

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

**Notes on the quarterly report – 31 March 2014**

**PART A : EXPLANATORY NOTES AS PER MFRS 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 2013.

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 year ended 30 June 2013.

The accounting policies and method of computation adopted by the Group in the preparation of the consolidated interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 30 June 2013 except for the adoption of the following MFRSs and Amendments to MFRSs:-

		<u>Effective dates</u>
MFRS 10	<i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11	<i>Joint Arrangements</i>	1 January 2013
MFRS 12	<i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13	<i>Fair Value Measurement</i>	1 January 2013
MFRS 119	<i>Employee Benefits</i>	1 January 2013
MFRS 127 (revised)	<i>Separate Financial Statements</i>	1 January 2013
MFRS 128 (revised)	<i>Investments in Associates and Joint Ventures</i>	1 January 2013
Amendment to MFRS 1	<i>Government Loans</i>	1 January 2013
Amendment to MFRS 7	<i>Disclosures – Offsetting Financial Assets And Financial Liabilities</i>	1 January 2013
Amendment to MFRS 10	<i>Consolidated Financial Statements: Transition Guidance</i>	1 January 2013

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Amendment to MFRS 11 <i>Joint Arrangements: Transition Guidance</i>	1 January 2013
Amendment to MFRS 12 <i>Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013

The adoption of the above MFRS and amendments to MFRSs does not have any material impact on the results and the financial position 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 2013 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.

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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 except for the issuance of 2,910,473 new shares of RM0.50 each pursuant to the exercise of warrants at RM0.97 per warrant. The total cash proceeds arising from the exercise of warrants during the current financial year to date amounted to RM2,823,159.

**A7. Dividend paid**

- i) The interim single tier dividend of 1.5 sen per share amounting to RM2,516,785 in respect of financial year ended 30 June 2013 has been paid on 17 July 2013.
- ii) The final single tier dividend of 3.0 sen per share amounting to RM5,118,343 in respect of financial year ended 30 June 2013 has been paid on 18 December 2013.

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### A8. Segment information

Operating segments for the current financial year to date:

	← Logistics			→ Marine					
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	Singapore	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>									
Total revenue	238,707	21,049	17,588	5,986	4,979	1,485	12,216	4,909	306,919
Inter-segment revenue	(1,152)	(80)	(419)	(761)	(147)	(53)	-	(4,909)	(7,521)
Revenue from external customers	<u>237,555</u>	<u>20,969</u>	<u>17,169</u>	<u>5,225</u>	<u>4,832</u>	<u>1,432</u>	<u>12,216</u>	<u>-</u>	<u>299,398</u>
<b>Results</b>									
Segment results	22,045	1,039	2,658	(956)	312	(434)	1,725	(3,825)	22,564
Finance costs	(1,231)	(15)	(44)	(4)	-	-	(283)	-	(1,577)
Share of profit/(loss) of an associates	38	-	-	-	-	-	-	(91)	(53)
Share of profit/(loss) of jointly controlled entity	-	-	-	-	-	-	-	(12)	(12)
Profit before tax	<u>20,852</u>	<u>1,024</u>	<u>2,614</u>	<u>(960)</u>	<u>312</u>	<u>(434)</u>	<u>1,442</u>	<u>(3,928)</u>	<u>20,922</u>
Tax expense									<u>(3,623)</u>
Profit for the period									<u>17,299</u>
<b>Assets</b>									
Segment assets	190,009	5,790	6,779	1,311	1,560	1,474	33,439	21,439	261,801
Investments in an associates	355	-	-	-	-	-	-	2,908	3,264
Investments in jointly controlled entity								985	985
Current tax assets	349	-	101	664	-	-	-	253	1,367
Total assets									<u>267,417</u>

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	←		Logistics				→		
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	Singapore	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Liabilities</b>									
Segment liabilities	62,315	3,076	1,743	1,194	269	235	7,831	1,601	78,264
Deferred tax liabilities	9,110	-	-	-	-	-	-	36	9,146
Current tax liabilities	2,188	(26)	-	-	-	-	-	74	2,236
Total liabilities									<u>89,646</u>
<b>Other segment information</b>									
Capital expenditure	10,966	42	221	210	73	156	2,765	115	14,548
Depreciation	6,463	55	131	66	29	-	1,212	115	8,071
Other non-cash income	(725)	(67)	-	-	-	-	(1,770)	-	(2,562)
Other non-cash expenses other than depreciation	1,413	111	240	18	53	-	3	-	<u>1,838</u>

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**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 26 February 2014, a wholly-owned subsidiary, Icon Line (Malaysia) Sdn Bhd (ILM) subscribed for 3,618,820 shares of LKR1.00 each in FM Global Logistics Lanka (Private) Limited (FMGLL) for cash consideration of LKR3,618,820, equivalent to RM93,700.

**A12. Contingent liabilities**

As at the date of this announcement, the Directors of FMHB are not aware of any contingent liability of the Group save as disclosed below:-

Bank guarantees in favour of third parties*	<b>RM'000</b> <u>2,318</u>
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*\*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 :**

	<b>As at 31.03.14 RM'000</b>
Construction of a warehouse cum office building	20,825
Tug & Barge	2,266
Office equipment	21
Warehouse equipment	55
	<hr/>
	23,167

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### **Notes on the quarterly report – 31 March 2014**

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

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

The Group registered a revenue growth of RM4.8 million or approximately 5% higher than 3QFY13. Details of changes in each service type are as follows:-

<b>Service Type</b>	<b>3QFY14</b>	<b>3QFY13</b>	<b>Increase/ Decrease RM mil</b>	<b>% change</b>
Seafreight	53.2	49.0	4.2	9%
Railfreight	0.3	0.8	-0.5	-63%
Airfreight	5.8	8.4	-2.6	-31%
Tug & Barge	4.4	4.5	-0.1	-2%
3PL & Warehousing	12.7	10.4	2.3	22%
Customs Brokerage	8.3	8.3	0.0	0%
Haulage	5.2	3.7	1.5	41%
Landfreight	6.7	6.7	0.0	0%
<b>TOTAL</b>	<b>96.6</b>	<b>91.8</b>	<b>4.8</b>	<b>5%</b>

Compared to 3QFY13, revenue growth for the reporting quarter, 3QFY14 was marginal with major contribution from seafreight, 3PL and warehousing and haulage. All other services reported zero or negative growth. This is due to weaker demand for these services during the month of January and February 2014.

Group's profit before tax increased by 2% from RM6.8 million in 3QFY13 to RM7.0 million in 3QFY14, while the profit after tax and non-controlling interests increased by 8% from RM4.6 million to RM5.0 million.



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

<b>Service Type</b>	<b>3QFY14</b>	<b>2QFY14</b>	<b>Increase/- Decrease</b>	
			<b>RM mil</b>	<b>% change</b>
Seafreight	53.2	57.5	-4.3	-7%
Railfreight	0.3	0.3	0.0	0%
Airfreight	5.8	7.9	-2.1	-27%
Tug & Barge	4.4	3.9	0.5	13%
3PL & Warehousing	12.7	12.3	0.4	3%
Customs Brokerage	8.3	9.0	-0.7	-8%
Haulage	5.2	5.3	-0.1	-2%
Landfreight	6.7	7.2	-0.5	-7%
<b>TOTAL</b>	<b>96.6</b>	<b>103.4</b>	<b>-6.8</b>	<b>-7%</b>

Revenue for the current reporting quarter dropped by RM6.8 million as compared to the preceding quarter. This is due to the festive holidays and also shorter month in February.

Net profit for the quarter as compared to the preceding quarter declined from RM5.5 million to RM5.0 million due to the reasons explained above.

**B3. Current year prospects**

Historically, 3<sup>rd</sup> quarter was a slow quarter for the Group but we expect the performance to pick up in the 4<sup>th</sup> quarter of FY2014. However barring any unforeseen circumstances, the Group is cautiously optimistic of achieving growth for the financial year ending 30 June 2014.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 31 March 2014****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	Preceding
	Quarter	Corresponding	Year To	Year
	31.03.2014	Quarter	Date	Corresponding
	31.03.2014	31.03.2013	31.03.2014	Quarter
	RM'000	RM'000	RM'000	31.03.2013
				RM'000
<b>In respect of current period:</b>				
Income tax	937	804	3,367	2,242
Deferred tax	(88)	487	261	986
	<u>849</u>	<u>1,291</u>	<u>3,628</u>	<u>3,228</u>
<b>Under / (Over) provision in respect of prior years :</b>				
Income tax	(10)	(55)	(10)	(227)
Deferred tax	5	(21)	5	(21)
	<u>(5)</u>	<u>(76)</u>	<u>(5)</u>	<u>(248)</u>
<b>Total</b>	<u><u>844</u></u>	<u><u>1,215</u></u>	<u><u>3,623</u></u>	<u><u>2,980</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**

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

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**B7. 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	7,818
Hire purchase and lease liabilities	1,215
Bank overdrafts	572
	<u>9,605</u>
<b>Payable after 12 months (secured)</b>	
Term loans	26,542
Hire purchase and lease liabilities	3,218
	<u>29,760</u>
<b>Total borrowings</b>	<u><u>39,365</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 liabilities payable within 12 months	44
Hire purchase and lease liabilities payable after 12 months	188
<b>In Singapore Dollar</b>	
Term loans payable within 12 months	2,069
Term loans payable after 12 months	4,824
Hire purchase and lease liabilities payable within 12 months	100
Hire purchase and lease liabilities payable after 12 months	210
<b>In Indonesian Dollar</b>	
Hire purchase and lease liabilities payable within 12 months	166
Hire purchase and lease liabilities payable after 12 months	328
<b>In Thailand Dollar</b>	
Hire purchase and lease liabilities payable within 12 months	27
Hire purchase and lease liabilities payable after 12 months	39
	<u><u>7,995</u></u>

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**B8. Change in material litigation**

Neither FMHB 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 FMHB 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 2014. The dividend will be paid on 14 July 2014 to holders of ordinary shares whose name appear in the Record of Depositors at the close of business on 30 June 2014.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 31 March 2014****B10. Earnings per share****Basic**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>Year</b>	<b>Year</b>	<b>Year To</b>	<b>Year</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>Date</b>	<b>Corresponding</b>
	<b>31.03.2014</b>	<b>31.03.2013</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Profit attributable to equity holders of the parent (RM'000)	5,013	4,628	15,836	14,447
Weighted average number of ordinary shares in issue ('000)	167,785	162,286	167,785	162,286
Effect of exercise of warrants ('000)	24	-	2,510	-
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary shares('000)	167,809	162,286	170,295	162,286
Basic Earnings Per Ordinary Share (sen)	2.99	2.85	9.30	8.90

**Diluted**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>Year</b>	<b>Year</b>	<b>Year To</b>	<b>Year</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>Date</b>	<b>Corresponding</b>
	<b>31.03.2014</b>	<b>31.03.2013</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Profit attributable to equity holders of the parent (RM'000)	5,013	4,628	15,836	14,447
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary shares ('000)	167,809	162,286	170,295	162,286
Effect of dilution in potential exercise of warrants ('000)	494	5,603	6,333	5,603
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)	168,303	167,889	176,628	167,889
Diluted Earnings Per Ordinary Share (sen)	2.98	2.76	8.97	8.61

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**B11. Realised and Unrealised Profits or Losses of the Group**

	<b>As at 31.03.14 RM'000</b>	<b>As at 31.03.13 RM'000</b>
Total retained earnings of the Group:		
Realised	113,008	93,903
Unrealised *	(9,433)	(8,219)
Total share of retained earnings from associates:		
Realised	186	261
Unrealised	-	-
Total share of retained earnings from Jointly Controlled Entity:-		
Realised	(12)	-
Unrealised	-	-
Less: Consolidation adjustments	<u>(31,619)</u>	<u>(30,135)</u>
Total Group retained earnings as per financial statements	<u><u>72,130</u></u>	<u><u>55,810</u></u>

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

The disclosure of the 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**

	<b>Current Year Quarter 31.03.14 RM'000</b>	<b>Current Year To Date 31.03.14 RM'000</b>
<b>Profit for the period is arrived at after charging/ (crediting):</b>		
Interest income	(66)	(242)
Gain on disposal of property, plant and equipment	(1,758)	(1,923)
Gain on foreign exchange	66	(244)
Depreciation of property, plant and equipment	2,658	8,071
Impairment loss and write off of trade receivables	(187)	1,407
Interest expense	<u>506</u>	<u>1,577</u>

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 2014.