

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

Notes on the quarterly report – 30 September 2007

PART A : EXPLANATORY NOTES AS PER FRS 134

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 : Interim Financial Reporting and paragraph 9.22 and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial statements should be read in conjunction with the Group’s financial statements for the year ended 30 June 2007.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Freight Management Holdings Bhd (“FMH” or “Company”) and its subsidiary companies (“Group”).

The accounting principles, method of computation and bases used for this quarterly financial report are consistent with those previously adopted in the preparation of the annual financial statements for the year ended 30 June 2007 except for the adoption of the following Financial Reporting Standards (“FRS”) that came into effect for the financial period :

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 124	Related Party Disclosures
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The Adoption of the above FRSs do not have significant impact on the Group. FRS 117 “Leases” has been adopted since the last financial year.

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

Notes on the quarterly report – 30 September 2007

A2. Qualification of Annual Financial Statements

The audit report of the Group's most recent annual audited financial statements for the year ended 30 June 2007 was not qualified.

A3. Seasonality or cyclical factors

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

A4. Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows

There were no items of unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows during the period under review.

A5. Changes in estimates

There were no changes in estimates of amounts reported in prior financial years that have material effect in the current quarter.

A6. Issuance and repayment of debts and equity securities

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

FREIGHT MANAGEMENT HOLDINGS BHD**(Company No : 380410-P)****Notes on the quarterly report – 30 September 2007****A7. Dividend paid**

The gross interim dividend of 1.2 sen per share less tax at 27% amounting to RM746,352, and a tax exempt dividend of 0.8 sen per share amounting to RM681,600 in respect of financial year ended 30 June 2007, has been paid on 27 July 2007.

A8. Segment information

By geographical location for the current financial year to date :

	Malaysia RM'000	Singapore RM'000	Australia RM'000	Elimination RM'000	Total RM'000
Revenue					
External sales	47,277	4,568	2,111	-	53,956
Inter-segment sales	31	-	5	(36)	-
Total revenue	<u>47,308</u>	<u>4,568</u>	<u>2,116</u>	<u>(36)</u>	<u>53,956</u>
Results					
Segment results	3,422	480	(106)		3,796
Share of profit in an associate					<u>20</u>
Profit before tax					3,816
Tax expense					<u>(812)</u>
Profit for the financial year					<u>3,004</u>
Assets					
Segment assets	98,864	22,208	1,804		122,876
Investment in an associate					<u>157</u>
Total assets					<u>123,033</u>
Liabilities					
Segment liabilities	44,023	4,825	851		<u>49,699</u>
Total liabilities					<u>49,699</u>
Other segment information					
Capital expenditure	1,179	6,207	7		7,393
Depreciation of property, plant and equipment	603	266	20		889
Amortisation of prepaid lease payments for land	33				<u>33</u>

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

Notes on the quarterly report – 30 September 2007

A9. Valuation of property, plant and equipment

There has been no valuation on any of the Group's property, plant and equipment during the current financial year to date.

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

Save for the disclosure under Note B8(I), there were no material events subsequent to the end of the current quarter.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

A12. Contingent liabilities

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

	RM'000
Bank guarantees in favour of third parties*	<u>1,856</u>

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

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No : 380410-P)

Notes on the quarterly report – 30 September 2007

A13. Capital commitments

Contracted but not provided for :

**As at
30.09.07
RM'000**

Prime mover and trailer

1,991

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

Notes on the quarterly report – 30 September 2007

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

B1. Review of performance

The Group recorded revenue of RM54.0 million compared to RM46.2 million in the preceding year corresponding quarter, registering a growth of 16.8%. Services which registered notable increase are:-

- seafreight increased by RM5.0 million or 18% due to higher demand for FCL shipments,
- airfreight increased by 1.0 million or 22%, with increase recorded from export shipments,
- warehouse and distribution services improved by RM0.4 million, with increasing demand for the new warehouse facilities,
- custom brokerage services which compliments the sea, air and rail services also increased by RM1.7 million,
- tug and barge services registered a marginal increase of RM0.5 million.

Revenue from railfreight decreased by RM0.9 million or 21.8% during this period as the situation with shortages of locomotive has yet to improve across the Malaysian border.

The Group's profit attributable to equity holders of the parent increase by RM0.5 million or an improvement of 23.3% as compared with the preceding year's corresponding period. The increase is primarily attributable to the higher revenue generated and the lower effective tax liabilities incurred for the quarter.

B2. Variation of results against preceding quarter

Compared to the immediate preceding quarter, the Group's revenue recorded an increase of 5.6% or RM2.9 million due to the following reasons:-

- seafreight continue to grow, increasing from RM29.9 mil to RM32.9 million with higher volume registered for both import and export services,

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No : 380410-P)

Notes on the quarterly report – 30 September 2007

- airfreight export increased by RM0.5 million or 9.9%,
- warehouse and distribution increased by RM0.3 million or 22% with higher space utilization and value adding services,
- custom brokerage services also increased by RM0.5 million or 10.8%.

Lower revenue was recorded for railfreight (RM0.7 million or -17.2%) and tug and barge services (RM0.8 million or -15.5%) due to lesser number of trips during this period.

Profit before tax dipped by RM0.3 million or -8.2% due to slightly lower gross profit margin of 21.1% compared to 21.6% in the preceding quarter. Correspondingly, profit attributable to equity holders of the parent also dropped marginally by RM0.1 million or 3.3%

B3. Current year prospects

The Group will continue to focus on its core business, i.e. freight and logistics services while exploring other new opportunities. The Group is expected to begin its haulage services in the second quarter of the financial year and is optimistic that the added service will enhance its revenue in the coming quarters.

With the various business strategies and opportunities, barring any unforeseen circumstances, the Board of Directors of FMH expects to meet the target of between 12% to 15% growth for the financial year ending 30 June 2008.

B4. Variance of actual and forecast profit

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

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

Notes on the quarterly report – 30 September 2007

B5. Tax expense

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	829	866	829	866
Deferred tax	(17)	11	(17)	11
	<u>812</u>	<u>877</u>	<u>812</u>	<u>877</u>
Under / (Over) provision in respect of prior year :				
Income tax	-	4	-	4
Deferred tax	-	-	-	-
	<u>-</u>	<u>4</u>	<u>-</u>	<u>4</u>
Total	<u>812</u>	<u>881</u>	<u>812</u>	<u>881</u>

The effective tax rate is lower than the statutory tax rate due to the tax exemption enjoyed by the subsidiaries in Singapore and the reduced income tax rate of 20% enjoyed by the local subsidiaries.

B6. Unquoted investments and / or properties

There were no sales of unquoted investments and / or properties during the current quarter and financial year to date.

B7. Quoted and marketable investments

There were no investments made in quoted and marketable securities as at the date of this report.

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

Notes on the quarterly report – 30 September 2007

B8. Status of corporate proposal announced

- (I) On 11 September 2007, RHB Investment Bank, on behalf of the Board, announced that FMH proposed to implement the following :
- (i) Proposed bonus issue of 36,514,286 Bonus shares on the basis of 3 Bonus Shares for every 7 existing FMH Shares held by the Entitled Shareholders;
 - (ii) Proposed transfer of the listing of and quotation for the entire enlarged issued and paid-up share capital of FMH from Second Board to Main Board of Bursa Securities upon completion of the Proposed Bonus Issue; and
 - (iii) Proposed private placement of 12,171,428 new FMH Shares, representing 10% of the enlarged issued and paid-up share capital of the Company after the Proposed Bonus Issue.

Further to the above announcement, the proposed bonus issue of 36,514,286 Bonus shares has been approved by the shareholders at the Extraordinary General Meeting held on 5 October 2007.

FMH had on 17 October 2007 announced that the approval from the Securities Commission for the Proposed Transfer Listing and the Proposed Placement were received vide its approval letter dated 12 October 2007.

On 5 November 2007 FMH announced that Bursa Malaysia Securities Berhad had vide its letter dated 2 November 2007 approved the listing and quotation of 36,514,286 Bonus Shares pursuant to the Proposed Bonus Issue. Subsequently, on 20 November 2007, FMH announced the approval from Bursa Malaysia Securities Berhad for the transfer of the listing and quotation of FMH's enlarged issued and paid-up share capital from the Second Board to the Main Board of Bursa Securities subsequent to the completion of the Proposed Bonus Issues.

The Proposed Placement is still subject to the approval of Bursa Securities for the listing of and quotation for the Placement Shares.

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No : 380410-P)

Notes on the quarterly report – 30 September 2007

(II) The Company is seeking shareholders' approval for the following proposals at the forthcoming Annual General Meeting on 29 November 2007:

- i) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature;
- ii) Proposed Renewal of Authority to Purchase Own Shares; and
- iii) Proposed Amendments to the Articles of Association.

Further details pertaining to the proposals were set out in the circulars to shareholders on 6 November 2007.

B9. Group borrowings

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

	RM'000
Payable within 12 months (secured)	
Term loans	1,660
Hire purchase and leases	485
Banker acceptance	3,381
Bank overdrafts	3,480
	<u>9,006</u>
Payable after 12 months (secured)	
Term loans	14,668
Hire purchase and leases	970
	<u>15,638</u>
Total borrowings	<u><u>24,644</u></u>

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No : 380410-P)

Notes on the quarterly report – 30 September 2007

All the above borrowings are denominated in Ringgit Malaysia except for the following which is denominated in foreign currency :-

	RM'000
In Australian Dollar	
Hire purchase and lease payable within 12 months	27
Hire purchase and lease payable after 12 months	133
In Singapore Dollar	
Term loans payable within 12 months	1,160
Term loans payable after 12 months	2,450
	<u>3,770</u>

B10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at the date of this report.

B11. Change in material litigation

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

B12. Dividend

The proposed final dividend of 2.0 sen per share less Malaysian Income Tax in respect of the financial year ended 30 June 2007 has been approved by the shareholders at the Annual General Meeting on 29 November 2007.

The final dividend will be payable on 18 January 2008 to shareholders whose names appear in the Record of Depositors at the close of business on 31 December 2007.

FREIGHT MANAGEMENT HOLDINGS BHD**(Company No : 380410-P)****Notes on the quarterly report – 30 September 2007****B13. Earnings per share**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Quarter
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
Profit attributable to ordinary equity holders of the parent (RM'000)	2,903	2,354	2,903	2,354
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	85,200	85,200	85,200	85,200
Weighted average number of dilutive potential ordinary shares of RM0.50 each ('000)	N/A	85,796	N/A	85,796
Basic Earnings Per Share (sen)	3.41	2.76	3.41	2.76
Diluted Earnings Per Share (sen)	N/A	2.74	N/A	2.74

Note : There is no diluted earnings per share in current quarter and financial year-to-date as ESOS has been terminated.

N/A : Not Applicable