business.

Azha Bin Halip, aged 32, is the Senior Import Manager of FMM. He completed his Sijil Pelajaran Malaysia in 1989.

7. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT OF THE FM GROUP (Cont'd)

In 1992, he started his career as Sales Executive in Syarikat JASH Enterprise. Subsequently in 1993, he left the company and joined FMM as Import Sales Officer focusing sales on the import sector. In 1996, he was promoted to Assistant Trade Manager to promote the import activities of the FM Group to a network of independent agents throughout Asia region. Subsequently, in 2000, he was promoted as Import Manager and assumed his current position in 2002. As the Senior Import Manager of FMM, he is responsible for developing import sales for the FM Group and overseeing the import sales operations and customer services.

Lim Cheng Kiat, aged 37, is the Senior Sales Manager of FMM. He completed his Sijil Pelajaran Malaysia in 1984.

In 1987, he started his working career as Legal Clerk with L.E. Tan & Co. Subsequently he left the firm in 1991 and joined FMM as Sales Officer and was subsequently promoted to Assistant Sales Manager in 1995. In 1996, he was promoted to Assistant Manager for FM(Penang). Thereafter in 1998, he was promoted to Sales Manager of FMM and in 2002, he assumed his current position. His responsibilities include managing the sales team in FMM and developing the sales coverage in Klang Valley such as conducting market research and developing sales strategies.

Phang Chiun Joo, aged 37, is the Senior Export Manager of FMM. She is a member of the Institute of Chartered Secretaries & Administrator, United Kingdom since February 2002.

In 1987, she started her career as a teacher prior to joining FMM in 1991 as Export Customer Service Officer. In 1995, she was promoted to Assistant Trade Manager (Export). During the same year, she was appointed as the Quality Management Representative to head the steering committee for obtaining ISO 9002 certification for FMM. In 1997 she was promoted to Trade Manager (Export) and in 2001 she was further promoted to Export Manager before she assumed her current position in 2003. Her responsibilities include assisting the Executive Director responsible for exports services in overseeing the day-to-day running of the export division and the development of the export services business.

Abdul Jalil bin Abdullah, aged 41, is the Executive Director of FMD and is also the Senior Manager for the rail freight services of the FM Group. In March 1990, he obtained a Diploma in Business Studies from MARA Institute of Technology and in September 1995, he obtained a Diploma in Freight Forwarding from the Federation of Malaysian Freight Forwarders.

He commenced his career with Malaysian French Bank Berhad in 1989 as Management Trainee and in 1990 joined FMM as Management Trainee in the import department. He was subsequently promoted to Assistant Customer Service Manager in 1992 and was further promoted as Export Manager in 1995 where he was responsible for the development of export sales, documentation and customer service. In 1998, he was promoted as Senior Export Manager where he is responsible for the development of the import and export rail freight services of the FM Group.

Glen Edward Richards, aged 36, is the Senior Manager of FMM. In 2000, he obtained a Diploma in Marketing from Chartered Institute of Marketing, United Kingdom.

He commenced his career with Hock Hua Bank Berhad as Bank Clerk in 1987. He left in 1992 to joined Cougar Logistics Sdn Bhd as Marketing Executive. Thereafter he left to join Perak Freight Services Sdn Bhd in 1995 before joining FMM in 1997 as Manager where he was responsible for the logistics and distribution activities of FMM. In 1999, he was appointed as Manager of FM(Melaka) and subsequently assumed his current position in 2001. As the Senior Manager, his main responsibilities include managing and development of warehousing and distribution activities of FMM.

7. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT OF THE FM GROUP (Cont'd)

7.4 INVOLVEMENT OF EXECUTIVE DIRECTORS/KEY MANAGEMENT IN OTHER BUSINESSES/CORPORATIONS

Save as disclosed below, none of the Executive Directors and key management of the Group has involvement in other businesses or corporations.

Chew Chong Keat is a non-executive director and shareholder of FM Forwarding Sdn Bhd. His involvement in FM Forwarding Sdn Bhd is not significant as to negatively impact his ability to act as the Managing Director of FMH.

Yang Heng Lam is a shareholder of FM Forwarding Sdn Bhd. His involvement in FM Forwarding Sdn Bhd is not significant as to negatively impact his ability to act as the Executive Director of FMH.

Gan Siew Yong is a director and shareholder of Millenium Express Sdn Bhd, a dormant company. Her involvement is not significant as to negatively impact her duties as the Executive Director of FMH.

Goh Chong Weng is a director and shareholder of Summit Avenue Sdn Bhd, a dormant company. His involvement is not significant as to negatively impact his duties in the Group.

Azha bin Halip is a non-executive director and shareholder of FM Forwarding Sdn Bhd and Advance Logistics Sdn Bhd, and a director and shareholder of Haluan Sekata Sdn Bhd, a dormant company. His involvement is not significant as to negatively impact his duties in the Group.

Abdul Jalil bin Abdullah is a non-executive director of FM Forwarding Sdn Bhd and Advance Logistics Sdn Bhd, and a director of Haluan Sekata Sdn Bhd, a dormant company. He is also a shareholder of Advance Logistics Sdn Bhd and Haluan Sekata Sdn Bhd. His involvement is not significant as to negatively impact his duties in the Group.

Glen Edward Richards is a non-executive director and shareholder of Aviary Sdn Bhd and Charing Cross Sdn Bhd, a dormant company. His involvement is not significant as to negatively impact his duties in the Group.

7.5 DECLARATIONS FROM THE DIRECTORS AND KEY MANAGEMENT

None of the Directors or key management of the FM Group is or was involved in any of the following events (whether in or outside Malaysia):

- (a) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any company of which he was a director or key personnel;
- (b) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (c) the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

7. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT OF THE FM GROUP (Cont'd)

7.6 AUDIT COMMITTEE

The composition of the Audit Committee is as follows:

Name	Designation	Directorship
Datuk Dr. Haji Noordin bin Haji Abd. Razak	Chairman	Independent Non-Executive Director
Yang Heng Lam	Member	Executive Director
Aaron Sim Kwee Lein	Member	Independent Non-Executive Director

The Audit Committee is responsible for the recommendation to the Board of Directors regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by the Group's external auditors and reviews and evaluates the Group's internal audit and control functions. The Audit Committee is also responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

7.7 FAMILY RELATIONSHIPS

Save as disclosed below, there are no other relationships or associations between the substantial shareholders, Promoters, Directors and key management of the FM Group:

- (a) Gan Siew Geok and Gan Siew Yong are siblings; and
- (b) Gan Siew Yong is the spouse of Chew Chong Keat.

7.8 SERVICE AGREEMENTS

Save for the usual employment contracts with all employees of the FM Group, none of the Directors or key management of the Company have any existing or proposed service agreements with the FM Group, which is not terminable by notice or which provides for payment of compensation other than statutory compensation.

7.9 MORATORIUM ON SALE OF SHARES

The SC, in approving the Listing of FMH, has imposed a moratorium on the disposal of the Shares held by the Promoters.

Accordingly, the Promoters as listed in the table below will not be allowed to sell, transfer or assign their respective portions of Shares in FMH, representing 45% of the enlarged issued and paid-up share capital of 85,200,000 Shares, within 1 year from the date of admission of the Company to the Official List of the Second Board of Bursa Securities.

7. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT OF THE FM GROUP (Cont'd)

The shareholdings of the Promoters after the Listing that are under moratorium as imposed by the SC are set out below:

Shareholder	Shareholdings after the Flotation Scheme		Shareholdings under moratorium	
	No. of Shares	% of enlarged issued and paid-up share capital	No. of Shares	% of enlarged issued and paid-up share capital
Chew Chong Keat	24,801,948*	29.11%	21,272,641	25.0%
Yang Heng Lam	16,195,852*	19.00%	13,891,190	16.3%
Gan Siew Yong	3,703,122*	4.35%	3,176,169	3.7%
	44,700,922	52.4%	38,340,000	45.0%

Note:

* Assuming that they take up in full their respective pink form allocations pursuant to the Public Issue

The restriction, which is fully accepted by the abovementioned shareholders, is specifically endorsed on the share certificates representing the shareholders' respective shareholdings which are under moratorium to ensure that the share registrar of FMH does not register any transfer not in compliance with the restriction imposed by the SC.

The endorsement which will be affixed in the certificates of the securities under moratorium is as follows:

"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the Securities Commission ("Moratorium Period"). The shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."

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8. APPROVALS AND CONDITIONS

8.1 CONDITIONS ON APPROVALS FOR THE FLOTATION SCHEME

The Flotation Scheme has been approved by the MITI on 22 July 2004 and the SC on 8 November 2004.

The conditions imposed by MITI and SC and their respective status of compliance are set out below.

Authority / details of conditions imposed	Status of compliance																								
<u>Conditions imposed by MITI vide its letter dated 22 July 2004</u>																									
1. To obtain the SC's approval for the listing scheme and to comply with the requirements of the Guidelines on the Acquisition of Interests, Mergers and Take Over;	Complied. The approval of the SC was obtained on 8 November 2004																								
2. The allocation of 25,560,000 Issue Shares as a whole, representing 30% of the enlarged issued and paid-up capital, is subject to the approval of MITI by way of private placement after obtaining SC's approval; and	Complied.																								
3. The recognition of Syed Ahamed bin Abd. Majeed as the approved Bumiputera shareholder of FMH is subject to the condition that 30% of the total recognised Bumiputera portion of Syed Ahamed bin Abd. Majeed may be disposed within three months after the Company is listed and the remaining 70% may be disposed in stages subject to prior approval being obtained from MITI.	Noted. To be complied.																								
<u>Conditions imposed by the SC vide its letter dated 8 November 2004</u>																									
1. FMH to disclose the status of the utilisation of the listing proceeds in its quarterly and annual reports until the proceeds are fully utilised;	Noted. To be complied.																								
2. Moratorium on the sale of shares to be imposed on the promoters of FMH, where they are not allowed to sell, transfer or assign their shareholdings in FMH for a period of one year from the date of admission of FMH to the Second Board of Bursa Securities, as follows:	Complied.																								
	<table border="1"> <thead> <tr> <th rowspan="2">Shareholders</th> <th colspan="2">Shareholdings after Listing</th> <th colspan="2">Shareholdings under moratorium</th> </tr> <tr> <th>No. of Shares</th> <th>%</th> <th>No. of Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Chew Chong Keat</td> <td>24,801,948</td> <td>29.1</td> <td>21,272,641</td> <td>25.0</td> </tr> <tr> <td>Yang Heng Lam</td> <td>16,195,852</td> <td>19.0</td> <td>13,891,190</td> <td>16.3</td> </tr> <tr> <td>Gan Siew Yong</td> <td>3,703,122</td> <td>4.3</td> <td>3,176,169</td> <td>3.7</td> </tr> </tbody> </table>	Shareholders	Shareholdings after Listing		Shareholdings under moratorium		No. of Shares	%	No. of Shares	%	Chew Chong Keat	24,801,948	29.1	21,272,641	25.0	Yang Heng Lam	16,195,852	19.0	13,891,190	16.3	Gan Siew Yong	3,703,122	4.3	3,176,169	3.7
Shareholders	Shareholdings after Listing		Shareholdings under moratorium																						
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Gan Siew Yong	3,703,122	4.3	3,176,169	3.7																					

8. APPROVALS AND CONDITIONS (Cont'd)

Authority / details of conditions imposed	Status of compliance															
3. FMH to disclose in its Prospectus the following:																
(a) The absence of a formal agreement/contract between FMH and KTMB presently and the steps taken to mitigate the risks arising thereof;	Complied. On 7 December 2004, FMH has entered into a railway services agreement to formalise the business arrangement with KTMB.															
(b) Competition faced by FMH and the steps taken to mitigate the risks arising therefrom;	Complied. Please refer to Section 4 of this Prospectus.															
(c) Details and status of the material litigation between Lee Chin Lai, FMM and Chew Chong Keat together with the solicitors opinion thereof;	Complied.															
(d) Related party transactions as well as the measures to deal with any conflict of interest situations that may arise in the future;	Complied <i>via</i> undertaking letters dated 10 December 2004, 13 December 2004 and 14 December 2004 furnished to the SC. Please refer to Section 9 for disclosure of related party transactions and measures to deal with potential conflict of interest situations.															
4. FMWL(Penang) to cease paying Employees Provident Fund ("EPF") and Social Security Organisation ("SOCSO") contributions on behalf of FM Forwarding Sdn Bhd ("FM Forwarding");	Complied <i>via</i> Directors' Resolution dated 10 December 2004 furnished to the SC.															
5. Directors of FMH to ensure that all related-party transactions are conducted on an arm's length basis and are not detrimental to FMH;	Complied <i>via</i> Directors' Resolution dated 10 December 2004 furnished to the SC.															
6. Directors of FMH to ensure that the exclusive services agreement entered into between FMM and FM Forwarding and Advance Logistics Sdn Bhd ("Logistics"), whereby FM Forwarding and Logistics provide their customs clearance services exclusively only to certain subsidiaries within the FM Group, be continued indefinitely as long as the existing Directors, substantial shareholders and key management continue to hold interest in FM Forwarding and Logistics;	Complied <i>via</i> letters dated 14 December 2004 furnished to the SC.															
7. The equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in FMH would change arising from the implementation of the flotation proposal, as follows:																
	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Before proposals (%)</th> <th style="text-align: center;">After proposals (%)</th> </tr> </thead> <tbody> <tr> <td>Bumiputera</td> <td style="text-align: center;">-</td> <td style="text-align: center;">30.20</td> </tr> <tr> <td>Non-Bumiputera</td> <td style="text-align: center;">100.00</td> <td style="text-align: center;">69.80</td> </tr> <tr> <td>Foreigners</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">100.00</td> <td style="text-align: center;">100.00</td> </tr> </tbody> </table>		Before proposals (%)	After proposals (%)	Bumiputera	-	30.20	Non-Bumiputera	100.00	69.80	Foreigners	-	-	Total	100.00	100.00
	Before proposals (%)	After proposals (%)														
Bumiputera	-	30.20														
Non-Bumiputera	100.00	69.80														
Foreigners	-	-														
Total	100.00	100.00														
FMH to obtain MITI's approval for the allocation of 25,560,000 Shares to Bumiputera investors to comply with the National Development Policy (NDP) Requirement;	To be complied upon Listing.															

8. APPROVALS AND CONDITIONS (Cont'd)

Authority / details of conditions imposed	Status of compliance
8. RHB Sakura/FMH to inform SC of the status of compliance with the NDP Requirement upon completion of the Flotation Scheme; and	To be complied.
9. RHB Sakura/FMH to fully comply with the Policies and Guidelines on Issue/Offer of Securities relating to the implementation of the Flotation Scheme.	To be complied.

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9. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

9.1 RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

(a) Save as disclosed below, none of the Directors, substantial shareholders or key management have any interest, whether direct or indirect, in any business carrying on a similar trade as the FM Group.

(i) Chew Chong Keat

Company	Principal activities	% equity held		Position in company
		Direct	Indirect	
FM Forwarding Sdn Bhd ("FM Forwarding")	Forwarding Licensee	24.8%	5.6 ¹ %	Non-Executive Director

Note:

1 Deemed interested pursuant to Section 6A of the Act by virtue of his shareholdings in FMM

(ii) Yang Heng Lam

Company	Principal activities	% equity held		Position in Company
		Direct	Indirect	
FM Forwarding	Forwarding Licensee	14.1%	5.6 ¹ %	-

Note:

1 Deemed interested pursuant to Section 6A of the Act by virtue of his shareholdings in FMM

(iii) Azha bin Halip

Company	Principal activities	% equity held		Position in company
		Direct	Indirect	
FM Forwarding	Forwarding Licensee	55.6%	-	Non-Executive Director
Advance Logistics Sdn Bhd ("Logistics")	Forwarding Licensee	41.0%	-	Non-Executive Director

(iv) Abdul Jalil Hj. Abdullah

Company	Principal activities	% equity held		Position in Company
		Direct	Indirect	
Logistics	Forwarding Licensee	10.0%	-	Non-Executive Director
FM Forwarding	Forwarding Licensee	-	-	Non-Executive Director

9. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

The Directors of FMH are of the view that the interests set out in (i) to (iv) above do not give rise to any conflict of interest for the following reasons:

- There is a distinct difference between the principal activities of FM Forwarding and Logistics and the FM Group as FM Forwarding and Logistics are agents licensed by the Jabatan Kastam DiRaja Malaysia to operate in and provide customs clearance services ("Licensed Agent"), whereas the FM Group is not a Licensed Agent. The FM Group's modus operandi is to act as an intermediary agent to arrange customs clearance services for its customers with Licensed Agents such as FM Forwarding and Logistics. Accordingly, although FM Forwarding and Logistics and the FM Group operate within the same logistics industry, their business activities are not similar but complementary.
- On 20 January 2004, FM Forwarding had entered into an Exclusive Services Agreement with FM(Penang), FM(Ipoh), FMHWL and FMWL(Penang) whereby FM Forwarding will allocate its customs clearance services to FM(Penang), FM(Ipoh), FMHWL and FMWL(Penang) exclusively. Similarly, Logistics had also entered into an Exclusive Services Agreement with ALSB on 20 January 2004 whereby Logistics will allocate its customs clearance services to ALSB exclusively. The rationale for the said Exclusive Services Agreements is to ensure that the FM Group is provided with reliable and priority service in terms of customs clearance services in view of the increase in volume of FM Group's customs clearance activities. It should be noted that the said exclusivity does not apply to the FM Group and therefore the FM Group can choose to utilise the services of other Licensed Agents if necessary. The terms of the said Exclusive Services Agreements also provide that all transactions between the parties will be on fair market rates and as such, would not be unfavourable to the FM Group.
- As set out in (i) to (iv) above, Chew Chong Keat, Abdul Jalil bin Abdullah and Azha bin Halip are non-executive directors of FM Forwarding. Chew Chong Keat, Yang Heng Lam and Azha bin Halip are substantial shareholders of FM Forwarding. Although the said individuals are shareholders and/or non-executive directors of FM Forwarding, they are not involved in the day-to-day management and activities of FM Forwarding which are run by professional managers. Similarly, although Azha bin Halip and Abdul Jalil bin Abdullah are substantial shareholders and non-executive directors of Logistics, they are not involved in the day-to-day management and activities of Logistics which are run by professional managers.

To mitigate any potential conflict of interest situation, the Directors, substantial shareholders and key management of the Group have provided written undertakings not to be involved in any new businesses in future carrying on a similar trade as the Group which will give rise to competition/conflict with the current business of the Group.

- (b) Save as disclosed below, none of the Directors or substantial shareholders have any interest, whether direct or indirect, in the promotion of or in any material assets which have, within two years preceding the date of this Prospectus, been acquired by or disposed of or leased to the Company or its subsidiaries, or any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company:
- (i) Sale and Purchase Agreement dated 22 May 2004 between Chew Chong Keat, Yang Heng Lam, Gan Siew Yong ("Vendors") and FMH in respect of the Acquisition of FMM as set out in Section 6.3(b)(i) for a purchase consideration of RM17,774,783 ("Purchase Price") apportioned between the Vendors in the proportions as set out in the agreement and is satisfied by the issue to the Vendors in the proportions set out in the agreement of 35,549,566 Shares issued at par, credited as fully paid up and equivalent to the Purchase Price. The acquisition was completed on 30 November 2004;

9. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (ii) Sale and Purchase Agreement dated 22 May 2004 between Cheong Tak Hua, Law Kok Voon, Syed Ahamed b. Abdul Majeed, Gunasekaran a/l Marimuthoo, FMM ("Vendors") and FMH in respect of the Acquisitions from Minority Shareholders and the Transfer of Equity Interests for the shares in ALSB as set out in Sections 6.3(c) and 6.3(d)(ii) for an aggregate purchase consideration of RM513,112 ("Purchase Price") apportioned between the Vendors in the manner as set out in the agreement and is satisfied by the issue to the Vendors in the proportions set out in the agreement of 502,850 new Shares issued at par, credited as fully paid up and the payment of the sum of RM261,687 to the Vendors in the proportions set out in the agreement. The acquisition was completed on 1 December 2004;
- (iii) Sale and Purchase Agreement dated 22 May 2004 between Wong Lee Choo, FMM ("Vendors") and FMH in respect of the Acquisitions from Minority Shareholders and the Transfer of Equity Interests for the shares in FM(Ipoh) as set out in Sections 6.3(c) and 6.3(d)(ii) for an aggregate purchase consideration of RM1,407,960 ("Purchase Price") apportioned between the Vendors in the manner as set out in the agreement and is satisfied by the issue to the Vendors in the proportions set out in the agreement of 281,592 new Shares issued at par, credited as fully paid up and the payment of the sum of RM1,267,164 to the Vendors in the proportions set out in the agreement. The acquisition was completed on 1 December 2004;
- (iv) Sale and Purchase Agreement dated 22 May 2004 between Ong Looi Chai, FMM ("Vendors") and FMH in respect of the Acquisitions from Minority Shareholders and the Transfer of Equity Interests for the shares in FM(Penang) as set out in Sections 6.3(c) and 6.3(d)(ii) for an aggregate purchase consideration of RM3,073,499 ("Purchase Price") apportioned between the Vendors in the manner as set out in the agreement and is satisfied by the issue to the Vendors in the proportions set out in the agreement of 922,050 new Shares issued at par, credited as fully paid up and the payment of the sum of RM2,612,474 to the Vendors in the proportions set out in the agreement. The acquisition was completed on 1 December 2004;
- (v) Sale and Purchase Agreement dated 22 May 2004 between Goh Chong Weng, Teh Swee Sim, FMM ("Vendors") and FMH in respect of the Acquisitions from Minority Shareholders and the Transfer of Equity Interests for the shares in FMHWL as set out in Sections 6.3(c) and 6.3(d)(ii) for an aggregate purchase consideration of RM3,092,642 ("Purchase Price") apportioned between the Vendors in the manner as set out in the agreement and is satisfied by the issue to the Vendors in the proportions set out in the agreement of 1,855,586 new Shares issued at par, credited as fully paid up and the payment of the sum of RM2,164,849 to the Vendors in the proportions set out in the agreement. The acquisition was completed on 1 December 2004;
- (vi) Sale and Purchase Agreement dated 22 May 2004 between FM(Penang) and FMM in respect of the Transfer of FMWL(Penang) for the shares in FMWL(Penang) as set out in Section 6.3(d)(i) for a cash consideration of RM165,660. The acquisition was completed on 1 December 2004; and
- (vii) Transfer made on 30 November 2004 between FMM, Chew Chong Keat, Yang Heng Lam and Gan Siew Yong as transferors and FMH as transferee for the Acquisition of ILSB as set out in Section 6.3(b)(ii) for a cash consideration of RM1.

9. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (c) The FM Group, in its ordinary course of business, enters into recurrent related party transactions with certain parties related to the substantial shareholders and/or Directors of FMH, as described below:

Name of company	Principal activities	Nature of transaction	Interested related party	Nature of interest	% shareholding in the company	
					Direct	Indirect
Tuck Sun & Co (M) Sdn Bhd ("TSMMSB")	Forwarding agent, transportation of goods, cargo and other similar activities	Provide forwarding services to Aluminium Company of Malaysia Berhad, a customer of FMM	Chew Chong Keat	One of the directors of TSMMSB is a sibling of Chew Chong Keat.	-	-
				Chew Fook Sun Holdings Sdn Bhd, a substantial shareholder of TSMMSB, is owned by the siblings of Chew Chong Keat		
TS TransAsia Sdn Bhd ("TSSB")	Freight forwarders and rail operator	Customer and vendor of FMM	Gan Siew Yong	Spouse of Chew Chong Keat	-	-
			Chew Chong Keat	One of the directors of TSSB is a sibling of Chew Chong Keat		
TS Freight Services Sdn Bhd ("TSFSB")	Air, rail, sea freight forwarder	Customer and vendor of FMM	Gan Siew Yong	Spouse of Chew Chong Keat	-	-
			Chew Chong Keat	One of the directors of TSFSB is a sibling of Chew Chong Keat		
FM Forwarding	Forwarding Licensee	Provision of customs clearance services exclusively for FM(Penang), FM (Ipoh), FMHWL and FMWI(Penang)	Chew Chong Keat	Chew Chong Keat is a non-executive director and substantial shareholder of FM Forwarding	24.8	5.6 ¹

9. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Name of company	Principal activities	Nature of transaction	Interested related party	Nature of interest	% shareholding in the company	
					Direct	Indirect
			Yang Heng Lam	Yang Heng Lam is a substantial shareholder of FM Forwarding	14.0	5.6 ¹
			Gan Siew Yong	Spouse of Chew Chong Keat	-	-
			Azha bin Halip	Azha B. Halip is a non-executive director and shareholder of FM Forwarding	55.6	-
			Abdul Jalil bin Abdullah	Abdul Jalil Hj. Abdullah is a non-executive director of FM Forwarding	-	-
Logistics	Forwarding Licences	Provision of customs clearance services exclusively for ALSB	Azha B. Halip	Azha B. Halip is a director and shareholder of Logistics	41.0	-
			Abdul Jalil Hj. Abdullah	Abdul Jalil Hj. Abdullah is a director and shareholder of Logistics	10.0	-

Note:

1 Deemed interested pursuant to Section 6A of the Act by virtue of his shareholdings in FMM

(d) Review procedures for the recurrent related party transactions

The Group has implemented the following methods and procedures by which the transaction prices are determined to ensure that the recurrent related party transactions are undertaken on an arm's length basis, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and are not prejudicial to the minority shareholders:

- (i) a list of companies connected to the related parties will be circulated within the Group and all contracting parties will be notified that all recurrent related party transactions are required to be undertaken on arm's length basis and on normal commercial terms;
- (ii) the transaction prices and terms are determined based on the prevailing market rates which are determined by market forces, demand and supply, quality of the product and other relevant factors, and where appropriate, at least 2 quotations will be obtained from unrelated third parties to ascertain the appropriate transaction prices;

9. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (iii) the Audit Committee will delegate the day-to-day endorsement of recurrent related party transactions to FMH's Managing Director, who will ensure that the recurrent related party transactions are entered into on arms length basis, based on commercial terms and are not more favourable to the related party than those generally available to the public and are not prejudicial to the minority shareholders;
 - (iv) the Audit Committee will review and ratify at each Audit Committee meeting, the transactions that the management has identified as recurrent related party transactions and ensure that the recurrent related party transactions are entered into on arms length basis, based on commercial terms and are not more favourable to the related party than those generally available to the public and are not prejudicial to the minority shareholders;
 - (v) the Audit Committee will review conflict of interest situations that may arise within the FM Group as a result of the recurrent related party transactions to ensure that the appropriate procedures have been followed and it would not be prejudicial to the minority shareholders;
 - (vi) the Audit Committee has the overall responsibility to determine the review procedures and shall continue to review the adequacy and appropriateness of the procedures as and when required;
 - (vii) where any Director has an interest (direct or indirect) in any recurrent related party transactions, such Director shall abstain from deliberation and voting on the recurrent related party transactions. Where any member of the Audit Committee is interested in any transaction, that member will abstain from deliberation and voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such recurrent related party transactions; and
 - (viii) the Audit Committee will ensure that disclosure shall be made in the annual report of FMH of the aggregate value of transactions conducted during the relevant financial year based on the types of recurrent related party transactions and the names of the related parties involved in each type of recurrent related party transactions and their relationship with the FM Group.
- (e) There are no outstanding loans and/or guarantees of any kind made by FMH or any of its subsidiaries to or for the benefit of the related parties.
- (f) Save as disclosed in Section 17.8 on material contracts, the Group has not entered into any transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which FMH or any of its subsidiary companies was a party during the FYE 30 June 2004 and the period immediately preceding the date of this Prospectus.

9.2 DECLARATIONS BY THE ADVISERS

RHB Sakura has given its confirmation that there is no conflict of interest in its capacity as the Financial Adviser, Underwriter and Placement Agent for the Flotation Scheme.

Messrs Cheang & Ariff has given its confirmation that there is no conflict of interest in its capacity as the Solicitors for the Flotation Scheme.

Messrs BDO Binder has given its confirmation that there is no conflict of interest in its capacity as the Auditors for the Group and Reporting Accountants for the Flotation Scheme.

Frost & Sullivan has given its confirmation that there is no conflict of interest in its capacity as the Independent Market Research Consultant for the Flotation Scheme.

10. LICENCES, PERMITS AND REGISTRATIONS

As at the date of this Prospectus, FMH has no licences, permits or registrations. The licences, permits and registrations of its subsidiaries, together with the conditions attached thereto and status of compliance thereon, are as follows:

Company	Approving Authority	Type of licence / registration/ licence and serial number	Date of issuance / expiry	Equity, employment and/or other major conditions imposed	Status of compliance
FMM	Jabatan Kastam DiRaja Selangor	Approval for the use of lorry/ locked van bearing registration nos. BDS 4418, BEW 4502, BFC 9206, BEF 6745, BDU 8286 and BDV 1225 to carry dutiable goods.	25 April 2004/ 25 April 2005	<p>Bond amounting to RM10,000 has been registered as Bon Am No KE.BB(25)B68/04/04K to Bon Am No KE.BB(25)B73/04/04K to secure compliance with the conditions imposed.</p> <p>Transfer is limited to the following goods:</p> <ul style="list-style-type: none"> (a) Garments (b) Toys (c) Textiles (d) Electrical goods (e) Fabrics Yarn (f) Perfumes (g) Raw materials and components (h) Liquors (i) Tobacco (j) Fruits (k) Vegetables <p>In the event of change of ownership of the vehicle, approval to use locked van/ opened lorry shall lapse accordingly. The company shall inform the Customs Office in the event of change of ownership.</p> <p>Approval may be retracted at any time without giving any reasons whatsoever.</p> <p>Any additional conditions or amendments to the conditions currently in force can be made by the Customs at any time as it thinks fit.</p> <p>Approval will be retracted if the company is involved in any act of corruption or mal-administration.</p>	Met

10. LICENCES, PERMITS AND REGISTRATIONS (Cont'd)

Company	Approving Authority	Type of licence / registration/ licence and serial number	Date of issuance / expiry	Equity, employment and/or other major conditions imposed	Status of compliance
	Majlis Perbandaran Klang	Premise/ Signboard Licence 2004 (Code 289) for Lot 8, Lingkaran Sultan Mohamed 2, Bandar Sultan Suleiman, 42000 Pelabuhan Kelang.	27 February 2004/ 31 December 2004 ³	Nil	Met
		Type of Business: Warehouse			
	Majlis Perbandaran Klang	Premise/ Signboard Licence 2004 (Code 289) for Lot 14, Lingkaran Sultan Mohamed 2, Kawasan Perusahaan Bandar Sultan Suleiman, 42000 Pelabuhan Kelang.	27 February 2004/ 31 December 2004 ³	Nil	Met
		Type of Business: Warehouse			
	Majlis Perbandaran Klang	Premise/ Signboard Licence 2004 (Code 009) for Lot 8, Lingkaran Sultan Mohamed 2, Bandar Sultan Suleiman, 42000 Pelabuhan Klang.	25 October 2003/ 31 December 2004 ³	Nil	Met

10. LICENCES, PERMITS AND REGISTRATIONS (Cont'd)

Company	Approving Authority	Type of licence / registration/ licence and serial number	Date of issuance / expiry	Equity, employment and/or other major conditions imposed	Status of compliance
	Majlis Bandaraya Melaka Bersejarah	Business/ Signboard Licence for No 47, Jalan Melaka Baru 22, Taman Melaka Baru, BT Berendam, 75350 Melaka.	8 December 2003/ 31 December 2004 ³	Nil	Met
FM(Penang)	Majlis Perbandaran Seberang Perai	Licence for Forwarding Agent (Office) for No 4453, Jalan Bagan Luar, 12000 Butterworth, Penang.	9 January 2004/ 31 December 2004 ³	Nil	Met
FM(Ipoh)	Majlis Bandaraya Ipoh	Signboard Licence for No 32-B, Jalan Ng Weng Hup, Taman Pertama, 30100 Ipoh, Perak Darul Ridzuan.	1 January 2004/ 31 December 2004 ³	Nil	Met
FMD	Kastam DiRaja Malaysia	Warehouse Licence for Lot 8, Lingkaran Sultan Mohamed 2, Bandar Sultan Suleiman, 42000 Pelabuhan Kelang. (see Note 1)	3 June 2004/ 31 May 2005	Licence Holder shall inform the relevant Deputy Customs Officer the names and addresses of the persons whose goods are kept in the Licenced Warehouse. Stock books and other records as required by the Director General of Customs or Authorised Customs Officer shall be maintained by the Licence Holder and kept in the Licenced Warehouse and such stock books and records may be inspected by the Authorised Customs Officer at any time. A Monthly Statement as attached shall be produced to the Authorised Customs Officer for further action of the Department.	Met

10. LICENCES, PERMITS AND REGISTRATIONS (Cont'd)

Company	Approving Authority	Type of licence / registration/ licence and serial number	Date of issuance / expiry	Equity, employment and/or other major conditions imposed	Status of compliance
				<p>Annual stock check shall be conducted on the goods kept in the Licenced Warehouse no later than the month of December and the records and stock books kept shall be audited and certified by an approved Accountant. A copy of the audited record shall be sent to the Authorised Customs Officer at Port Klang.</p> <p>Goods kept in the Customs Warehouse shall be insured at all times and the insured value shall commensurate with the value of goods and amount of the duty and tax imposed on such goods.</p> <p>Licence Holder shall inform the Authorised Customs Officer at Port Klang of any change of directorship in the company.</p> <p>Licence may be cancelled in the event of breach of any of the above mentioned conditions or as directed by the Director General of Customs.</p> <p>The Director General of Customs may impose any other conditions as he thinks fit.</p>	

10. LICENCES, PERMITS AND REGISTRATIONS (Cont'd)

Company	Approving Authority	Type of licence / registration/ licence and serial number	Date of issuance / expiry	Equity, employment and/or other major conditions imposed	Status of compliance
	Kastam DiRaja Malaysia	Warehouse Licence for Lot 14, Lingkaran Sultan Mohamed 2, Kawasan Perusahaan Bandar Sultan Suleiman, 42000 Pelabuhan Kelang. (see Note 2)	29 July 2004/31 July 2005	(similar to the above Warehouse Licence)	Met
	Jabatan Kastam DiRaja Selangor	Approval for the use of lorry/ locked van bearing registration no BED 5704 to carry dutiable goods	15 May 2004 / 15 May 2005	Bond amounting to RM10,000 has been registered as Bon Am No KE. BB (25) B 45/10/03 to secure compliance with the conditions imposed. (similar to the above Approval for the use of lorry/ locked van)	Met

The above licences are subject to annual renewal as and when required.

Notes:

1. *The warehouse licence was issued pursuant to a letter of approval dated 12 July 1999 from the Ministry of Finance, Malaysia*
2. *The warehouse licence was issued pursuant to a letter of approval dated 11 July 2002 from the Ministry of Finance, Malaysia*
3. *These licences will be renewed upon expiry*

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11. LAND AND BUILDINGS

Details on the land and buildings owned by the FM Group are as follows:

Registered owner / (Beneficial Owner)	Postal address / location	Description/ existing use	Certificate of Fitness	Tenure of land (years)	Land area / Approximate built-up area (square feet)	Approximate age of building	Audited net book value as at 30.06.04 RM
FMM	HS(D) 71692, PT 67124, Mukim Klang, Daerah Klang, Negeri Selangor Postal Address: Lot No 24, Section 5 (formerly known as Section 4), Phase 2A Pulau Indah Industrial Park, West Port, Selangor Darul Ehsan Restrictions in interest: The land cannot be transferred, leased or charged without the consent of the State Authority.	Industrial land / Vacant	Not Applicable	99 years ending on 24 February 2097	106,589/ Nil	Nil	2,164,651
FMM	HS(D) 72751, PT 144740, Mukim Hulu Kinta, Daerah Kinta, Negeri Perak Postal Address: No 26, Jalan SCI 1/10, Sunway City, 31150 Ipoh, Perak Darul Ridzuan	1½ storey terrace industrial factory / Currently tenanted	Certificate of Fitness dated 25 May 2001 issued by Majlis Bandaraya Ipoh	99 years ending on 27 October 2097	4,490/ 3,060	3 years	352,189

11. LAND AND BUILDINGS (Cont'd)

Registered owner / (Beneficial Owner)	Postal address / location	Description/ existing use	Certificate of Fitness	Tenure of land (years)	Land area / Approximate built-up area (square feet)	Approximate age of building	Audited net book value as at 30.06.04 RM
	Restrictions in interest: The land may be transferred or leased with written consent of the State Authority						
	Encumbrances on property:						
	(i) A first party first legal charge dated 20 August 2003 created in favour of EON Bank Berhad to secure total credit facilities of RM2,000,000; and						
	(ii) A first party second legal charge dated 20 August 2003 created in favour of EON Bank Berhad to secure total credit facilities of RM1,000,000.						
FMM	Geran No. 2893, Lot 1841 Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang Postal Address: No 4453, Jalan Bagan Luar, 12000 Butterworth, Penang	3 storey terrace shop house/ Currently used as an administrative office for the operations of FM(Penang)	Certificate of Fitness dated 5 November 2004 issued by Majlis Perbandaran Seberang Perai	Freehold	1,019/ 4,076	29 years	451,794
	Restrictions in interest: Nil						

11. LAND AND BUILDINGS (Cont'd)

Registered owner / (Beneficial Owner)	Postal address / location	Description/ existing use	Certificate of Fitness	Tenure of land (years)	Land area / Approximate built-up area (square feet)	Approximate age of building	Audited net book value as at 30.06.04 RM
	Encumbrances on property:						
	(i)	A first party first legal charge dated 20 August 2003 created in favour of EON Bank Berhad to secure total credit facilities of RM2,000,000; and					
	(ii)	A first party second legal charge dated 20 August 2003 created in favour of EON Bank Berhad to secure total credit facilities of RMI,000,000.					
PGSB	Master Title: HS(D) 23010, PT 10441, Mukim Kapar, Daerah Kelang, Negeri Selangor	Industrial land created with a single storey warehouse/ factory building with an annexed 4 storey office building and guardhouse/ Currently used as a bonded warehouse and an administrative office for the operations of FMM and headquarter office for FMMH.	Certificate of Fitness dated 1 April 1998 issued by Majlis Bandaraya Klang	99 years ending on 7 June 2088	87,120/ 55,153	7 years	5,724,268
	Postal Address: Lot 8, Lingkar Sultan Mohamed 2, Kawasan Perusahaan Bandar Sultan Sulaiman, 42000 Port Klang, Selangor Darul Ehsan						
	Restrictions in interest: The land cannot be transferred, leased or charged without the consent of the State Authority.						
	Encumbrances on property: Deed of Assignment dated 10 June 1997 by PGSB in favour of OCBC Bank (Malaysia) Berhad to secure total credit facilities of RM8.4 million granted to PGSB and FMM.						

11. LAND AND BUILDINGS (Cont'd)

Registered owner / (Beneficial Owner)	Postal address / location	Description/ existing use	Certificate of Fitness	Tenure of land (years)	Land area / Approximate built-up area (square feet)	Approximate age of building	Audited net book value as at 30.06.04 RM
FM(Penang)	Geran No 2892, Lot 1840, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang Postal Address: No 4454, Jalan Bagan Luar, 12000 Butterworth, Penang Restrictions in interest: Nil	An intermediate 3 storey terrace shophouse/ Currently used as administrative office for the operations of FM(Penang)	Certificate of Fitness dated 5 November 2004 issued by Majlis Perbandaran Seberang Perai	Freehold	Approximately 1,021/ 4,076	29 years	530,013
Advance Logistics Sdn Bhd/ (FMM)	Master Title: H.S(D) 49488 and 49489, PT 49974 and 49975 Mukim Klang, Daerah Klang, Negeri Selangor Postal Address: No. 78-2A, 2nd Floor, Jalan Sg. Chandong 15, Pulau Indah, 42100 Port Klang, Selangor Darul Ehsan	2 nd floor unit of a 4 storey shop office block/ Currently left vacant. Intended use: Administration office for the operation, at WestPort	Certificate of Fitness dated 30 November 2001 issued by Majlis Bandaraya Klang	99 years ending on 11 March 2095	Nil/ 769	4 years	77,921

11. LAND AND BUILDINGS (Cont'd)

Registered owner / (Beneficial Owner)	Postal address / location	Description/ existing use	Certificate of Fitness	Tenure of land (years)	Land area / Approximate built-up area (square feet)	Approximate age of building	Audited net book value as at RM
	Restrictions in interest: The land cannot be transferred, leased or charged without the consent of the State Authority.						
	Encumbrances on property: Nil						
Advance Logistics Sdn Bhd/ (FMM)	Master Title: H.S(D) 49488 and 49489, PT 49974 and 49975 Mukim Klang, Daerah Klang, Negeri Selangor Postal Address: No. 78-2B, 2nd Floor, Jalan Sg. Chandong 15, Pulau Indah, 42100 Port Klang, Selangor Darul Ehsan	2 nd floor unit of a 4 storey shop office block/ Currently left vacant. Intended use: Administration office for the operation, at WestPort	Certificate of Fitness dated 30 November 2001 issued by Majlis Bandaraya Klang	99 years ending on 11 March 2095	Nil/ 765	4 years	71,277
	Restrictions in interest: The land cannot be transferred, leased or charged without the consent of the State Authority.						
	Encumbrances on property: Nil						

Note:

FMM had, on 11 August 2004, entered into a sale and purchase agreement with Mewah-Ojis Sdn Bhd for the acquisition of a plot of leasehold land. However, the completion of the said agreement is subject to the approval of Perbadanan Kemajuan Negeri Selangor ("PKNS") and is expected to be completed within 6 months from the date of the agreement. Please refer to Sections 3.9(a) and 17.8 of this Prospectus for further information.

Save as disclosed above, there are no restrictions in interest for the above properties. In addition, none of the existing use of the land in the above properties breaches the land-use conditions or permissible land use.

12. FINANCIAL INFORMATION**12.1 PROFIT AND DIVIDEND RECORD**

The following tables set out a summary of the Group's financial performance for the past 5 financial years ended 30 June 2004 prepared on the basis of assumption that the existing Group structure has existed throughout the financial years under review. The consolidated profit and dividend records are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 13 of this Prospectus.

Proforma Consolidated Income Statements

	<----- Financial years ended 30 June ----->				
	2000 RM	2001 RM	2002 RM	2003 RM	2004 RM
Revenue	104,390,409	107,739,987	105,636,623	111,142,118	119,490,609
Profit before depreciation, interest and tax	5,788,604	7,757,311	6,334,872	9,047,358	9,914,907
Depreciation	(1,538,855)	(1,766,465)	(1,512,218)	(1,312,055)	(1,455,286)
Interest expense	(435,950)	(355,072)	(536,616)	(484,733)	(308,970)
PBT and share of associate profit	3,813,799	5,635,774	4,286,038	7,250,570	8,150,651
Share of associate profit / (loss)	54,162	47,240	(97,327)	50,764	15,491
PBT	3,867,961	5,683,014	4,188,711	7,301,334	8,166,142
Tax expense	(1,505,702)	(1,529,897)	(2,118,246)	(2,171,750)	(2,346,772)
PAT	2,362,259	4,153,117	2,070,465	5,129,584	5,819,370
Number of ordinary shares assumed in issue	47,980,760	47,980,760	47,980,760	47,980,760	47,980,760
Gross EPS* (RM)	0.08	0.12	0.09	0.15	0.17
Net EPS* (RM)	0.05	0.09	0.04	0.11	0.12

Note:

* The gross and net EPS are computed on the PBT and PAT over the number of ordinary shares assumed in issue of 47,980,760 Shares after completion of Share Split, Acquisitions, Acquisition from Minority Shareholders, Transfers and Capitalisation of Advances but before Public Issue

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12. FINANCIAL INFORMATION (Cont'd)

12.1.1 Segmental analysis of revenue and PBT

(a) By companies

	<-----FYE 30 June----->				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Revenue					
FMH	-	-	-	-	-
FMM	52,716	54,035	55,085	61,075	64,421
FM-Hellmann	19,640	19,814	18,206	14,241	16,082
ALSB	7,497	8,316	8,557	10,016	10,949
CMS	7,863	9,329	11,163	9,805	8,147
FM(Ipoh)	5,301	6,637	5,018	6,583	8,245
FM(Penang)	10,805	12,383	12,443	15,488	17,620
FMWLP	1,433	1,094	1,346	1,449	2,634
FM(Melaka)	1,436	2,138	2,572	1,937	2,921
PGSB	1,020	720	720	720	720
ILSB	235	-	-	-	-
Others*	8,202	8,653	1	-	-
	<u>116,148</u>	<u>123,119</u>	<u>115,111</u>	<u>121,314</u>	<u>131,739</u>
Less: Inter-company sales	(11,758)	(15,379)	(9,474)	(10,172)	(12,248)
	<u>104,390</u>	<u>107,740</u>	<u>105,637</u>	<u>111,142</u>	<u>119,491</u>
(Loss)/Profit Before Taxation					
FMI	-	(2)	(2)	(2)	(3)
FMM	1,158	3,036	1,867	4,503	4,183
FM-Hellmann	955	490	394	849	691
ALSB	135	76	136	315	295
CMS	221	90	185	(86)	(276)
FM(Ipoh)	119	432	385	609	591
FM(Penang)	227	629	580	1,356	1,708
FMWLP	116	(51)	22	15	112
FM(Melaka)	27	71	103	72	69
PGSB	512	392	274	368	427
ILSB	132	(7)	(8)	(3)	(3)
Others*	353	1,529	227	(14)	-
	<u>3,955</u>	<u>6,685</u>	<u>4,163</u>	<u>7,982</u>	<u>7,794</u>
Less: consolidation adjustments	(87)	(1,002)	26	(680)	372
	<u>3,868</u>	<u>5,683</u>	<u>4,189</u>	<u>7,302</u>	<u>8,166</u>

Note:

* Inclusive of former subsidiary companies namely Cargo Distribution Centre Sdn Bhd which was liquidated in 2002 and FM Logistics Sdn Bhd which commenced voluntary liquidation on 7 September 2001.

12. FINANCIAL INFORMATION (Cont'd)**(b) By business services
Analysis of Operating Revenue**

	<-----FYE 30 June----->				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Sea freight	72,373	70,665	64,461	69,550	74,969
Rail freight	7,552	13,934	16,635	20,279	21,347
Air freight	18,140	18,946	17,480	12,885	14,919
Warehouse and distribution	9,550	9,474	5,941	6,506	7,315
Customs brokerage	8,533	10,100	10,594	12,094	13,189
	116,148	123,119	115,111	121,314	131,739
Less: Inter-company sales	(11,758)	(15,379)	(9,474)	(10,172)	(12,248)
Proforma Consolidated Total	104,390	107,740	105,637	111,142	119,491

Commentary**Results of Operations****1 FYE 30 June 2000**

For the FYE 30 June 2000, revenue increased by RM26.9 million or approximately 35% compared to the previous financial year. This was mainly attributable to:

- the inauguration of its rail freight services between Port Klang and Lat Krabang, Bangkok;
- higher contribution from its sea freight services; and
- the cross-selling of its supporting services (such as customs brokerage) to the Group's customers.

The Group's PBT improved by RM1.9 million or approximately 96% due to:

- the improvement in revenue;
- the decrease in interest expense due to the repayment of bank borrowings; and
- higher contribution from its associated company.

The higher effective tax rate applicable to the Group was mainly due to container lease rental expenses being disallowed for taxation deduction purposes.

2 FYE 30 June 2001

For the FYE 30 June 2001, revenue grew by RM3.4 million or approximately 3% compared to the previous financial year. The increase was primarily attributable to the improvement in rail freight services which registered an increase in revenue of RM6.4 million representing a 84.5% increase compared to the previous year.

The Group's PBT improved by RM1.8 million or approximately 47% due to:

- the improvement in revenue; and
- higher contribution from the Group's LCL consolidation business and customs brokerage services which had higher gross profit margins.

The effective tax rate approximated the statutory tax rate.

12. FINANCIAL INFORMATION (Cont'd)

3 FYE 30 June 2002

After achieving 4 consecutive financial years of revenue growth, the Group recorded a marginal decrease in revenue of RM2.1 million or approximately 2% compared to the previous year. Generally, the decrease in revenue was mainly due to a marginal decline in revenue contributions from sea freight and air freight services. However, the said decrease was partially mitigated by an increase in revenue contribution from rail freight services.

The Group's PBT decreased by RM1.5 million or approximately 26% due to:

- the marginal decline in revenue;
- the increase in interest expense;
- lower load factor in respect of its rail freight services which led to a decline in its gross profit margin;
- revised storage charges which led to a decline in revenue derived from its warehouse services; and
- share of losses from FMD, an associated company.

The higher effective tax rate applicable to the Group was mainly due to the container lease rental expenses being disallowed for taxation deduction purposes.

4 FYE 30 June 2003

The Group registered an increase in revenue of RM5.5 million or approximately 5% compared to the previous financial year, mainly due to the general improvement across all segments of the Group's operations (with the exception of its air freight services).

The Group's PBT improved by RM3.1 million or approximately 74% due to:

- the improvement in revenue;
- higher load factor in respect of its rail freight services which improved its gross profit margin; and
- its ability to maintain its operating and administration costs despite an increase in the volume of business activities.

The effective tax rate approximated the statutory tax rate.

5 FYE 30 June 2004

The Group recorded an increase in revenue of RM8.3 million or approximately 7% compared to the previous financial year, mainly contributed by the increase in sea freight and air freight services. The growth in the two main service lines also contributed directly to the growth of its supporting services.

The Group's PBT improved slightly by RM0.8 million or approximately 11% due to:

- the improvement in revenue; and
- its continued efforts to maintain its operating and administration costs despite an increase in the volume of business activities.

The effective tax rate approximated the statutory tax rate.

12. FINANCIAL INFORMATION (Cont'd)

12.1.2 Directors' declaration on financial performance

As at 15 December 2004 (being the latest practicable date prior to the registration of this Prospectus) and save as disclosed in this Prospectus, the Directors of FMH hereby confirm that the financial conditions and operations of the FM Group are not affected by any of the following factors:

- (a) any other known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of the Group;
- (b) any other material commitments for capital expenditure;
- (c) any unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group;
- (d) save for the increase and decrease in revenue as explained in Section 12.1 of this Prospectus, there has not been any substantial increase in revenue for the Group; and
- (e) any known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

12.1.3 Working capital, borrowings, contingent liabilities, capital commitments and material litigation

(a) Working capital

The Directors of FMH are of the opinion that after taking into account the cashflow forecast, banking facilities available and the gross proceeds from the Public Issue, the FM Group will have adequate working capital for a period not less than 12 months from the date of issue of this Prospectus.

(b) Borrowings

As at 30 November 2004 (being the latest practicable date of which such amounts could be determined prior to the registration of this Prospectus), the total interest bearing bank borrowings outstanding from FMH and its subsidiary companies are as follows:

Type of borrowings	RM
Long-term borrowings	
• Term loans	72,312
• Hire purchase and leases	305,209
Short-term borrowings	
• Term loans	56,095
• Hire purchase and leases	290,111
• Bank overdrafts	4,790,916
TOTAL	<u>5,514,643</u>

The Group has no foreign currency borrowings.

There were no defaults on payments of either interest and/or principal sums in respect of any borrowings as set out above throughout FYE 30 June 2004 and the subsequent financial period thereof immediately preceding the date of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)**(c) Contingent liabilities**

As at 30 November 2004, (being the latest practicable date of which such amounts could be determined prior to the registration of this Prospectus), the Directors of FMH are not aware of any contingent liability save as disclosed below:

	RM
Corporate guarantee by FMM in respect of banking facilities granted to its subsidiary companies	
- CMS	600,000
- FM(Penang)	380,000
- PGSB	5,900,000
- ALSB	600,000
Corporate guarantee by PGSB in respect of banking facilities granted to FMM	2,000,000
Total corporate guarantees	<u>9,480,000</u>
Bank guarantees in favour of third parties	1,959,508*
Total	<u>11,439,508</u>

Note:

* These are bank guarantees made in the ordinary course of business mainly in favour of vendors and the Pengarah Kastam of Malaysia and the relevant states in Malaysia

(d) Capital commitments

As at 30 November 2004 (being the latest practicable date of which such amounts could be determined prior to the registration of this Prospectus), the FM Group has contracted but not provided for the following capital commitments:

Type of capital commitments	RM
Purchase of motor vehicles	656,854
Acquisition of land located at Lot 37, Jalan Lebu 1, Kawasan Perusahaan Bandar Sultan Sulaiman, 42000 Selangor Darul Ehsan	9,997,020
Purchase of office equipment and computers	99,723
Total	<u>10,753,597</u>

(e) Material litigation

Save as disclosed below, neither FMH nor any of its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect the financial position of FMH or any of its subsidiaries and the Directors do not know 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 FMH or any of its subsidiaries:

In respect of Kuala Lumpur High Court Suit No: MT5-22-878-2001 dated 27 November 2001 between Lee Chin Lai ("Lee"), FMM and Chew Chong Keat, Lee has filed a Writ of Summons against FMM and Chew Chong Keat for defamation pursuant to 2 internal memos sent by FMM and Chew Chong Keat to Lee and the employees of the FMM in respect of Lee. Lee is claiming for compensatory damages of RM2,000,000 against FMM and RM500,000 against Chew Chong Keat, exemplary/punitive damages, aggravated damages, an injunction against FMM and Chew Chong Keat, its servants or agents or otherwise from further publishing or causing to publish false statements and/or any matters which are derogatory and interests and costs.

12. FINANCIAL INFORMATION (Cont'd)

The matter has been fixed for trial from 14 to 16 February 2006.

The solicitors for FMM and Chew Chong Keat are of the opinion that the suit by Lee against FMM and Chew Chong Keat is frivolous.

12.2 FUTURE FINANCIAL INFORMATION**12.2.1 Consolidated profit forecast and assumptions**

The Directors of FMH forecast that the consolidated PAT of FMH for the FYE 30 June 2005 would be as follows:

FYE 30 June	Forecast 2005
Revenue (RM'000)	128,632
Consolidated PBT (RM'000)	8,479
Taxation (RM'000)	(2,326)
Consolidated PAT* (RM'000)	6,153
Less: pre-acquisition profits* (RM'000)	(2,675)
Consolidated PAT after pre-acquisition profits (RM'000)	3,478
Issued and paid-up share capital - weighted average number of Shares in issue ('000)	43,497
Based on the consolidated PAT after pre-acquisition profits over the weighted average number of ordinary shares in issue:	
- Gross EPS (sen)	19.49
- Net EPS (sen)	8.00
- Gross PE Multiple^ (times)	3.33
- Net PE Multiple^ (times)	8.13

Notes:

* The pre-acquisition profits were computed based on the completion of the Share Split, Acquisitions, Acquisitions from Minority Shareholders, Transfers and Capitalisation of Advances on 2 December 2004.

^ Computed based on an issue price of RM0.65 per Share

There is no minority interest

The principal bases and assumptions upon which the above consolidated forecast have been prepared are set out below:

- (a) There will be no significant changes to the prevailing market, economic and political conditions in Malaysia and elsewhere which the FM Group operates that will adversely affect the activities or performance of the FM Group.
- (b) There will be no significant changes in legislation or government regulations and policies, including tariffs, duties, levies and other taxes, which will adversely affect the FM Group, its operations or the market in which it operates.
- (c) Inflation and exchange rates of foreign currencies will not change significantly from their present levels.

12. FINANCIAL INFORMATION (Cont'd)

- (d) Existing financing facilities will remain available to the FM Group at the prevailing interest rate. Additional financing facilities will be readily available as and when required.
- (e) There will be continuity in the existing management and there will be no material changes in the existing accounting, management and operating policies adopted by the FM Group.
- (f) There will be no unfavourable or major disruptions in the services facilities or supports arising from industrial disputes, labour shortage, or any abnormal circumstances, which will interrupt the continuity of services offered by the FM Group.
- (g) There will be no significant changes in the prevailing direct cost, which will adversely affect the operations of the FM Group.
- (h) Capital expenditure programmes will be implemented and incurred as scheduled with no material changes in the expected cost or price and there will be no material acquisitions or disposals of property, plant and equipment and investment other than those planned.
- (i) There will be no material changes in the structure and present activities of FM Group other than those taken into consideration in the profit forecast.
- (j) The existing contracts and licences of the FM Group will not be terminated or suspended and there will be no significant changes to terms and conditions of these contracts and licences.
- (k) The income tax rate for the forecast year ranges from 20% to 28%.
- (l) The finalisation of tax computations, in particular, the unabsorbed capital and investment allowances and tax losses brought forward will be agreed by the tax authorities without any major revision.
- (m) There will be no material liabilities arising from any legal action instituted against the FM Group in the forecast year.
- (n) The Share Split, Acquisitions, Acquisitions from Minority Shareholders, Transfers and Capitalisation of Advances were completed by 2 December 2004. The Public Issue and Listing will be completed by 3 February 2005.

12.2.2 Directors' comments on the consolidated profit forecast

The Directors of FMH have reviewed and analysed the bases and assumptions used in arriving at the consolidated profit forecast of FMH for 30 June 2005 and are of the opinion that the consolidated profit forecast are fair and reasonable in light of the future plans, strategies and prospects of the FM Group as set out in Section 6.5.13 of this Prospectus and the prospects of the Malaysian economy and the international freight forwarding industry in Malaysia as set out in Section 5 of this Prospectus and after taking into consideration the forecast gearing, liquidity and working capital requirements of the Group.

Nevertheless, the profit forecast is based on subjective judgements and there can be no assurance that the profit forecast would be realised. Accordingly, the FM Group's actual results for the FYE 30 June 2005 may differ significantly from the forecast figures shown herein.

As the Acquisitions and Acquisitions from Minority Shareholders were completed on 30 November 2004 and 1 December 2004 respectively, the commentary on the consolidated profit forecast for the FYE 30 June 2005 is in respect of FMM and its subsidiary and associated companies ("FMM Group").

The Directors of FMH do not envisage any significant change in the direction and strategies of the Group's business and anticipate an overall revenue growth of approximately 8% across all its freight and supporting service segments.

12. FINANCIAL INFORMATION *(Cont'd)*

Accordingly, for the FYE 30 June 2005, the revenue of the Group is expected to increase to RM128.6 million representing approximately 8% increase compared to the previous year. The growth is expected to emanate from the increase in the frequency of sea and rail freight services as well as the expansion in ports coverage. Sea freight service remains as the main contributor to the FMM Group's total revenue. This is followed by rail freight and air freight.

The Group is forecast to achieve a PBT of RM8.5 million representing an increase of approximately 4% compared to the previous year.

The effective tax rate is forecast to approximate the statutory tax rate.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.3 Reporting Accountants' letter on the consolidated profit forecast

(Prepared for inclusion in the Prospectus)



BDO Binder (AF 0206)
Chartered Accountants

12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur Malaysia
Telephone : (603) 2616 2888
Telefax : (603) 2616 3190, 2616 3191
Website : www.bdo-malaysia.com

Our Ref : BDOB/TKL/JC/CLH

Date : 27 December 2004

The Board of Directors
Freight Management Holdings Bhd
Suite 13A-2
Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur

Dear Sirs

**FREIGHT MANAGEMENT HOLDINGS BHD AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2005**

We have reviewed the consolidated profit forecast of Freight Management Holdings Bhd ("FMH") and its subsidiary companies ("FM Group") for the financial year ending 30 June 2005 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the International Standards of Auditing 810 applicable to the review of forecasts. The forecast has been prepared for inclusion in the Prospectus to be dated 31 December 2004 in connection with the public issue of 37,219,240 ordinary shares of RM0.50 each in FMH at an issue price of RM0.65 per ordinary share and the listing and quotation for the entire issued and fully paid-up share capital of FMH on the Second Board of the Bursa Securities and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors of FMH and are presented on a basis consistent with the accounting policies adopted and disclosed by the Freight Management (M) Sdn. Bhd. in its audited consolidated financial statements for the financial year ended 30 June 2004. The Directors of FMH are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

12. FINANCIAL INFORMATION (Cont'd)



Subject to the matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors of FMH, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit forecast; and
- (ii) in our opinion, the profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors of FMH and is presented on a basis consistent with the accounting policies adopted and disclosed by the FM Group in its audited financial statements for the financial year ended 30 June 2004.

The accompanying forecast and this letter have been prepared solely for the purposes stated above in connection with the aforementioned Listing. This letter is not to be reproduced, referred to in any other document, or used for any other purposes without our prior written consent other than for inclusion in this Prospectus.

Yours faithfully

A handwritten signature in black ink that reads 'BDO Binder'.

BDO Binder
AF : 0206
Chartered Accountants

A handwritten signature in black ink that reads 'Tan Kim Leong'.

Tan Kim Leong, JP
235/06/05 (J/PH)
Partner

12. FINANCIAL INFORMATION (Cont'd)

FREIGHT MANAGEMENT HOLDINGS BHD
and its subsidiary companies
CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2005
TOGETHER WITH THE PRINCIPAL ASSUMPTIONS THERETO

The Directors of FM Group forecast that, barring unforeseen circumstances, the consolidated profit after tax of FM Group for the financial year ending 30 June 2005 will be as follows :-

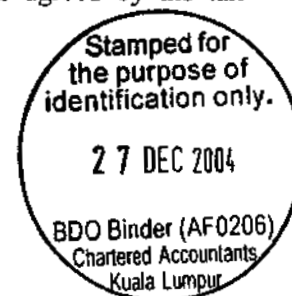
	2005 RM'000
Gross revenue	<u>128,632</u>
Profit before tax	8,479
Tax expense	<u>(2,326)</u>
Profit after tax	6,153
Less: Pre-acquisition profit	<u>(2,675)</u>
Net profit	<u>3,478</u>
Number of ordinary shares in issue after public issue ('000)	85,200
Weighted average number of ordinary shares in issue after public issue ('000)	<u>43,497</u>
 Based on the consolidated profit after tax and pre-acquisition profit over the weighted average number of ordinary shares in issue:	
Gross earnings per share (sen)	19.49
Net earnings per share (sen)	<u>8.00</u>
Gross price-earnings multiple (times)	3.33
Net price-earnings multiple (times)	<u>8.13</u>



12. FINANCIAL INFORMATION (Cont'd)

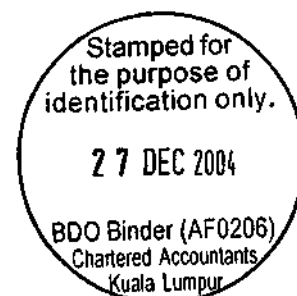
The principal bases and assumptions upon which the above consolidated profit forecast after tax have been prepared are as follows:-

1. There will be no significant changes to the prevailing market, economic and political conditions in Malaysia and elsewhere which the FM Group operates that will adversely affect the activities or performance of the FM Group.
2. There will be no significant changes in legislation or government regulations and policies, including tariffs, duties, levies and other taxes, which will adversely affect the FM Group, its operations or the market in which it operates.
3. Inflation and exchange rates of foreign currencies will not change significantly from their present levels.
4. Existing financing facilities will remain available to the FM Group at the prevailing interest rate. Additional financing facilities will be readily available as and when required.
5. There will be continuity in the existing management and there will be no material changes in the existing accounting, management and operating policies adopted by the FM Group.
6. There will be no unfavourable or major disruptions in the services facilities or supports arising from industrial disputes, labour shortage, or any abnormal circumstances, which will interrupt the continuity of services offered by the FM Group.
7. There will be no significant changes in the prevailing direct cost, which will adversely affect the operations of the FM Group.
8. Capital expenditure programmes will be implemented and incurred as scheduled with no material changes in the expected cost or price and there will be no material acquisitions or disposals of property, plant and equipment and investment other than those planned.
9. There will be no material changes in the structure and present activities of FM Group other than those taken into consideration in the profit forecast.
10. The existing contracts and licences of the FM Group will not be terminated or suspended and there will be no significant changes to terms and conditions of these contracts and licences.
11. The income tax rate for the forecast year ranges from 20% to 28%.
12. The finalisation of tax computations, in particular, the unabsorbed capital and investment allowances and tax losses brought forward will be agreed by the tax authorities without any major revision.



12. FINANCIAL INFORMATION *(Cont'd)*

13. There will be no material liabilities arising from any legal action instituted against the FM Group in the forecast year.
14. The Share Split, Acquisitions, Acquisitions from Minority Shareholders, Transfers and Capitalisation of Advances are completed on 2 December 2004. The Public Issue and Listing will be completed by 3 February 2005.



12. FINANCIAL INFORMATION (Cont'd)**12.2.4 Sensitivity analysis**

The sensitivity analysis is prepared based on the forecast assumptions as set out in Section 12.2.1 of this Prospectus and on the assumption that all other variables remain unchanged except for the 5% and 10% upward and downward variation in key variables.

The following scenarios illustrate the impact of changes in revenue and cost of sales on the Group's financial performance for the FYE 30 June 2005.

The impact of changes in revenue and cost of sales is illustrated below:

Changes in revenue

(RM'000)	←-----Forecast for the FYE 30 June 2005----->				
	-10%	-5%	As forecast	+5%	+10%
Revenue	115,769	122,200	128,632	135,064	141,495
Cost of sales	(102,394)	(102,394)	(102,394)	(102,394)	(102,394)
(LBT)\PBT	(4,385)	2,047	8,479	14,910	21,342
(LAT)\PAT	(6,710)	(279)	6,153	12,585	19,016

An increase in revenue by 5% and 10% will result in the following:

- (a) an increase of the Group's PBT by 75.8% and 151.7% respectively; and
- (b) an increase of the Group's PAT by 104.5% and 209.1%.

A decrease in revenue by 5% and 10% will result in the following:

- (a) a decrease of the Group's PBT by 75.8% and 151.7% respectively; and
- (b) a decrease of the Group's PAT by 104.5% and 209.1% respectively.

Changes in cost of sales

(RM'000)	←-----Forecast for the FYE 30 June 2005----->				
	-10%	-5%	As estimated	+5%	+10%
Revenue	128,632	128,632	128,632	128,632	128,632
Cost of sales	(92,155)	(97,275)	(102,394)	(107,514)	(112,634)
PBT\LBT	18,718	13,598	8,479	3,359	(1,761)
PAT\LAT	16,392	11,272	6,153	1,033	(4,087)

An increase in cost of sales by 5% and 10% will result in the following:

- (a) a decrease of the Group's PBT by 60.4% and 120.8% respectively; and
- (b) a decrease of the Group's PAT by 83.2% and 166.4%.

A decrease in cost of sales by 5% and 10% will result in the following:

- (a) an increase of the Group's PBT by 60.4% and 120.8% respectively; and
- (b) an increase of the Group's PAT by 83.2% and 166.4% respectively.

12. FINANCIAL INFORMATION (Cont'd)***Changes in revenue and cost of sales***

(RM'000)	←-----Forecast for the FYE 30 June 2005----->				
	-10%	-5%	As forecasted	+5%	+10%
Revenue	115,769	122,200	128,632	135,064	141,495
Cost of sales	(92,155)	(97,275)	(102,394)	(107,514)	(112,634)
PBT	5,855	7,167	8,479	9,791	11,103
PAT	3,530	4,841	6,153	7,465	8,777

An increase in revenue and cost of sales by 5% and 10% will result in the following:

- (a) an increase of the Group's PBT by 15.5% and 30.9% respectively; and
- (b) an increase of the Group's PAT by 21.3% and 42.6%.

A decrease in revenue and cost of sales by 5% and 10% will result in the following:

- (a) a decrease of the Group's PBT by 15.5% and 30.9% respectively; and
- (b) a decrease of the Group's PAT by 21.3% and 42.6% respectively.

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12. FINANCIAL INFORMATION (Cont'd)**12.2.5 Dividend forecast**

It is the policy of the Directors of FMH to recommend dividends to allow shareholders to participate in the profits of the Group as well as to provide for adequate reserves for the future growth of the Group.

On the basis of the forecast consolidated PAT and on the assumption that the present basis for calculating taxation and the taxation rates remain unchanged, the Directors of FMH anticipate that the Company will be able to propose an interim dividend of 2% per Share based on the enlarged issued and paid-up share capital of 85,200,000 ordinary shares of RM0.50 each for the FYE 30 June 2005.

The intended appropriation of the forecast consolidated PAT is as follows:

FYE 30 June	2005
Consolidated PBT (RM'000)	8,479
Less: Taxation (RM'000)	(2,326)
Consolidated PAT* (RM'000)	6,153
Less: Pre-acquisition profits (RM'000)	(2,675)
Consolidated PAT less pre-acquisition profits (RM'000)	3,478
Less: Proposed dividend of 2% per Share (net of taxation) (RM'000)	(613)
Retained profits for the year (RM'000)	2,865
Dividend per Share (sen)	
- Gross	1.00
- Net	0.72
Dividend yield* (%)	
- Gross	1.54
- Net	1.11
Net dividend cover (times)	5.67

Notes:

* Computed based on issue price of RM0.65 per Issue Share

There is no minority interest

Future dividend payments will be waived if:

- (a) The Group is in a loss position for the relevant financial period; or
- (b) The Group has insufficient cash flow to meet any dividend payments.

Notwithstanding the above, the Directors of FMH may at their discretion waive any future dividend payments as and when deemed necessary in the best interests of the Group.

12. FINANCIAL INFORMATION (Cont'd)**12.3 PROFORMA CONSOLIDATED BALANCE SHEETS OF FMH AS AT 30 JUNE 2004**

The proforma consolidated balance sheets set out below are provided for illustrative purposes only to show the effects of the Flotation Scheme assuming that it had been effected on 30 June 2004.

	Audited as at 30 June 2004 RM	After Share Split RM	After Acquisitions RM	After Acquisitions from Minority Shareholders RM	After Transfers RM	After Capitalisation of Advances RM	After Public Issue RM
ASSETS EMPLOYED							
PROPERTY, PLANT AND EQUIPMENT INVESTMENT	-	-	13,751,750	13,751,750	13,751,750	13,751,750	31,369,690
			137,387	137,387	137,387	137,387	137,387
CURRENT ASSETS							
Trade and other receivables	-	-	25,246,669	25,246,669	25,246,669	25,246,669	25,246,669
Amount owing from associated company	-	-	234,600	234,600	234,600	234,600	234,600
Tax recoverable	-	-	34,878	34,878	34,878	34,878	34,878
Short term deposits with licensed bank	-	-	3,496,106	3,496,106	3,496,106	3,496,106	3,496,106
Cash and bank balances	3	3	4,550,027	4,550,027	4,550,027	4,550,027	9,624,593
	3	3	33,562,280	33,562,280	33,562,280	33,562,280	38,636,846
CURRENT LIABILITIES							
Trade and other payables	17,183	17,183	14,376,625	14,376,625	14,376,625	14,376,625	14,376,625
Hire purchase creditors	-	-	291,275	291,275	291,275	291,275	291,275
Bank borrowings	-	-	3,289,135	3,289,135	3,289,135	3,289,135	3,289,135
Amounts owing to directors	-	-	4,434,555	4,434,555	4,434,555	-	-
Taxation	-	-	1,134,119	1,134,119	1,134,119	1,134,119	1,134,119
	17,183	17,183	23,225,709	23,225,709	23,225,709	19,091,154	19,091,154
NET CURRENT (LIABILITIES)/ ASSETS	(17,180)	(17,180)	10,036,571	10,036,571	10,036,571	14,471,426	19,345,692
	(17,180)	(17,180)	23,925,708	23,925,708	23,925,708	28,360,263	51,052,769
FINANCED BY							
SHARE CAPITAL	3 [^]	3	17,774,786	19,555,825	19,555,825	23,990,380	42,600,000
SHARE PREMIUM	-	-	-	-	-	-	4,082,886 [*]
RESERVE ON CONSOLIDATION	-	-	2,297,649	2,594,328	2,594,328	2,594,328	2,594,328
ACCUMULATED LOSSES	(17,183)	(17,183)	(17,183)	(17,183)	(17,183)	(17,183)	(17,183)
SHAREHOLDERS' EQUITY	(17,180)	(17,180)	20,055,252	22,132,970	22,132,970	26,567,525	49,260,031
MINORITY INTERESTS	-	-	2,077,718	-	-	-	-
LONG TERM AND DEFERRED LIABILITIES							
Bank borrowings	-	-	82,326	82,326	82,326	82,326	82,326
Hire purchase creditors	-	-	357,712	357,712	357,712	357,712	357,712
Deferred tax liabilities	-	-	1,352,700	1,352,700	1,352,700	1,352,700	1,352,700
	(17,180)	(17,180)	23,925,708	23,925,708	23,925,708	28,360,263	51,052,769
Net tangible asset per ordinary share of RM0.50 each (RM)	-	-	0.56	0.57	0.57	0.55	0.58
Gearing (times)	-	-	0.20	0.18	0.18	0.15	0.08

Notes:

[^] Ordinary shares of RM1.00 each^{*} After deducting estimated listing expenses of RM1.5 million

12. FINANCIAL INFORMATION (Cont'd)

12.4 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS

(Prepared for inclusion in the Prospectus)



BDO Binder (AF 0206)
Chartered Accountants

12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur Malaysia
Telephone : (603) 2616 2888
Telefax : (603) 2616 3190, 2616 3191
Website : www.bdo-malaysia.com

Our Ref : BDOB/TKL/JC/OTY

27 DEC 2004

The Board of Directors
Freight Management Holdings Bhd
Suite 13A-2
Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

Dear Sirs

**FREIGHT MANAGEMENT HOLDINGS BHD AND ITS SUBSIDIARY COMPANIES
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2004**

We have reviewed the presentation of the proforma consolidated balance sheets of Freight Management Holdings Bhd ("FMH") and its subsidiary companies ("FM Group") as at 30 June 2004, together with the notes thereon as set out in the accompanying statement, for which the Directors are solely responsible, for the purpose of inclusion in the Prospectus of FMH to be dated 31 Dec. 2004 which we have stamped for the purpose of identification in connection with public issue of 37,219,240 ordinary shares of RM0.50 each in FMH at an issue price of RM0.65 per ordinary share and the listing and quotation for the entire enlarged issued and fully paid-up share capital of FMH on the Second Board of Bursa Malaysia Securities Berhad.

In our opinion,

- (i) the proforma consolidated balance sheets of FMH as at 30 June 2004 which are prepared for illustrative purposes only, have been properly compiled on the basis set out in the notes to the proforma consolidated balance sheet and such basis is consistent with the accounting policies adopted and disclosed by Freight Management (M) Sdn. Bhd. in its audited consolidated financial statements for the financial year ended 30 June 2004; and
- (ii) the adjustments to the balance sheet of FMH as at 30 June 2004 are appropriate for the purposes of the proforma consolidated balance sheets.

Yours faithfully,

BDO Binder
AF : 0206
Chartered Accountants

Tan Kim Leong, JP
235/06/05 (J/PH)
Partner

12. FINANCIAL INFORMATION (Cont'd)

**FREIGHT MANAGEMENT HOLDINGS BHD AND ITS SUBSIDIARY COMPANIES
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2004**

The proforma consolidated balance sheets of FMH as at 30 June 2004 as set out below are prepared for illustrative purpose only.

Audited as at 30 June 2004 RM	Proforma I RM	Proforma II RM	Proforma III RM	Proforma IV RM	Proforma V RM	Proforma VI RM
ASSETS EMPLOYED PROPERTY, PLANT AND EQUIPMENT INVESTMENT	- - -	13,751,750 137,387	13,751,750 137,387	13,751,750 137,387	13,751,750 137,387	31,369,690 137,387
CURRENT ASSETS	3	33,562,280	33,562,280	33,562,280	33,562,280	38,636,846
Trade and other receivables	-	25,246,669	25,246,669	25,246,669	25,246,669	25,246,669
Amount owing from associated company	-	234,600	234,600	234,600	234,600	234,600
Tax recoverable	-	34,878	34,878	34,878	34,878	34,878
Short term deposits with licensed bank	-	3,496,106	3,496,106	3,496,106	3,496,106	3,496,106
Cash and bank balances	3	4,550,027	4,550,027	4,550,027	4,550,027	9,624,593
	3	33,562,280	33,562,280	33,562,280	33,562,280	38,636,846
CURRENT LIABILITIES	17,183	14,376,625	14,376,625	14,376,625	14,376,625	14,376,625
Trade and other payables	-	291,275	291,275	291,275	291,275	291,275
Hire purchase creditors	-	3,289,135	3,289,135	3,289,135	3,289,135	3,289,135
Bank borrowings	-	4,434,555	4,434,555	4,434,555	4,434,555	4,434,555
Amounts owing to directors	-	1,134,119	1,134,119	1,134,119	1,134,119	1,134,119
Taxation	17,183	23,525,709	23,525,709	23,525,709	23,525,709	19,091,154
	(17,180)	10,036,571	10,036,571	10,036,571	14,471,126	19,545,692
NET CURRENT (LIABILITIES)/ ASSETS	(17,180)	23,925,708	23,925,708	23,925,708	28,360,263	51,052,769
FINANCED BY	3	17,774,786	19,555,825	19,555,825	23,990,380	42,600,000
SHARE CAPITAL	-	-	-	-	-	4,082,886
SHARE PREMIUM	-	-	-	-	-	2,594,328
RESERVE ON CONSOLIDATION	-	2,297,649	2,594,328	2,594,328	2,594,328	(17,183)
ACCUMULATED LOSSES	(17,183)	(17,183)	(17,183)	(17,183)	(17,183)	(17,183)
SHAREHOLDERS' EQUITY	(17,180)	20,055,252	22,132,970	22,132,970	26,567,525	49,260,031
MINORITY INTERESTS	-	2,077,718	-	-	-	-
LONG TERM AND DEFERRED LIABILITIES	-	-	-	-	-	-
Bank borrowings	-	82,326	82,326	82,326	82,326	82,326
Hire purchase creditors	-	357,712	357,712	357,712	357,712	357,712
Deferred tax liabilities	-	1,352,700	1,352,700	1,352,700	1,352,700	1,352,700
	(17,180)	23,925,708	23,925,708	23,925,708	28,360,263	51,052,769
Net tangible asset per ordinary share of RM0.50 each (RM)	-	0.56	0.57	0.57	0.55	0.58
Gearing (times)	-	0.20	0.18	0.18	0.15	0.08

Stamped for
the purpose of
identification only.

27 DEC 2004

BDO Binder (AF0206)
Chartered Accountants
Kuala Lumpur

12. FINANCIAL INFORMATION (Cont'd)

**NOTES TO PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2004**

(A) BASIS OF PREPARATION

The proforma consolidated balance sheets are presented for illustrative purposes only and have been prepared:-

- i) Based on audited balance sheet of Freight Management Holdings Bhd (Formerly known as Freight Management Holdings Sdn Bhd) as at 30 June 2004;
- ii) Based on the audited consolidated balance sheet of Freight Management (M) Sdn Bhd ("FMM Group") as at 30 June 2004;
- iii) Based on the accounting principles and bases consistent with those previously adopted in the preparation of the audited financial statements of FMM Group;
- iv) After incorporating the transactions referred to in (B) to (G) as though they were effected on 30 June 2004.

(B) PROFORMA I

Share split of the existing par value of RM1.00 each to RM0.50 each.

The proforma I incorporates the effect of split the existing par value of the share capital of RM1.00 each to RM0.50 each.

(C) PROFORMA II

The proforma II incorporates the effects of proforma I and the effect of the following:-

- (i) Acquisition of Freight Management (M) Sdn Bhd ("FMM").

Acquisition of 2,000,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of FMM for a total consideration of RM17,774,783 to be satisfied by the issuance of 35,549,566 new ordinary shares of RM0.50 each of FMH at par.

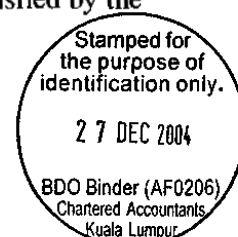
- (ii) Acquisition of Icon Line (Malaysia) Sdn Bhd ("ILSB")

Acquisition of 40,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of ILSB for a cash consideration of RM1.

(D) PROFORMA III

Acquisitions of equity interests from minority shareholders.

The proforma III incorporate the effects of proforma II and the acquisitions of the remaining equity interests not owned by FMM Group from minority shareholders in FM-Hellmann Worldwide Logistics Sdn Bhd ("FMHWL"), Freight Management (Ipoh) Sdn Bhd ("FM(Ipoh)"), Freight Management (Penang) Sdn Bhd ("FM(Penang)") and Advance Logistar Sdn Bhd ("ALSB") for a total consideration of RM1,781,039 to be satisfied by the issuance of 3,562,078 new ordinary shares of RM0.50 each of FMH at par.



12. FINANCIAL INFORMATION (Cont'd)

**NOTES TO PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2004 (Continued)**

(E) PROFORMA IV

Proposed transfers.

The proforma IV incorporates the effects of proforma III and the effect of the followings:-

- (i) Transfer of equity interest of FM Worldwide Logistics (Penang) Sdn Bhd ("FMWL(Penang)") currently held by FM (Penang) for a total cash consideration of RM165,660 by creation of inter-company indebtedness owing by FMM to FM(Penang) of RM165,660
- (ii) Transfer of equity interest of FMHWL, Freight Management (Melaka) Sdn Bhd ("FM(Melaka)"), Citra Multimodal Services Sdn Bhd ("CMS"), FM (Ipoh), FM (Penang), ALSB, Perspektif Gemilang Sdn Bhd ("PGSB") and FMWL(Penang) held by FMM for a total consideration of RM9,300,094 by creation of inter-company indebtedness owing by FMH to FMM of RM9,300,094.

Proforma IV has no effects on the FM Group's net tangible assets.

(F) PROFORMA V

Capitalisation of advances.

The proforma V incorporates the effects of proforma IV and the capitalisation of debts owing to directors in FMM by the issuance of 8,869,110 new ordinary shares of RM0.50 each of FMH at par.

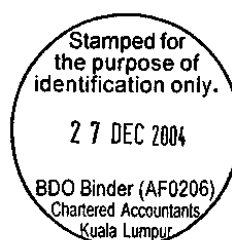
(G) PROFORMA VI

The proforma VI incorporates the effects of proforma V and public issue of 37,219,240 ordinary shares of RM0.50 each in FMH at an assumed issue price of RM0.65 per ordinary share.

It is estimated that listing expenses relating to the listing exercise will be written off against share premium account.

The proceeds from the public issue will be utilised as follows:-

	RM'000
Working capital	5,074
Estimated listing expenses	1,500
Capital expenditure	
- Purchase of land	6,961
- Purchase of computer software and hardware	1,635
- Purchase of containers	1,822
- Construction of warehouse	7,200
	24,192



12. FINANCIAL INFORMATION (Cont'd)

**NOTES TO PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2004(Continued)**

(H) SHARE CAPITAL AND RESERVES

The movements of the issued and paid-up share capital and reserves of FM Group are as follows:-

	Share Capital RM	Share premium RM	Reserve on consolidation RM	Accumulated losses RM
As at 30 June 2004	3	-	-	(17,183)
Share split	-	-	-	-
Proforma I	3	-	-	(17,183)
Arising from issuance of new shares for the acquisitions of FMM	17,774,783	-	2,297,649	-
Proforma II	17,774,786	-	2,297,649	(17,183)
Arising from issuance of new share for the acquisition of equity interests from minority shareholders	1,781,039	-	296,679	-
Proforma III	19,555,825	-	2,594,328	(17,183)
Proposed transfers	-	-	-	-
Proforma IV	19,555,825	-	2,594,328	(17,183)
Capitalisation of advances	4,434,555	-	-	-
Proforma V	23,990,380	-	2,594,328	(17,183)
Public issue	18,609,620	5,582,886	-	-
Estimated listing expenses	-	(1,500,000)	-	-
Proforma VI	42,600,000	4,082,886	2,594,328	(17,183)

