

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

Notes on the quarterly report – 31 March 2012

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 2011.

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 2011, except for the new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretation which are applicable to its financial statements and effective from 1 July 2011.

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share Based Payment Transactions
Amendments to FRS 7	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers

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IC Interpretation 14	Prepayments of a Minimum Funding Requirement (Amendment to IC Interpretation 14)
IC Interpretation 19	Extinguish Financial Liabilities with Equity Instruments

The adoption of the above FRSs , Amendments to FRSs and Interpretations do not have any material impact on the interim financial statements of the Group

A2. Qualification of Annual Financial Statements

The audit report of the Group's most recent annual audited financial statements for the year ended 30 June 2011 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 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.

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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

- i) The interim dividend of 2.5 sen per share less tax at 25% amounting to RM2,282,146 in respect of financial year ended 30 June 2011 has been paid on 15 July 2011.
- ii) The final dividend of 2.5 sen per share less tax at 25% amounting to RM2,282,142 in respect of financial year ended 30 June 2011 has been paid on 15 December 2011.

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A8. Segment information

Operating segments for the current financial year to date:

	← Logistics →					Marine	Others RM'000	Total RM'000
	Malaysia RM'000	Australia RM'000	Indonesia RM'000	Thailand RM'000	Vietnam RM'000	Singapore RM'000		
Revenue								
Total revenue	184,541	20,996	13,660	6,613	1,370	14,060	3,120	244,360
Inter-segment revenue	(1,660)	(62)	(469)	(597)	(78)	-	(3,120)	(5,986)
Revenue from external customers	182,881	20,934	13,191	6,016	1,292	14,060	-	238,374
Results								
Segment results	18,042	545	2,189	(16)	273	1,722	(3,730)	19,025
Finance costs	(1,172)	(16)	(5)	-	(1)	(123)	-	(1,317)
Share of profit in an associate	10	-	-	-	-	-	-	10
Profit before tax	16,880	529	2,184	(16)	272	1,599	(3,730)	17,718
Tax expense								(3,133)
Profit for the period								14,585
Assets								
Segment assets	151,839	5,826	3,755	1,354	365	27,380	6,840	197,359
Investment in an associate	200	-	-	-	-	-	-	200
Deferred tax assets	-	-	-	4	-	-	-	4
Current tax assets	103	70	45	291	-	-	453	962
Total assets								198,525

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	← Logistics →					Marine	Others RM'000	Total RM'000
	Malaysia RM'000	Australia RM'000	Indonesia RM'000	Thailand RM'000	Vietnam RM'000	Singapore RM'000		
Liabilities								
Segment liabilities	48,849	4,125	535	832	23	3,883	917	59,164
Deferred tax liability	5,583	-	-	-	-	-	-	5,583
Current tax liability	1,208	-	-	-	-	-	-	1,208
Total liabilities								<u>65,955</u>
Other segment information								
Capital expenditure	9,639	52	61	8	6	3	85	9,854
Depreciation	5,010	55	94	34	13	1,120	150	6,476
Other non-cash income	(480)	(4)	(30)	(5)	-	-	-	(519)
Other non-cash expenses other than depreciation	1,533	593	13	61	19	3	1	<u>2,223</u>

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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 20 December 2011, a wholly-owned subsidiary, Icon Line (Malaysia) Sdn Bhd had subscribed for additional 120,000 ordinary shares of AUD 1 each at par for a total consideration AUD 120,000 in Icon Freight Services Pty Ltd. Upon completion of the subscription, Icon Line (Malaysia) Sdn Bhd's investment in Icon Freight Services Pty Ltd had increased from 55% to 75%.

On 13 March 2012, a wholly-owned subsidiary, Citra Multimodal Services Sdn Bhd (CMS) had subscribed for 100 ordinary shares of RM1.00 each in Dependable Global Express Malaysia Sdn Bhd (DGEM) for total cash consideration of RM100. Upon completion of the subscription, DGEM become a wholly-owned subsidiary of the CMS.

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>2,080</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 31.03.12 RM'000
Warehouse renovation	784
Prime Movers, Trucks & Equipment	2,078
Office Equipment	309
Forklifts	476
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	3,647
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PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of performance

The Group registered a revenue growth of RM8.0 million or approximately 12% higher than 3QFY11. Details of changes in each service type are as follows:-

Service Type	3QFY12 RM mil	3QFY11 RM mil	Increase/- Decrease RM mil	% change
Seafreight	41.9	39.6	2.3	6%
Railfreight	0.8	0.5	0.3	60%
Airfreight	7.0	6.7	0.3	4%
Tug & Barge	4.6	4.9	-0.3	-6%
3PL & Warehousing	8.4	5.6	2.8	50%
Customs Brokerage	7.5	7.2	0.3	4%
Haulage	3.2	2.7	0.5	19%
Landfreight	3.2	1.4	1.8	129%
TOTAL	76.6	68.6	8.0	12%

Compared with 3QFY11 higher revenue was reported in all services, with the exception of Tug & Barge services which reported a minimal decrease of RM0.3 million.

The Group also registered a higher gross profit margin from 24% to 27% in 3QFY12 due to ongoing exercise on cost control and operation efficiencies.

The Group's profit before tax increased by 19% from RM4.2 million in 3QFY11 compared to RM5.1 million registered in 3QFY12, while the profit after tax and minority interest increased by 5% from RM4.2 million to RM4.4 million.

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B2. Variation of results against preceding quarter

Service Type	3QFY12 RM mil	2QFY12 RM mil	Increase/- Decrease	
			RM mil	% change
Seafreight	41.9	46.0	-4.1	-9%
Railfreight	0.8	0.5	0.3	60%
Airfreight	7.0	8.2	-1.2	-15%
Tug & Barge	4.6	4.6	0.0	0%
3PL & Warehousing	8.4	6.6	1.8	27%
Customs Brokerage	7.5	9.2	-1.7	-18%
Haulage	3.2	3.5	-0.3	-9%
Landfreight	3.2	2.1	1.1	52%
TOTAL	76.6	80.7	-4.1	-5%

The Group's recorded a decline in revenue by RM4.1 million as compared to 2QFY12 due to the trading and production slowdown by our customers for the festive period in February 2012. Consequently, profit before tax dipped by RM1.0 million or 17% as compared to 2QFY12.

B3. Current year prospects

The global economy remains uncertain in the foreseeable term and we remain cautious of our near term outlook. Our Group will continue to focus on expanding our existing core business and continue to enhance our margin with increase revenue and stringent costs control. Premised on these factors, we are confident that our Group's overall performance for FY2012 will remain positive.

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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 To Date	Preceding Year
	Quarter	Corresponding Quarter	Quarter	Corresponding Quarter
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	1,070	675	2,916	2,572
Deferred tax	(597)	321	(13)	703
	<u>473</u>	<u>996</u>	<u>2,903</u>	<u>3,275</u>
Under / (Over) provision in respect of prior year :				
Income tax	100	(606)	263	(593)
Deferred tax	7	-	(33)	(854)
	<u>107</u>	<u>(606)</u>	<u>230</u>	<u>(1,447)</u>
Total	<u><u>580</u></u>	<u><u>390</u></u>	<u><u>3,133</u></u>	<u><u>1,828</u></u>

The effective tax rate is lower than the statutory tax rate due to the tax exemption enjoyed by subsidiaries in Singapore and utilisation of investment tax allowance.

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B6. Status of corporate proposal announced

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

B7. Group borrowings

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

	RM'000
Payable within 12 months (secured)	
Term loans	5,689
Hire purchase and leases	2,911
Revolving Credit	1,500
Bank overdrafts	1,431
	<u>11,531</u>
Payable after 12 months (secured)	
Term loans	14,192
Hire purchase and leases	1,883
	<u>16,075</u>
Total borrowings	<u><u>27,606</u></u>

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	38
Hire purchase and lease payable after 12 months	163
In Singapore Dollar	
Term loans payable within 12 months	1,287
Term loans payable after 12 months	791
In Indonesian Dollar	
Hire purchase and lease payable within 12 months	29
Hire purchase and lease payable after 12 months	30

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In Vietnam Dollar

Hire purchase and lease payable within 12 months	5
Hire purchase and lease payable after 12 months	-
	<u>2,343</u>

B8. 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.

B9. Dividend

The board of Directors has declared interim single tier dividend of 1.5 sen per share, in respect of financial year ending 30 June 2012. The dividend will be paid on 16 July 2012 to holders of ordinary shares whose name appear in the Record of Depositors at the close of business on 30 June 2012.

B10. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	Corresponding Quarter
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Profit attributable to equity holders of the parent (RM'000)	<u>4,395</u>	<u>4,186</u>	<u>13,722</u>	<u>13,842</u>
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	<u>162,286</u>	<u>162,286</u>	<u>162,286</u>	<u>162,286</u>
Basic Earnings Per Share (sen)	2.71	2.58	8.46	8.53

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B11. Realised and Unrealised Profits or Losses of the Group

	As at 31.03.12 RM'000	As at 31.03.11 RM'000
Total retained profits of the Group:		
Realised	46,168	50,719
Unrealised *	(5,615)	(4,909)
Total share of retained profits from associated companies:		
Realised	151	152
Unrealised	-	-
Total share of retained profits from jointly controlled entities:		
Realised	-	-
Unrealised	-	-
Total Group retained profits as per consolidated accounts	<u>40,704</u>	<u>45,962</u>

* Unrealised comprise of deferred tax liability and unrealised foreign exchange losses.

The disclosure of realised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

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B12. Additional Disclosures on Profit for the period

	Current Year Quarter 31.03.12 RM'000	Current Year To Date 31.03.12 RM'000
Profit for the period is arrived at after charging/ (crediting):		
Interest income	(45)	(164)
(Gain)/loss on disposal of property, plant and equipment	(35)	(85)
(Gain)/loss on foreign exchange	15	(330)
Depreciation of property, plant and equipment	2,192	6,476
Impairment loss and write off of trade receivables	1,360	2,154
Interest expense	400	1,317
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Other than the above, there were no gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for the current quarter and financial period ended 31 March 2012.