

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

Notes on the quarterly report – 30 September 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 MFRS 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 annual audited financial statements for the year ended 30 June 2012.

The Group has adopted the MFRS framework issued by the MASB effective for annual periods commencing on or after 1 January 2012. This MFRS framework was introduced by the MASB in order to converge Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standard (“IFRS”) framework issued by the International Accounting Standard Board.

The accounting principles, method of computation and bases used for this quarterly financial report are consistent with those adopted in the most recent annual audited financial statements for the year ended 30 June 2012.

The Group has applied MFRS 1 *First-time Adoption of Malaysia Financial Reporting Standards* in preparing the first MFRS framework interim financial report. In preparing this interim financial report, the Group’s opening statement of financial position was prepared as at 1 July 2012 which is the Group’s date of transition to MFRSs. The transition from FRS to MFRS does not have any significant impact to the financial report 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 2012 was not qualified.

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 30 September 2012

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.

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 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 September 2012

A8. Segment information

Operating segments for the current financial year to date:

	← Logistics →					→ Marine			
	Malaysia	Australia	Indonesia	Thailand	Vietnam	Singapore	Singapore	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
Total revenue	64,904	8,621	4,681	2,336	785	223	4,715	1,085	87,350
Inter-segment revenue	(1,010)	(12)	(153)	(370)	(73)	-	-	(1,085)	(2,703)
Revenue from external customers	63,894	8,609	4,528	1,966	712	223	4,715	-	84,647
Results									
Segment results	5,650	719	484	(241)	145	221	492	(1,013)	6,457
Finance costs	(495)	(4)	(1)	-	-	-	(26)	-	(526)
Share of profit in an associate	8	-	-	-	-	-	-	-	8
Profit before tax	5,163	715	483	(241)	145	221	466	(1,013)	5,939
Tax expense									(757)
Profit for the period									5,182
Assets									
Segment assets	165,726	5,896	4,479	1,335	570	1,147	27,203	17,713	224,069
Investment in an associate	208	-	-	-	-	-	-	-	208
Current tax assets	105	-	33	385	-	-	-	253	776
Total assets									225,053

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 30 September 2012

	←		Logistics				→			
	Malaysia	Australia	Indonesia	Thailand	Vietnam	Singapore	Marine Singapore	Others	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Liabilities										
Segment liabilities	62,609	3,774	610	511	43	8	3,387	1,845	72,787	
Deferred tax liability	7,309	-	-	-	-	-	-	-	7,309	
Current tax liability	1,774	89	-	-	-	12	-	-	1,875	
Total liabilities									<u>81,971</u>	
Other segment information										
Capital expenditure	2,618	14	17	1	-	-	1	2	2,653	
Depreciation	1,839	21	26	8	4	-	398	53	2,349	
Other non-cash income	(168)	(17)	(2)	-	-	-	(4)	-	(191)	
Other non-cash expenses other than depreciation	706	104	67	13	19	-	-	-	909	

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

Notes on the quarterly report – 30 September 2012

A9. Valuation of property, plant and equipment

The Group's property, plant and equipment are stated at cost as the Group has not adopted a revaluation policy on its property, plant and equipment.

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 31 October 2012, Freight Management Holdings Bhd had (FMHB) entered into an agreement with Mr Yusob Boachobi (Thai ID No 3801500081237) and YKP-FM Global Shipyard Co. Ltd (YKPFM) to subscribe in cash for 250,000 ordinary shares of Baht100 each in YKPFM representing 25% of the issued and paid-up capital in YKPFM, a company incorporated under the laws of Thailand for a total consideration of Baht25,000,000, equivalent to RM2,500,000. With completion of the subscription, YKPFM has become an associate company of the FMHB.

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 30 September 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>2,230</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 30.09.12 RM'000
Warehouse equipment	667
Prime Movers, Trailers and Truck	4,472
Forklifts	<u>102</u>
	<u>5,241</u>

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 30 September 2012

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

B1. Review of performance

The Group registered a revenue growth of RM3.6 million or approximately 4% higher than 1QFY12. Details of changes in each service type are as follows:-

Service Type	1QFY13	1QFY12	Increase/ Decrease RM mil	% change
Seafreight	48.7	46.4	2.3	5%
Railfreight	1.0	0.8	0.2	25%
Airfreight	7.9	7.6	0.3	4%
Tug & Barge	4.7	4.8	-0.1	-2%
3PL & Warehousing	7.5	6.8	0.7	10%
Customs Brokerage	8.1	7.8	0.3	4%
Haulage	3.3	3.2	0.1	3%
Landfreight	3.4	3.6	-0.2	-6%
TOTAL	84.6	81.0	3.6	4%

Compared to 1QFY12, all services reported some growth except for Tug & Barge and Landfreight where there was a slight drop in revenue. The overall performance for the reporting quarter is flattish due to slow market conditions in view of the long Hari Raya festive breaks in August 2012.

The Group's Net Profit was RM4.9 million as compared to RM5.0 million in 1QFY12, a decline of 3%.

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 30 September 2012

B2. Variation of results against preceding quarter

As compared to the preceding quarter, revenue for 1QFY13 declined by 5% or RM4.0 million, from RM89 million to RM85 million due to the slow reporting quarter. Net Profit shortfall was RM2.3 million against the preceding quarter which reported a net profit of RM7.2 million against the current reporting quarter of RM4.9 million.

B3. Current year prospects

The global economy remains uncertain in the foreseeable term and we remain cautious of our near term outlook. Nevertheless the Group is still targeting growth in FY2013 and will maintain its focus to expand the freight and the 3PL & warehousing services, besides looking for new business opportunities in logistics related businesses in the Asian region.

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 2012****B5. Tax expense**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year To	Preceding Year
	Quarter	Corresponding Quarter	Date	Corresponding Quarter
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	769	884	769	884
Deferred tax	160	184	160	184
	<u>929</u>	<u>1,068</u>	<u>929</u>	<u>1,068</u>
Under / (Over) provision in respect of prior year :				
Income tax	(172)	-	(172)	-
Deferred tax	-	-	-	-
	<u>(172)</u>	<u>-</u>	<u>(172)</u>	<u>-</u>
Total	<u><u>757</u></u>	<u><u>1,068</u></u>	<u><u>757</u></u>	<u><u>1,068</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.

B6. Status of corporate proposal announced

The following proposals have been approved by the shareholders at the Annual General Meeting on 22 November 2012:-

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

FREIGHT MANAGEMENT HOLDINGS BHD**(Company No: 380410-P)****Notes on the quarterly report – 30 September 2012****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	6,405
Hire purchase and leases	2,341
Bank overdrafts	1,762
	<u>10,508</u>
Payable after 12 months (secured)	
Term loans	26,041
Hire purchase and leases	1,303
	<u>27,344</u>
Total borrowings	<u><u>37,852</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	70
Hire purchase and lease payable after 12 months	113
In Singapore Dollar	
Term loans payable within 12 months	849
Term loans payable after 12 months	462
Hire purchase and lease payable within 12 months	91
Hire purchase and lease payable after 12 months	346
In Indonesian Dollar	
Hire purchase and lease payable within 12 months	33
Hire purchase and lease payable after 12 months	13
	<u><u>1,977</u></u>

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 30 September 2012

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 proposed final single tier dividend of 2.5 sen per share in respect of the financial year ended 30 June 2012 has been approved by the shareholders at the Annual General Meeting on 22 November 2012.

The final dividend will be payable on 18 December 2012 to shareholders whose names appear in the Record of Depositors at the close of business on 30 November 2012.

B10. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	Corresponding Quarter
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Profit attributable to equity holders of the parent (RM'000)	<u>4,869</u>	<u>5,021</u>	<u>4,869</u>	<u>5,021</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)	3.00	3.09	3.00	3.09

FREIGHT MANAGEMENT HOLDINGS BHD**(Company No: 380410-P)****Notes on the quarterly report – 30 September 2012****B11. Realised and Unrealised Profits or Losses of the Group**

	As at 30.09.12 RM'000	As at 30.09.11 RM'000
Total retained profits of the Group:		
Realised	86,506	87,998
Unrealised *	(7,537)	(5,713)
Total share of retained profits from associated companies:		
Realised	159	147
Unrealised	-	-
Total share of retained profits from jointly controlled entities:		
Realised	-	-
Unrealised	-	-
Less: Consolidation adjustments	(28,839)	(27,861)
Total Group retained profits as per consolidated accounts	<u>50,289</u>	<u>54,571</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 September 2012

B12. Additional Disclosures on Profit for the period

	Current Year Quarter 30.09.12 RM'000
Profit for the period is arrived at after charging/ (crediting):	
Interest income	(100)
(Gain)/loss on disposal of property, plant and equipment	(43)
(Gain)/loss on foreign exchange	293
Depreciation of property, plant and equipment	2,350
Impairment loss and write off of trade receivables	675
Interest expense	526
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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 30 September 2012.