

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

**Notes on the quarterly report – 31 December 2008**

**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 2008.

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 2008.

**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 2008 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.

## **FREIGHT MANAGEMENT HOLDINGS BHD**

**(Company No : 380410-P)**

### **Notes on the quarterly report – 31 December 2008**

#### **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 other than stated below :

As at 30 June 2008, the Group's land and building at Lot 8, Lingkaran Sultan Mohamed 2, Bandar Sultan Suleiman were presented as non-current asset held for sale in accordance with FRS 5. In view of the soft property market conditions, the management has decided that the property be occupied for own use. However, the management will dispose the property when there is a suitable offer to purchase the property.

Following from the aforementioned, the non-current asset held for sale has now been reclassified as property, plant and equipment in the balance sheet and is stated at its carrying amount before the asset was classified as held for sale. Accordingly, depreciation amounted to RM30,000 was provided for current quarter and total of RM180,000 has been reflected in year to date results under review.

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

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

#### **A6. Issuance and repayment of debts and equity securities**

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

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

- i) The gross interim dividend of 2.0 sen per share less tax at 26% amounting to RM1,801,370, in respect of financial year ended 30 June 2008 has been paid on 28 July 2008.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No : 380410-P)****Notes on the quarterly report – 31 December 2008**

- ii) The final dividend of 2.5 sen per share less tax at 25% amounting to RM2,282,143 in respect of the financial year ended 30 June 2008 has been paid on 19 January 2009.

**A8. Segment information**

By geographical location for the current financial year to date :

	<b>Malaysia</b>	<b>Singapore</b>	<b>Australia</b>	<b>Indonesia</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>						
External sales	103,464	11,472	9,870	1,122	-	125,928
Inter-segment sales	706	-	8	160	(874)	-
Total revenue	<u>104,170</u>	<u>11,472</u>	<u>9,878</u>	<u>1,282</u>	<u>(874)</u>	<u>125,928</u>
<b>Results</b>						
Segment results	8,301	1,277	220	361	-	10,159
Finance costs						(840)
Share of profit in an associate	27	-	-	-	-	27
Profit before tax						9,346
Tax expense						(2,212)
Profit for the financial year						<u>7,134</u>
<b>Assets</b>						
Segment assets	113,303	27,206	2,238	2,379	-	145,126
Investment in an associate	142	-	-	-	-	142
Unallocated assets						883
Total assets						<u>146,151</u>
<b>Liabilities</b>						
Segment liabilities	41,658	10,057	1,552	468	-	53,735
Unallocated liabilities						4,348
Total liabilities						<u>58,083</u>
<b>Other segment information</b>						
Capital expenditure	3,319	3,992	24	315	-	7,650
Depreciation	1,914	600	41	12	-	2,567
Amortisation	66	-	-	-	-	66
Other non-cash income	(463)	(32)	-	(2)	-	(497)
Other non-cash expenses other than depreciation and amortisation	439	4	1	-	-	444

## **FREIGHT MANAGEMENT HOLDINGS BHD**

**(Company No : 380410-P)**

### **Notes on the quarterly report – 31 December 2008**

#### **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**

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

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

FMH had on 27 August 2008 incorporated a wholly-owned company limited by shares known as Icon Freight International Inc. in British Virgin Islands. The current paid-up capital is USD100.00.

On 6 November 2008, Icon Line (Malaysia) Sdn Bhd, a wholly owned subsidiary has subscribed 22,050 shares of Rp100,000 each for a total cash consideration of Rp2,205,000,000 in PT. Icon Freight Indonesia, representing 49% of the issued and paid-up capital of PT. Icon Freight Indonesia.

#### **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 :

	<b>RM'000</b>
Bank guarantees in favour of third parties*	<u>2,152</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 – 31 December 2008**

**A13. Capital commitments**

**Contracted but not provided for :**

	<b>RM'000</b>
Prime movers	3,428
Trucks	<u>910</u>
	<u><u>4,338</u></u>

## **FREIGHT MANAGEMENT HOLDINGS BHD**

**(Company No : 380410-P)**

### **Notes on the quarterly report – 31 December 2008**

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

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

The Group recorded a revenue growth of RM6.6 million (from RM53.7 million to RM60.3 million) and a profit after tax growth of RM0.6 million (from RM2.7 million to RM3.3 million) for the current financial quarter ended 31 December 2008 as compared to the financial quarter ended 31 December 2007.

The revenue was contributed by the following services:-

Service Type	2QFY09 RM mil	2QFY08 RM mil	Increase/- Decrease RM mil	% change
Seafreight	36.2	32.8	3.4	10.4%
Railfreight	1.7	2.8	-1.1	-39.3%
Airfreight	4.8	5.2	-0.4	-7.7%
Tug & Barge	5.8	5.1	0.7	13.7%
Warehouse & Distribution	2.9	2.1	0.8	38.1%
Customs Brokerage	6.9	5.7	1.2	21.1%
Haulage	1.7	0	1.7	
Others Services	0.3	0	0.3	
<b>TOTAL</b>	<b>60.3</b>	<b>53.7</b>	<b>6.6</b>	<b>12.3%</b>

Negative growths were noted in Railfreight and Airfreight. With the improvement in the issues on train delay and shortage of locomotive, the demand for Railfreight is expected to pick up slowly. The lower revenue reported for Airfreight service was due to slower demand from the local manufacturing sectors. Seafreight continued to be the core business of the Group with a contribution of 60% of the total business. The introduction of Haulage service had contributed a revenue RM1.7 million during this reporting quarter as compared to 2QFY08. Included in the other services category in this reporting quarter were project cargo amounting to approximately RM109,000 and cross-border trucking service amounting to approximately RM208,000.

## FREIGHT MANAGEMENT HOLDINGS BHD

(Company No : 380410-P)

### Notes on the quarterly report – 31 December 2008

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

Compared to the immediate preceding quarter, the Group recorded a drop in performance. Revenue decreased by RM5.2 million or 8.0% from RM65.6 million. Details of revenue analysis are as follows:-

Service Type	2QFY09 RM Mil	1QFY09 RM Mil	Increase/-	
			Decrease RM Mil	% change
Seafreight	36.2	38.5	-2.3	-6.0%
Railfreight	1.7	2.1	-0.4	-19.0%
Airfreight	4.8	6.3	-1.5	-23.8%
Tug & Barge	5.8	5.7	0.1	1.8%
Warehouse & Distribution	2.9	2.7	0.2	7.4%
Customs Brokerage	6.9	8.6	-1.7	-19.8%
Haulage	1.7	1.6	0.1	6.2%
Others Services	0.3	0	0.3	
<b>TOTAL</b>	<b>60.3</b>	<b>65.5</b>	<b>-5.2</b>	<b>-8.0%</b>

The slowdown in global economy had resulted in weaker demand for freight services from the local exporters and importers during this reporting quarter compared to 1QFY09.

Correspondingly, the Group's profit before tax decreased by 5.4% from RM4.8 million in 1QFY09 to RM4.5 million in 2QFY09, while the Group's profit after tax decreased marginally by 1.8% from RM3.4 million to RM3.3 million.

# FREIGHT MANAGEMENT HOLDINGS BHD

(Company No : 380410-P)

## Notes on the quarterly report – 31 December 2008

### B3. Current year prospects

With the weakening global economic situation and persistent financial crisis, the Group expects the second half of financial year 2009 to pose greater degree of challenges. Notwithstanding this, the Group is closely monitoring its performance and increasing its efforts to add value to customers' requirements. Measures are also taken to enhance efficiency and save costs to remain competitive and profitable.

### B4. Variance of actual and forecast profit

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

### B5. Tax expense

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	31.12.2008	Quarter	31.12.2008	Quarter
	RM'000	31.12.2007	RM'000	31.12.2007
		RM'000		RM'000
<b>In respect of current period:</b>				
Income tax	916	722	1,888	1,551
Deferred tax	127	259	248	242
	<u>1,043</u>	<u>981</u>	<u>2,136</u>	<u>1,793</u>
<b>Under / (Over) provision in respect of prior year :</b>				
Income tax	76	134	76	134
Deferred tax	-	(221)	-	(221)
	<u>76</u>	<u>(87)</u>	<u>76</u>	<u>(87)</u>
Total	<u>1,119</u>	<u>894</u>	<u>2,212</u>	<u>1,706</u>

The effective tax rate is lower than the statutory tax rate due to the tax exemption enjoyed by subsidiaries in Singapore.



## **FREIGHT MANAGEMENT HOLDINGS BHD**

**(Company No : 380410-P)**

### **Notes on the quarterly report – 31 December 2008**

#### **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.

#### **B8. Status of corporate proposal announced**

The following proposals have been approved by the shareholders at the Annual General Meeting on 25 November 2008:

- i) Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature; and
- ii) Proposed Renewal of Share Buy-Back Authority.

On 31 December 2008, Icon Line (Malaysia) Sdn Bhd, a wholly owned subsidiary entered into a Joint Venture arrangement with Lim Kok Wee & Wimolphon Bunpala ("Lim Group") and Kittiwat Kitsiritaveewong to set up a joint venture company in Thailand known as Icon Freight Services Company Ltd ("JVCo"). The intended activity of the JVCo is to provide integrated logistics services to and from Thailand. Icon Line (Malaysia) Sdn Bhd has yet to subscribe the 49% of shareholding in the JVCo.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No : 380410-P)****Notes on the quarterly report – 31 December 2008****B9. Group borrowings**

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

	<b>RM'000</b>
<b>Payable within 12 months (secured)</b>	
Term loans	4,077
Hire purchase and leases	2,245
Bank overdrafts	3,079
	<u>9,401</u>
<b>Payable after 12 months (secured)</b>	
Term loans	17,465
Hire purchase and leases	6,450
	<u>23,915</u>
Total borrowings	<u><u>33,316</u></u>

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

	<b>RM'000</b>
<b>In Australian Dollar</b>	
Hire purchase and lease payable within 12 months	33
Hire purchase and lease payable after 12 months	139
Bank overdraft	284
<b>In Singapore Dollar</b>	
Term loans payable within 12 months	3,351
Term loans payable after 12 months	6,226
<b>In Indonesian Rupiah</b>	
Hire purchase and lease payable within 12 months	29
Hire purchase and lease payable after 12 months	53
	<u><u>10,115</u></u>

**B10. Off balance sheet financial instruments**

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

## FREIGHT MANAGEMENT HOLDINGS BHD

(Company No : 380410-P)

### Notes on the quarterly report – 31 December 2008

#### 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 board does not recommend any dividend for the current quarter under review.

#### B13. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	Corresponding Quarter
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Profit attributable to ordinary equity holders of the parent (RM'000)	<u>3,335</u>	<u>2,737</u>	<u>6,732</u>	<u>5,640</u>
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	<u>121,714</u>	<u>121,714</u>	<u>121,714</u>	<u>121,714</u>
Basic Earnings Per Share (sen)	2.74	2.25	5.53	4.63