

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 30 June 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

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 30 June 2012

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 cyclicity 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.

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

Notes on the quarterly report – 30 June 2012

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.
- iii) The interim single tier dividend of 1.5 sen per share amounting to RM2,434,283 in respect of financial year ended 30 June 2012 has been paid on 16 July 2012.

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 30 June 2012

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	255,179	28,343	18,893	9,146	2,043	19,415	4,734	337,753
Inter-segment revenue	(3,648)	(77)	(666)	(1,338)	(189)	-	(4,734)	(10,652)
Revenue from external customers	<u>251,531</u>	<u>28,266</u>	<u>18,227</u>	<u>7,808</u>	<u>1,854</u>	<u>19,415</u>	<u>-</u>	<u>327,101</u>
Results								
Segment results	28,407	967	2,992	(549)	311	2,732	(5,163)	29,697
Finance costs	(1,493)	(22)	(6)	-	(1)	(155)	-	(1,677)
Share of profit in an associate	10	-	-	-	-	-	-	10
Profit before tax	<u>26,924</u>	<u>945</u>	<u>2,986</u>	<u>(549)</u>	<u>310</u>	<u>2,577</u>	<u>(5,163)</u>	<u>28,030</u>
Tax expense								(6,076)
Profit for the period								<u>21,954</u>
Assets								
Segment assets	160,830	5,142	4,669	1,585	333	28,774	20,296	221,629
Investment in an associate	200	-	-	-	-	-	-	200
Current tax assets	29	-	19	328	-	-	253	629
Total assets								<u>222,458</u>

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 30 June 2012

	← 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	62,213	3,202	925	998	52	4,472	3,859	75,721
Deferred tax liability	7,148	-	-	-	-	-	-	7,148
Current tax liability	1,500	27	-	-	-	-	-	1,527
Total liabilities								<u>84,396</u>
Other segment information								
Capital expenditure	15,289	53	66	8	7	490	116	16,029
Depreciation	6,674	89	125	42	17	1,514	201	8,662
Other non-cash income	(674)	(14)	(26)	(5)	-	-	(1)	(720)
Other non-cash expenses other than depreciation	396	131	55	65	20	9	2	678

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

Notes on the quarterly report – 30 June 2012

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.

On 29 June 2012, a wholly-owned subsidiary, FM Global Logistics (M) Sdn Bhd (FMGLM) had subscribed for 2 ordinary shares of RM1.00 each in FM Contract Logistics Sdn Bhd (FMCL) for total cash consideration of RM2.00. Upon completion of the subscription, FMCL become a wholly-owned subsidiary of the FMGLM.

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

Notes on the quarterly report – 30 June 2012

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>2,140</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.*

A13. Capital commitments

Contracted but not provided for :

	As at
	30.06.12
	RM'000
Warehouse Equipment	755
Prime Movers, Trucks & Equipment	<u>2,812</u>
	<u>3,567</u>

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 30 June 2012

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

B1. Review of performance

The Group registered a revenue growth of RM7.5 million or approximately 9% higher than 4QFY11. Details of changes in each service type are as follows:-

Service Type	4QFY12 RM mil	4QFY11 RM mil	Increase/- Decrease RM mil	% change
Seafreight	50.5	45.4	5.1	11%
Railfreight	1.1	0.7	0.4	57%
Airfreight	8.0	7.4	0.6	8%
Tug & Barge	5.4	4.8	0.6	13%
3PL & Warehousing	7.6	6.8	0.8	12%
Customs Brokerage	8.7	10.0	-1.3	-13%
Haulage	3.5	3.0	0.5	17%
Landfreight	3.9	3.1	0.8	26%
TOTAL	88.7	81.2	7.5	9%

With the exception of Customs Brokerage service (which is a support service to freight services) all segments reported growth in the reporting quarter as compared to 4QFY11. The Freight (sea, rail, air and land) segments registered a 12% growth, while other services (Tug & Barge, 3PL, Haulage) registered a growth of a 13% as compared to 4QFY11.

The overall improvement in revenue performance contributed to a surge in Profit before taxation to RM10.3 million, against RM8.3 million achieved in 4QFY11 while Profit after taxation after minority interest recorded an increase of RM1.3 million or 21.8% compared to 4QFY11.

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 30 June 2012

B2. Variation of results against preceding quarter

Service Type	4QFY12 RM mil	3QFY12 RM mil	Increase/- Decrease RM mil	% change
Seafreight	50.5	41.9	8.6	21%
Railfreight	1.1	0.8	0.3	38%
Airfreight	8.0	7.0	1.0	14%
Tug & Barge	5.4	4.6	0.8	17%
3PL & Warehousing	7.6	8.4	-0.8	-10%
Customs Brokerage	8.7	7.5	1.2	16%
Haulage	3.5	3.2	0.3	9%
Landfreight	3.9	3.2	0.7	22%
TOTAL	88.7	76.6	12.1	16%

4QFY12's performance increased by 16% against the preceding quarter, with seafreight reporting a healthy growth of RM8.6 million or 21% due to a surge in demand for export freight services to the Asean regions.

B3. Current year prospects

The Group achieved a healthy revenue and profit growth of 11% and 6% respectively despite the challenging global economic environment. The financial year also witnessed the turnaround by Tug & Barge service which was reporting negative growth for the past two years. Other growth drivers in the Group were 3PL and landfreight services which are expected to expand further in the new financial year 2013 with new warehouse facilities and transport equipment acquired in the second half of FY2012 and also in FY2013. Seafreight which reported a revenue growth of RM10 million in FY2012 is expected to remain the core activity of the Group in the new financial year.

The new financial year ending 30 June 2013 will prove to be even more challenging with the prevailing global economic headwinds as well as keen competition in the logistics industry. Nonetheless we are positive on the long-term outlook for the logistics industry in our key focus area of Malaysia and the ASEAN region.

FREIGHT MANAGEMENT HOLDINGS BHD**(Company No: 380410-P)****Notes on the quarterly report – 30 June 2012****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 To	Preceding Year
	Quarter	Corresponding Quarter	Date	Corresponding Quarter
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	1,172	1,589	4,088	4,161
Deferred tax	1,570	832	1,557	1,535
	<u>2,742</u>	<u>2,421</u>	<u>5,645</u>	<u>5,696</u>
Under / (Over) provision in respect of prior year :				
Income tax	201	8	464	(585)
Deferred tax	-	(16)	(33)	(870)
	<u>201</u>	<u>(8)</u>	<u>431</u>	<u>(1,455)</u>
Total	<u><u>2,943</u></u>	<u><u>2,413</u></u>	<u><u>6,076</u></u>	<u><u>4,241</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.

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

Notes on the quarterly report – 30 June 2012

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	6,199
Hire purchase and leases	2,772
Bank overdrafts	2,802
	<u>11,773</u>
Payable after 12 months (secured)	
Term loans	23,862
Hire purchase and leases	1,680
	<u>25,542</u>
Total borrowings	<u><u>37,315</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	75
Hire purchase and lease payable after 12 months	120
In Singapore Dollar	
Hire purchase and lease payable within 12 months	90
Hire purchase and lease payable after 12 months	370
Term loans payable within 12 months	1,084
Term loans payable after 12 months	636
In Indonesian Dollar	
Hire purchase and lease payable within 12 months	30
Hire purchase and lease payable after 12 months	24

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 30 June 2012

In Vietnam Dollar

Hire purchase and lease payable within 12 months	3
Hire purchase and lease payable after 12 months	1

2,433

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 recommending for the approval of shareholders a final single tier dividend of 2.5 sen per share, in respect of financial year ended 30 June 2012.

The book of closure and Payment Date in respect of the aforesaid dividend will be determines by the Directors at later date.

The proposed final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting to be held on a date to be announced later.

FREIGHT MANAGEMENT HOLDINGS BHD**(Company No: 380410-P)****Notes on the quarterly report – 30 June 2012****B10. Earnings per share**

	Individual Quarter		Cumulative Quarter	
	Preceding Year		Preceding Year	
	Current Year Quarter	Corresponding Quarter	Current Year To Date	Corresponding Quarter
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Profit attributable to equity holders of the parent (RM'000)	7,150	5,870	20,872	19,712
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	162,286	162,286	162,286	162,286
Basic Earnings Per Share (sen)	4.41	3.62	12.86	12.15

B11. Realised and Unrealised Profits or Losses of the Group

	As at 30.06.12 RM'000	As at 30.06.11 RM'000
Total retained profits of the Group:		
Realised	52,393	55,074
Unrealised *	(7,124)	(5,665)
Total share of retained profits from associated companies:		
Realised	151	141
Unrealised	-	-
Total share of retained profits from jointly controlled entities:		
Realised	-	-
Unrealised	-	-
Total Group retained profits as per consolidated accounts	<u>45,420</u>	<u>49,550</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.

FREIGHT MANAGEMENT HOLDINGS BHD**(Company No: 380410-P)****Notes on the quarterly report – 30 June 2012****B12. Additional Disclosures on Profit for the period**

	Current Year Quarter 30.06.12 RM'000	Current Year To Date 30.06.12 RM'000
Profit for the period is arrived at after charging/ (crediting):		
Interest income	(61)	(225)
(Gain)/loss on disposal of property, plant and equipment	(41)	(126)
(Gain)/loss on foreign exchange	(202)	(532)
Depreciation of property, plant and equipment	2,186	8,662
Impairment loss and write off of trade receivables	(1,606)	548
Interest expense	360	1,677
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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 year ended 30 June 2012.