

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

**Notes on the quarterly report – 30 June 2007**

**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 2006.

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 2006 except for the adoption of Financial Reporting Standards (“FRS”) that came into effect for financial period beginning on or after 1 January 2006 and early adoption of FRS 117 “Leases”.

**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 2006 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 nature and amounts of items affecting assets, liabilities, equity, net income or cash flows**

There were no items of unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows during the period under review except for the followings : -

- i) Adoption of FRS 3 whereby the reserve on consolidation brought forward as of 1 July 2006 amounted to RM4,433,214 was derecognized and adjusted to opening retained earnings;
- ii) Adoption of FRS 5 whereby non-current assets held for sale are classified as current assets on the face of the balance sheet;
- iii) Adoption of FRS 101 whereby minority interests were presented within total equity and share of result of associated company was stated at after-tax; and
- iv) Adoption of FRS 117 whereby the leasehold land was reclassified as Prepaid Lease Payment.

#### **A5. Changes in estimates**

There were no changes in estimates of amounts reported in prior financial years that have material effect in the current quarter.

#### **A6. Issuance and repayment of debts and equity securities**

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

#### **A7. Dividend paid**

- i) A final dividend of 2.0 sen per share less tax at 27%, amounting to RM1,243,920, in respect of previous financial year ended 30 June 2006, was paid on 18 January 2007.

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ii) The gross interim dividend of 1.2 sen per share less tax, and a tax exempt dividend of 0.8 sen per share in respect of financial year ended 30 June 2007, has been paid on 27 July 2007.

#### **A8. Segment information**

By geographical location for the current financial year to date :

	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>Australia RM'000</b>	<b>Total RM</b>
Revenue from external customers	158,460	17,477	12,142	188,079
Segment assets	98,198	17,060	2,194	117,452
Capital expenditure	12,535	3,931	194	16,660

#### **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.

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**A11. Changes in the composition of the Group**

FMH has on 28 May 2007 acquired 3 ordinary shares of SGD1.00 each from Mr Chew Chong Keat, Mr Yang Heng Lam and Ms Gan Siew Yong comprising the total paid-up capital in FM Marine Pte Ltd, a private limited company incorporated in Singapore for a total cash consideration of SGD3.00 (equivalent to RM6.72 at RM2.241 to SGD1.00).

With the completion of the acquisition, FM Marine Pte Ltd has become a wholly-owned subsidiary of FMH.

FMH has on 28 May 2007 subscribed for an additional 999,997 new ordinary shares of SGD1.00 each in FM Marine Pte Ltd at the cash consideration of SGD999,997.00 (equivalent to RM2,240,993.28 at RM2.241 to SGD1.00). The issued and paid up share capital after the subscription has become SGD1,000,000.00.

**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 :

	<b>RM'000</b>
Bank guarantees in favour of third parties*	<u>1,816</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 :**

	<b>As at 30.06.07 RM'000</b>
Barges	11,137
Motor vehicles	542
Office equipment	7
Warehouse equipment	<u>69</u>
	<u>11,755</u>

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

**B1. Review of performance**

The Group recorded a revenue of RM51.1 million compared to a revenue of RM47.7 million in the preceding year corresponding quarter; registering a growth of 7.2%. The increase was attributed primarily to higher revenue from seafreight and tug and barge services. Seafreight increased by 6.8% or RM1.9 million due to higher volume of TEUs handled during this period. The tug & barge operations also registered an increase of 58.7% or RM2.0 million as a result of higher yielding cargo and increased number of laden trips. However, revenue from railfreight decreased by RM0.6 million during this period as a result of disruption from shortages of locomotive for the current quarter compared to preceding year corresponding quarter.

The Group's Profit Before Tax ("PBT") grew from RM3.3 million to RM4.2 million, registering an increase of 27.9% compared to preceding year corresponding quarter. The Profit attributable to equity holders of the parent correspondingly increased from RM2.3 million to RM3.0 million.

For the year ended 30 June 2007, the Group registered a PBT of RM13.7 million against RM11.1 million in the previous financial year, an increase of 23.8%, on the back of a double digit growth of 16.9% in revenue of RM188.1 million. The higher PBT was attributed from its tug and barge subsidiary, TCH Marine Pte Ltd which contributed RM1.965 million for the financial under review as compared to RM0.70 million in the previous financial year. Gross Profit margin increased from 19.9% to 21.2% in the current financial year.

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

Compared to the immediate preceding quarter, the Group's revenue recorded an increase of 15.3% or RM6.8 million. Collectively, the freight services of the Group increased by 13.5% while other services (which includes the tug and barge services) increased by 21.5%. Generally, the Group activities would reflect an increase for the final quarter in relative to the shorter working preceeding quarter.

The Group's PBT of RM4.2 million for the current quarter is approximately 41.3% higher than the PBT of RM2.9 million in the immediate preceding quarter due largely to the higher revenue generated.

**B3. Next year prospects**

The Board of Directors of FMH expects a favourable growth performance of the Group for the financial year ending 30 June 2008.

**B4. Variance of actual and forecast profit**

The Group achieved a PBT growth of 23.8% for the current year ended 30 June 2007 as compared with the previous financial year. This was beyond the expected internal growth target of between 12-15% announced earlier. The improved results are due to increase in revenue by RM28 million, improved yield and costs efficiencies and a lower effective tax rate in the financial year under review.

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**B5. Tax expense**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
	RM'000	RM'000	RM'000	RM'000
<b>In respect of current period:</b>				
Income tax	548	683	2,252	2,729
Deferred tax	108	153	736	300
	<u>656</u>	<u>836</u>	<u>2,988</u>	<u>3,029</u>
<b>Under / (Over) provision in respect of prior year :</b>				
Income tax	-	-	(25)	(11)
Deferred tax	4	-	16	-
	<u>4</u>	<u>-</u>	<u>(9)</u>	<u>(11)</u>
Total	<u>660</u>	<u>836</u>	<u>2,979</u>	<u>3,018</u>

The effective tax rate is lower than the statutory tax rate due to the tax exemption enjoyed by the subsidiary in Singapore and the reduced income tax rate of 20% enjoyed by the local subsidiaries.

**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 other than the disposal of a leasehold industrial land by Freight Management (M) Sdn Bhd, a wholly owned subsidiary, for a cash consideration of RM2,025,115. The Sales and Purchase Agreement was executed and completed. The loss which arose from the disposal was RM78,016.



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**B7. Quoted and marketable investments**

Details of purchases and disposals of unit trusts investment :

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year To	Preceding Year
	Quarter	Corresponding Quarter	Year To Date	Corresponding Quarter
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
	RM'000	RM'000	RM'000	RM'000
Purchase (at cost)	-	-	-	107
Disposal (proceeds)	-	-	1,125	-
Loss on disposal	-	-	(23)	-

There were no investments made in quoted and marketable securities as at the date of this report.

**B8. Status of corporate proposal announced**

There were no corporate proposals announced but not completed as of the date of this report.

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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	1,625
Hire purchase and leases	410
Banker acceptance	1,257
Bank overdrafts	3,293
	<u>6,585</u>
<b>Payable after 12 months (secured)</b>	
Term loans	15,063
Hire purchase and leases	632
	<u>15,695</u>
<b>Total borrowings</b>	<u><u>22,280</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 payable within 12 months	26
Hire purchase and lease payable after 12 months	136
<b>In Singapore Dollar</b>	
Term loans payable within 12 months	1,155
Term loans payable after 12 months	2,697
	<u>4,014</u>

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**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.

**B12. Dividend**

The Board of Directors is recommending for the approval of shareholders a final dividend of 2 sen per share less tax, in respect of the financial year ended 30 June 2007.

The Book Closure and Payment Date in respect of the aforesaid dividend will be determined by the Directors at a 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.

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**B13. Earnings per share**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	Corresponding Quarter
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
Profit attributable to ordinary equity holders of the parent (RM'000)	3,002	2,271	9,688	7,740
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	85,200	85,200	85,200	85,200
Weighted average number of dilutive potential ordinary shares of RM0.50 each ('000)	N/A	85,769	N/A	85,471
Basic Earnings Per Share (sen)	3.52	2.67	11.37	9.08
Diluted Earnings Per Share (sen)	N/A	2.65	N/A	9.06

Note : There is no diluted earnings per share in current quarter and financial year-to-date as ESOS has been terminated.

N/A : Not Applicable