

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

Notes on the quarterly report – 30 September 2009

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 2009.

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 2009.

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 2009 was not qualified.

A3. Seasonality or cyclical factors

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

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A4. Unusual Items

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

A5. Changes in estimates

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

A6. Changes in debts and equity securities

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

A7. Dividend paid

The gross interim dividend of 2.0 sen per share less tax at 25% amounting to RM1,825,716 in respect of financial year ended 30 June 2009 has been paid on 15 July 2009.

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A8. Segment information

By geographical location for the current financial year to date:

	Malaysia RM'000	Singapore RM'000	Australia RM'000	Indonesia RM'000	Thailand RM'000	Elimination RM'000	Total RM'000
Revenue							
External sales	45,916	6,916	3,366	1,997	605	-	58,800
Inter-segment sales	587	-	41	117	55	(800)	-
Total revenue	<u>46,503</u>	<u>6,916</u>	<u>3,407</u>	<u>2,114</u>	<u>660</u>	<u>(800)</u>	<u>58,800</u>
Results							
Segment results	3,987	1,229	104	389	67	-	5,776
Impairment loss on Goodwill							(23)
Profit from operations							5,753
Finance costs							(379)
Share of profit in an associate	9	-	-			-	9
Profit before tax							5,383
Tax expense							(1,098)
Profit for the financial year							<u>4,285</u>
Assets							
Segment assets	120,344	30,671	1,914	2,806	1,673	-	157,408
Investment in an associate	155	-	-	-	-	-	155
Unallocated assets							541
Total assets							<u>158,104</u>
Liabilities							
Segment liabilities	43,834	9,460	1,307	841	1,210	-	56,652
Unallocated liabilities							4,489
Total liabilities							<u>61,141</u>
Other segment information							
Capital expenditure	1,670	26	-	8	3	-	1,707
Depreciation	414	343	20	22	2	-	801
Amortisation	684	-	-	-	-	-	684
Other non-cash income	(422)	-	-	(20)	-	-	(442)
Other non-cash expenses other than depreciation and amortisation	349	5	-	-	-	-	354

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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

On 2 July 2009, Icon Line (Malaysia) Sdn Bhd, a wholly owned subsidiary of the Company, acquired 24,500 shares of THB100 each in Icon Freight Service Co Ltd for a cash consideration of THB2,450,000, representing 49% of the issued and paid-up capital of Icon Freight Services Co Ltd.

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>2,862</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.*

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A13. Capital commitments

Contracted but not provided for :

	As at 30.09.09 RM'000
Motor Vehicle	175
Prime movers	2,793
Trucks	<u>1,073</u>
	<u><u>4,041</u></u>

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

B1. Review of performance

The Group's revenue declined by RM7 million from RM66 million in 1QFY09 to RM59 million in the 1QFY10:-

Service Type	1QFY10 RM mil	1QFY09 RM mil	Increase/- Decrease RM mil	% change
Seafreight	33	38	-5	-13%
Railfreight	1	2	-1	-50%
Airfreight	5	6	-1	-17%
Tug & Barge	7	6	1	17%
Warehouse & Distribution	2	3	-1	-33%
Customs Brokerage	8	9	-1	-11%
Haulage	2	2	0	0%
Others Services	1	0	1	
TOTAL	59	66	-7	-11%

With the exception of Tug & Barge and Haulage services, the freight services of the Group registered a slight dip in the reporting quarter compared to 1QFY09, which was a strong reporting quarter prior to the global financial crisis. The decline in seafreight revenue by about RM5 million is mainly due to drop in freight rates offered by the vendor. Since the Group does not operate any vessels, this impact is minimal on the profitability of the service. Seafreight volume for the quarter also grew by about 3%.

The Group achieved profit before tax of RM5.4 million in 1QFY10, an increase of RM0.6 million or 12% from RM4.8 million in 1QFY09. This is mainly due to improved gross profit margin which increased from 22% to 26% achieved from the better margin which was already experienced in the previous reporting quarter. The Group profit after tax was RM4.3 million compared to RM3.7 million in 1QFY09, an increase of 16%

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B2. Variation of results against preceding quarter

Revenue expanded by RM5 million or 9% in 1QFY10 compared to 4QFY09. The growth in revenue was registered in seafreight : RM3 million, airfreight : RM0.6 million, custom brokerage : RM1 million and tug and barge : RM0.4 million.

The Group's profit before tax registered a marginal decline of RM0.3 million or 5% from RM5.7 million to RM5.4 million in the current reporting quarter.

B3. Current year prospects

The logistics sector of the Malaysian economy has seen a decline in activity due to the global economic crisis in the first half of the year 2009. Amidst early indications that the industry is moving towards recovery, the management remains cautiously optimistic in view of the prevailing uncertainties. The Group will continue its ongoing aggressive marketing efforts to boost sales and the management is actively working towards sustaining the Group's lead position in its core business segments. Baring unforeseen circumstances, the Group is confident of some growth in the coming quarters of the financial year ended 30 June 2010.

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.

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	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	30.09.2009	Quarter	30.09.2009	Quarter
	30.09.2008		30.09.2008	
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	997	972	997	972
Deferred tax	105	121	105	121
	<u>1,102</u>	<u>1,093</u>	<u>1,102</u>	<u>1,093</u>
Under / (Over) provision in respect of prior year :				
Income tax	-	-	-	-
Deferred tax	(4)	-	(4)	-
	<u>(4)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>
Total	<u>1,098</u>	<u>1,093</u>	<u>1,098</u>	<u>1,093</u>

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

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.

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B8. Status of corporate proposal announced

The Company is seeking shareholders' approval for the following proposals at the forthcoming Annual General Meeting on 30 November 2009:

- i) Proposed Renewal of and Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature; and
- ii) Proposed Renewal of Share Buy-Back Authority.

Further details pertaining to the proposals were set out in the circular to shareholders on 6 November 2008.

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	4,194
Hire purchase and leases	3,307
Bank overdrafts	3,825
	<hr/>
	11,326
Payable after 12 months (secured)	
Term loans	12,322
Hire purchase and leases	8,548
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	20,870
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Total borrowings	<hr/> <hr/> 32,196

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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	66
Hire purchase and lease payable after 12 months	120
Bank overdraft	282
In Singapore Dollar	
Term loans payable within 12 months	3,189
Term loans payable after 12 months	4,035
In Indonesian Dollar	
Hire purchase and lease payable within 12 months	88
Hire purchase and lease payable after 12 months	55
	<hr/> <hr/> 7,835 <hr/> <hr/>

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.

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B12. Dividend

The proposed final dividend of 2.5 sen per share less Malaysian Income Tax at 25% in respect of the financial year ended 30 June 2009 has been approved by the shareholders at the Annual General Meeting on 30 November 2009.

The final dividend will be payable on 20 January 2010 to shareholders whose names appear in the Record of Depositors at the close of business on 31 December 2009.

B13. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	Corresponding Quarter
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Profit attributable to ordinary equity holders of the parent (RM'000)	<u>3,848</u>	<u>3,397</u>	<u>3,848</u>	<u>3,397</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)	3.16	2.79	3.16	2.79