



FREIGHT MANAGEMENT HOLDINGS BHD

380410-P

YOUR CONNECTION TO THE WORLD

2017
Annual Report



- SEA FREIGHT
- AIR FREIGHT
- LAND FREIGHT
- 3PL & DISTRIBUTION
- WAREHOUSING
- CUSTOMS BROKERAGE
- HAULAGE
- TUG & BARGE

ABOUT FM GLOBAL LOGISTICS

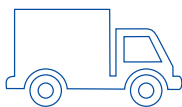
Freight Management Group of Companies is a leading International Freight Services Provider based in Malaysia offering multimodal freight services that includes sea, land, air, tug & barge and rail. It differentiates itself from competitors by offering its own-operated freight services thereby minimising outsourcing. This enables the Group to offer dedicated and reliable freight services to its diverse range of customers through its workforce of over 1,000 personnel, who are stationed in all the important maritime and air gateways of Malaysia and also in the Asean region.

Freight Management Holdings Bhd ("FMHB"), was first listed on the Second Board of the Kuala Lumpur Stock Exchange (Bursa Malaysia) in February 2005 and was successfully transferred to the Main Board in December 2007, making it one of the first Malaysian-owned freight service companies to be listed on the Main Board of Bursa Malaysia.

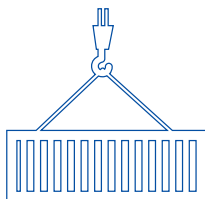
KEY FACTS



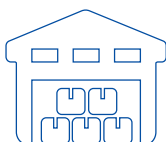
9
operating countries



72 trucks **77** prime movers **447** trailers



113,200 TEUs



665,000 sq. ft
warehousing space (bonded & non-bonded)



1,330
employees as at 30 June 2017



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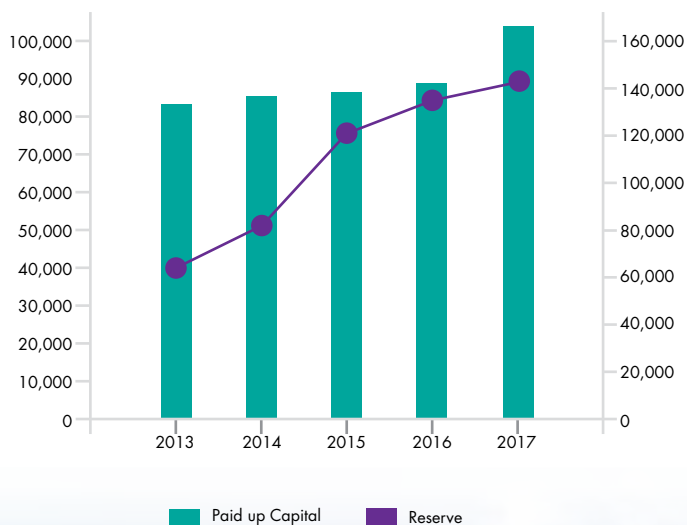
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FINANCIAL HIGHLIGHTS

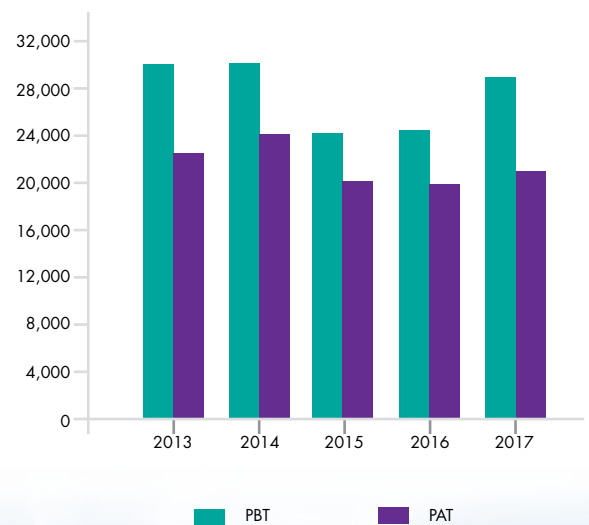
STATEMENTS OF COMPREHENSIVE INCOME (RM'000)	2013	2014	2015	2016	2017
Revenue	364,808	403,301	420,271	413,771	461,295
Profit Before Taxation	30,224	30,827	24,244	24,761	28,916
Profit After Tax	22,566	24,006	20,105	19,874	21,026
Net Earnings Per Share (sen)	13.90	14.09	11.75	11.45	11.50
Gross Dividend Per Share (sen)	4.50	5.00	5.00	5.00	5.00

STATEMENTS OF FINANCIAL POSITION (RM'000)	2013	2014	2015	2016	2017
No. of shares in issue ('000)	167,786	170,762	173,000	177,618	186,148
Paid-up Share Capital	83,893	85,381	86,500	88,809	104,290
Reserve	64,885	82,954	120,953	135,849	142,729
Net Asset per Share (RM)	0.89	0.99	1.20	1.26	1.33

Shareholders' Funds
(RM'000)



Profit Before Tax
(RM'000)

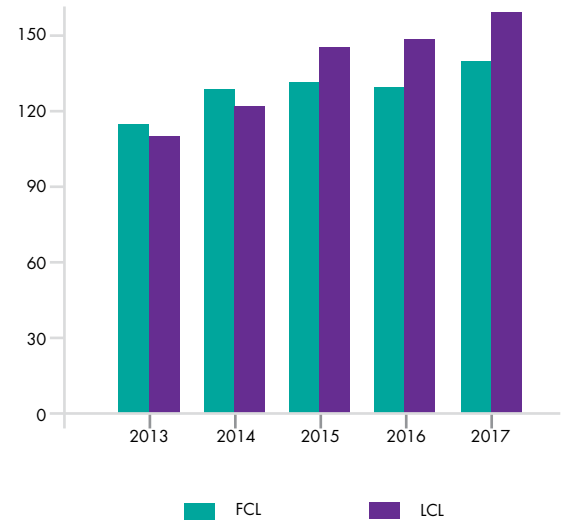


FINANCIAL HIGHLIGHTS

Revenue Analysis by Service Type
(RM'000)



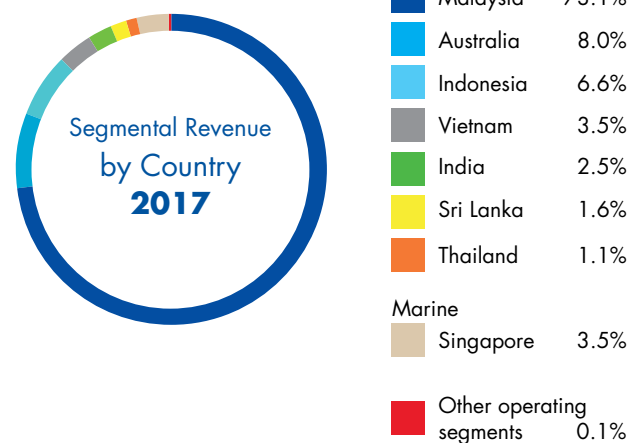
Revenue Analysis by Container Mode
(RM'000)



The above information includes Sea Freight, Air Freight, Land Freight and Supporting Services.

This mode covers Sea Freight, Land Freight and Supporting Services.

REVENUE ANALYSIS (RM'000)	2013	2014	2015	2016	2017
Contribution by Service Type					
Sea Freight	201.6	224.8	259.8	262.9	290.3
Air Freight	31.6	28.7	33.9	35.1	45.3
Tug & Barge	18.9	17.2	19.6	13.8	16.1
3PL & Warehousing	39.6	48.4	39.6	42.7	47.3
Land Freight	20.7	26.4	17.1	16.5	16.0
Supporting Services	52.4	57.8	50.3	42.8	46.2
TOTAL	364.8	403.3	420.3	413.8	461.2





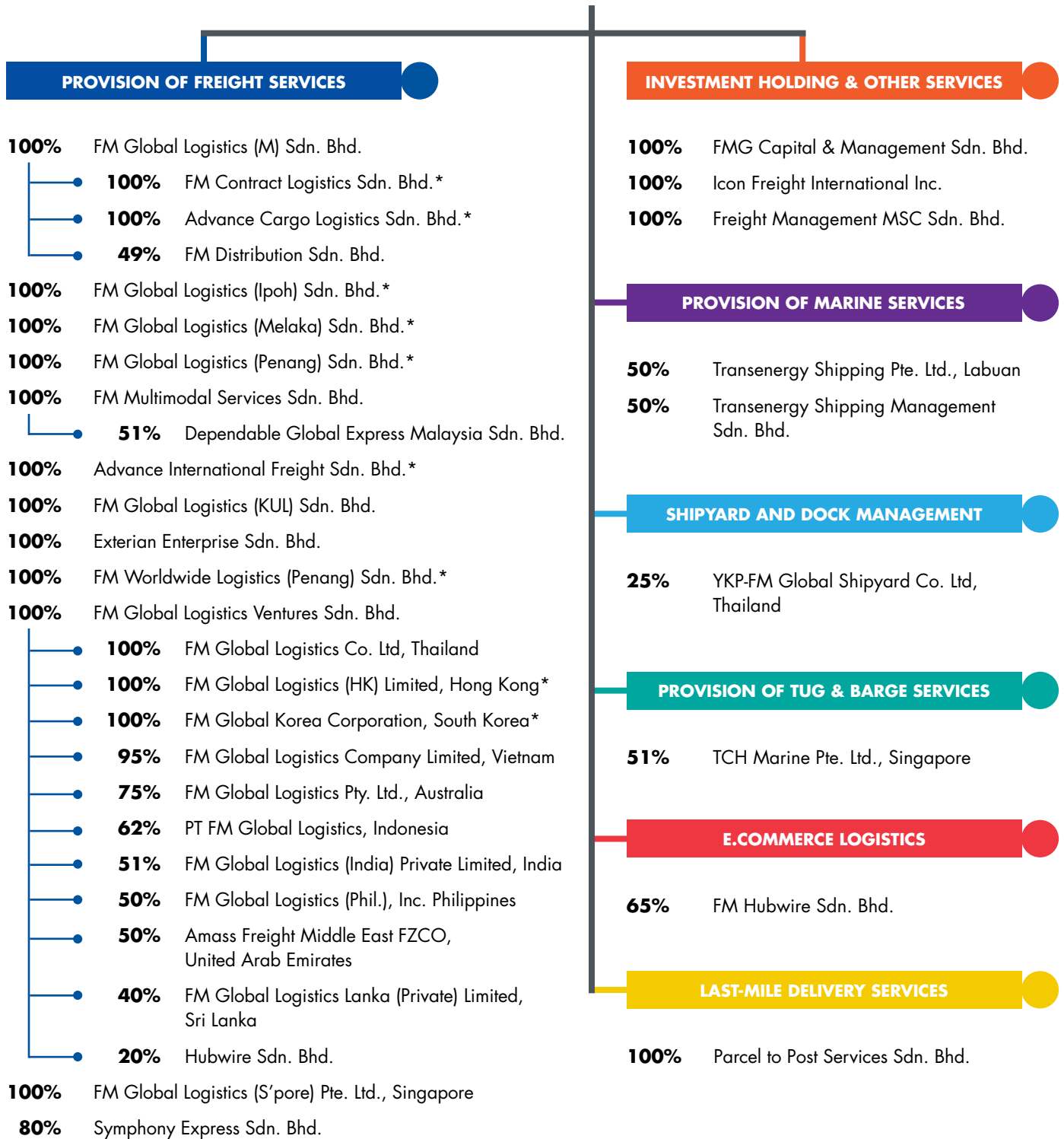
- ✓ Professional
- ✓ Reliable
- ✓ Trustworthy

CORPORATE STRUCTURE



FREIGHT MANAGEMENT HOLDINGS BHD

380410-P



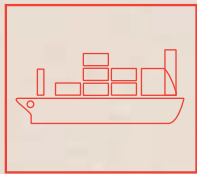
* Dormant Companies

SERVICES OFFERED BY THE GROUP



Your Connection To The World

FMHB is one of the leading international freight forwarders in Malaysia, operating as an intermediate agent between importers/exporters and carriers.



International and Domestic Sea Freight Services LCL/FCL

FM Group's extensive experience in export/import sea freight services ensure efficient handling of customers' cargo movement internationally and between Peninsular Malaysia and Sabah/Sarawak.



Bulk Services

Freight Management through its subsidiary TCH Marine Pte. Ltd., with a fleet of 7 Barges and 7 Tugboats is a leading tug & barge operator; servicing the Straits of Melaka.



International and Domestic Air Freight Services

The FM Group handles inbound and outbound air freight services both internationally and between Peninsular Malaysia and Sabah/Sarawak. We are part of an established worldwide network of air freight forwarders.



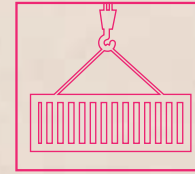
Customs Clearance

FM Group, with a team of >100 personnel nationwide, is able to offer professional and efficient customs clearance for both sea and air services.



3PL & Warehousing

FM Group operates a total of about 665,000 sq. ft. of bonded and non-bonded warehouses. We offer a one-stop centre for storage value-adding and distribution, and e-commerce fulfillment services.



Project Management

FM's Project Management Department is equipped to handle the organisation and shipping of all oversized cargo.



Land Transportation

FM's fleet of 72 trucks, 77 prime movers and 447 trailers offer door to door delivery and pick-up services throughout the Peninsular and between Malaysia, Singapore and Thailand. We accept Full Truck Load, LTL Load and Container Haulage.

CORPORATE INFORMATION

DIRECTORS

Datuk Dr. Hj. Noordin bin Hj. Abd. Razak
Chairman/Senior Independent Non-Executive Director

Chew Chong Keat
Group Managing Director

Yang Heng Lam
Executive Director

Gan Siew Yong
Executive Director

Ong Looi Chai
Executive Director

Aaron Sim Kwee Lein
Independent Non-Executive Director

Chua Tiong Hock
Non-Independent Non-Executive Director

Khua Kian Keong
*Non-Independent Non-Executive Director
(Alternate Director to Chua Tiong Hock)*

AUDIT COMMITTEE

Chairman
Datuk Dr. Hj. Noordin bin Hj. Abd. Razak
Senior Independent Non-Executive Director

Member
Chua Tiong Hock
Non-Independent Non-Executive Director

Aaron Sim Kwee Lein
Independent Non-Executive Director

REMUNERATION COMMITTEE

Chairman
Datuk Dr. Hj. Noordin bin Hj. Abd. Razak
Senior Independent Non-Executive Director

Member
Chew Chong Keat
Group Managing Director

Aaron Sim Kwee Lein
Independent Non-Executive Director

NOMINATION COMMITTEE

Chairman
Datuk Dr. Hj. Noordin bin Hj. Abd. Razak
Senior Independent Non-Executive Director

Member
Aaron Sim Kwee Lein
Independent Non-Executive Director

COMPANY SECRETARIES

Lim Hooi Mooi (f)
(MAICSA 0799764)

Wong Wai Foong (f)
(MAICSA 7001358)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

HEAD/MANAGEMENT OFFICE

Wisma Freight Management
Lot 37, Lebuhr Sultan Mohamed 1
Kawasan Perindustrian Bandar
Sultan Suleiman, 42000 Port Klang
Selangor Darul Ehsan, Malaysia
Tel : +603-3176 1111
Fax : +603-3176 2188
Website : www.fmgloballogistics.com

PRINCIPAL BANKERS

Hong Leong Bank Berhad
HSBC Amanah Bank Malaysia Bhd
OCBC Bank (Malaysia) Bhd
RHB Islamic Bank Berhad

AUDITORS

BDO
(Firm No.: AF 0206)
Chartered Accountants

SOLICITORS

Wong Lu Peen & Tunku Alina
Advocate & Solicitor

REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Block D, Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7841 8000
Fax : +603-7841 8151

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : FREIGHT
Stock No. : 7210
(Listed on Second Board on 3 February 2005)



- ✓ Quality
- ✓ Integrity
- ✓ Innovative



BOARD OF DIRECTORS' PROFILE

Datuk Dr. Hj. Noordin bin Hj. Abd. Razak
Chairman/Senior Independent Non-Executive Director

Age: 72
Malaysian, Male

Appointed on 22 July 2004, he is also the Chairman of the Audit Committee, Remuneration Committee and Nomination Committee.

He obtained his Degree in Bachelor of Arts in Sociology and Master of Arts in Sociology from the University of Malay in 1971 and 1989 respectively. He later obtained his Doctor of Philosophy ("PhD") from the Pacific Western University of the United States of America ("USA") in 1991. He is a fellow member of the British Institute of Management and a member of the Malaysian Institute of Management.

He commenced his career as an Education Officer with the Ministry of Education in 1965. In 1972, he left the Ministry of Education to join the City Hall of Kuala Lumpur as Assistant Secretary. He was promoted to the position of Director General of City Hall of Kuala Lumpur in 1989 and assumed the post until his retirement in 2000. Besides contributing to more than 27 years in the socio-economic development, strategic planning and development of Kuala Lumpur, he also served on the Board of Directors of Urban Development Agency, PGK Sdn. Bhd., Stadium Negara and Badan Seni Lukis Negara between 1988 and 2000.

He is presently involved primarily in non-governmental organisations, where he is the Chairman of various organisations which include University Malaya Alumni Association and Institute Pemikiran Kreatif Malaysia ("INSPEK"). He is the National Vice-Chairman of the Malaysian Red Crescent, a member of Trustees of Institute of Sultan Iskandar, Universiti Teknologi Malaysia and a member of the Institute of Islamic Understanding Malaysia ("IKIM").

Chew Chong Keat
Group Managing Director

Age: 56
Malaysian, Male

Mr. Chew joined the Board on 20 March 1996 and is the Group Managing Director of the Group. He is one of the co-founders of the Group and serves on the board of all subsidiaries and associated companies of the Group. He is principally responsible for managing the Group's business and corporate affairs. With more than 30 years of experience in the provision of freight and logistics services, he is also the key person in setting directions for the Group's business strategies. He is also a member of the Remuneration Committee of FMHB.

In 1984, he graduated from the University of Manchester, United Kingdom with a Bachelor Degree in Economics. He also holds a Diploma from the Business Education Council National, United Kingdom and a Diploma of Competence in Freight Forwarding from the International Federation of Freight Forwarders ("FIATA").

BOARD OF DIRECTORS' PROFILE

Yang Heng Lam

Executive Director

Age: 54
Malaysian, Male

Mr. Yang joined the Board on 20 March 1996 and also serves on the board of all subsidiaries and associated companies of the Group. He is principally responsible for the business development and operations of the Group, which includes exploring overseas markets and overseeing the development of marketing and Group strategies.

He has more than 30 years' experience in the freight and logistics industry and has been instrumental in securing and maintaining major customers for the Group.

Gan Siew Yong

Executive Director

Age: 55
Malaysian, Female

Ms. Gan joined the Board on 20 March 1996 as Executive Director. She also serves on the board of several subsidiary companies of the Group. She is principally responsible for the export related services of the Group and is actively involved in rates negotiation and securing container space with the shipping lines. Equipped with more than 30 years' experience, and together with the strong support from her team, she has been instrumental in the establishment of the Group's LCL consolidation business to all the major ports of the world.

Ong Looi Chai

Executive Director

Age: 49
Malaysian, Male

Mr. Ong was appointed on 1 June 2006. Mr. Ong joined the Group in 1989 where he was attached to the Port Klang headquarters. In 1995, he assumed the position of Branch Manager in Penang and has been instrumental in the growth and development of the Penang branch.

He is currently responsible for the overall business and development of the northern region of West Malaysia and also East Malaysia. He is also assigned to lead the business development of the Group's overseas offices in Thailand and Indonesia.

Aaron Sim Kwee Lein

Independent Non-Executive Director

Age: 51
Malaysian, Male

Mr. Sim was appointed to the Board on 3 December 2004. He is a Fellow member of the Chartered Association of Certified Accountants (UK), a Chartered Accountant of the Malaysian Institute of Accountant, a member of CPA Australia and a Chartered Member of the Institute of Internal Auditors Malaysia. He is a member of FMHB Audit Committee, Remuneration Committee and Nomination Committee.

He commenced his career with an international accounting firm and gained professional exposure in stockbroking, trading, manufacturing and construction concerns. Thereafter, he joined a listed company on the Main Board of Bursa Securities, as an Internal Auditor where he was engaged in audit work of stockbroking, manufacturing, retail and distribution concerns. In addition, he was also involved in due diligence, operational rationalisation and strategic planning work for corporate acquisitions. Subsequently, he was the Finance & Administrative Manager in a food retail franchise chain before heading the Corporate Strategies and Financial Affairs department of a glove manufacturing group. He is currently involved in offering business and financial advisory services. Mr. Sim also serves on the board of Excel Force MSC Berhad and Frontken Corporation Berhad.

Chua Tiong Hock

Non-Independent Non-Executive Director

Age: 64
Singaporean, Male

Mr. Chua was appointed to the Board as a Director on 30 July 2007. He is a member of FMHB's Audit Committee. Mr. Chua is also an Executive Director of Vibrant Group Limited, Singapore, a substantial shareholder of FMHB.

He is also a director of Sabana Shari'ah Compliant REIT, as well as a number of other subsidiaries in the Freight Links Group.

He has wide-ranging experience in logistics, operations management and corporate development with various multinational companies and local companies.

Mr. Chua obtained his Bachelor of Arts Degree from the University of Singapore. He also holds a Graduate Diploma in Business Administration from the National University of Singapore and a Graduate Diploma in Personnel Management from the Singapore Institute of Personnel Management.

Khua Kian Keong

Non-Independent Non-Executive Director (Alternate Director to Chua Tiong Hock)

Age: 49
Singaporean, Male

Mr. Khua was appointed as Alternate Director to Mr. Chua Tiong Hock on 30 July 2007. He is the Chief Executive Officer of Vibrant Group Limited, Singapore, a substantial shareholder of FMHB. He obtained his Bachelor of Science in Electrical Engineering and graduated cum laude from University of the Pacific, United States in 1987.

Mr. Khua is a past president of the Singapore Metal and Machinery Association, a council member of the Singapore Chinese Chamber of Commerce and Industry, Vice-Chairman of the Singapore-China Business Association, a board member and Head of External Affairs at the Singapore Thong Chai Medical Institute. He also serves as a Patron at the Telok Blangah Citizens' Consultative Committee.

In addition, Mr. Khua is the president of the Nanyang Kuah Si Association, Chairman of Pei Tong Primary School advisory committee, and a board member of Tan Kah Kee Foundation and the school management committee of Catholic High School. He is an executive committee member at the Singapore Ann Kway Association.

Mr. Khua is Board Chairman of Fujian Anxi No. 8 Middle School, Vice-President of World Quanzhou Youth Friendship Association, Vice-President of Anxi Charity Federation and Anxi Fenglai Guitou Charity Federation. In 2009, he was awarded the "Outstanding Charitable Works Contribution" by Fujian Provincial Government, People's Republic of China.

Additional Information

FAMILY RELATIONSHIPS : Gan Siew Yong is the spouse of Chew Chong Keat.

DIRECTORSHIP OF PUBLIC COMPANIES : Save as disclosed above, none of the Directors has any directorship in other public listed companies.

CONVICTIONS : None of the Directors has been convicted of any offences within the past 10 years, traffic offences not included.

MANAGEMENT TEAM PROFILE

Chew Chong Keat
Group Managing Director

Gan Siew Yong
Executive Director

Yang Heng Lam
Executive Director

Ong Looi Chai
Executive Director

Note: Please refer to pages 9 and 10 for the complete profiles of Chew Chong Keat, Yang Heng Lam, Gan Siew Yong and Ong Looi Chai.

Chan Ying Wei
Group Financial Controller
Age: 46 • Malaysian, Male

- Joined in September 2014 as Group Financial Controller.
- In charge of financial reporting & treasury, corporate governance and compliance for FMHB Group of companies.
- Qualifications and Experience:
 - Chartered Accountant of Malaysian Institute of Accountants (MIA).
 - Member of Certified Public Accountants of Australia (CPA Australia).
 - Bachelor of Business (Accountancy), RMIT University, Melbourne, Australia.
 - 22 years' experience in the areas of auditing, accounting, treasury, taxation and corporate finance.

Phang Chiun Joo
General Manager - Export
Age: 50 • Malaysian, Female

- Joined in November 1991 as Export Customer Service Officer.
- Promoted to General Manager - Export in 2010.
- In charge of the Export Sea Freight Division.
- Qualifications and Experience:
 - 26 years' experience in logistics services.

Umi Nadra Binti Abd Latiff
General Manager - Import
Age: 43 • Malaysian, Female

- Joined in September 1995 as Customer Service Executive.
- Promoted to General Manager - Import in September 2013.
- In charge of the Import Sea Freight Division.
- Qualifications and Experience:
 - Executive Doctor of Business Administration - Sabi University France.
 - Masters in Logistics and Supply Chain Management - University of Selangor.
 - 22 years' experience in logistics services.

Ong Hock Keng
Vice President
Age: 47 • Malaysian, Male

- Joined in February 2017 as Vice-President.
- In charge of 3PL, the Land Freight Division and Thailand Operations.
- Qualifications and Experience:
 - Bachelor of Economics from University Utara Malaysia.
 - 10 years' marketing experience in the oil and gas sector.
 - 10 years' experience in logistics in Malaysia and Thailand.

Ong Hock Soon
General Manager - Warehousing
Age: 59 • Malaysian, Male

- Joined in December 2010.
- In charge of the Warehousing Division.
- Qualifications and Experience:
 - Chartered Institute of Management Accountants (CIMA).
 - 30 years' experience in warehousing services.

Yeow Soon Guat
Director - FM Multimodal Services Sdn Bhd (FMMS)
Age: 54 • Malaysian, Female

- Joined in February 2006 as Director of FMMS.
- In charge of the operations of FMMS.
- Qualifications and Experience:
 - Bachelor of Science (Honours) in Statistics, Universiti Kebangsaan Malaysia.
 - 15 years' experience in marketing.
 - 11 years' experience in total logistics services.

Salim Bin Saleh Mohamed
General Manager - Customs Brokerage and Haulage
Age: 48 • Malaysian, Male

- Joined in August 2013 as General Manager.
- In charge of Custom Brokerage and Haulage Services.
- Qualifications and Experience:
 - 28 years' experience in logistics services.

Loo Twan Wong
General Manager - Air Freight Services
Age: 49 • Malaysian, Male

- Joined in December 2012 as General Manager.
- In charge of the Air Freight Division.
- Qualifications and Experience:
 - Advance Diploma in Marketing Management, Swansea Institute of Higher Education, United Kingdom.
 - 20 years' experience in logistics services.

MANAGEMENT TEAM PROFILE

Malcolm Aloysius Goonting

Head - Northern Region
Age: 64 • Malaysian, Male

- Joined in July 2011 as Head of Northern Region.
- In charge of Penang Branch.
- Qualifications and Experience:
 - 44 years' experience in logistics services.

Chong Chen Keen

Senior Manager - Johor Operations
Age: 40 • Malaysian, Male

- Joined in August 1996 as Sales Officer.
- Promoted to Senior Manager in 2010.
- In charge of Johor Bahru and Batu Pahat Branches.
- Qualifications and Experience:
 - 21 years' experience in logistics services.

Low Pei Fen

Senior Manager - Melaka Operations
Age: 33 • Malaysian, Female

- Joined in April 2008 as Sales Executive.
- Promoted to Senior Manager in August 2014.
- Qualifications and Experience:
 - 10 years' experience in logistics services.

Tan Kah Oon

Senior Manager - Perak Operations
Age: 33 • Malaysian, Male

- Joined in June 2008 as Sales Officer.
- Promoted to Senior Manager in August 2011.
- In charge of Operations in Perak.
- Qualifications and Experience:
 - 10 years' experience in logistics services.

Azha Bin Halip

Assistant General Manager, Land Freight
Age: 45 • Malaysian, Male

- Joined in November 1993 as Sales Officer.
- Promoted to Assistant General Manager in 2010.
- In charge of Operations in Kuantan.
- Qualifications and Experience:
 - 23 years' experience in logistics services

Eddy Chuwardi

Commissioner - PT FM Global Logistics, Indonesia
Age: 50 • Indonesian, Male

- Joined in 2010 as Director.
- In charge of Indonesia Operations.
- Qualifications and Experience:
 - More than 25 years' experience in logistics services.

Bradley John O'Donnell

Director - FM Global Logistics Pty. Ltd., Australia
Age: 50 • Australian, Male

- Joined in 2005 as Director.
- In charge of Australia Operations.
- Qualification and Experience:
 - 33 years' experience in logistics services.

Low Gim Beng

Director - FM Global Logistics Company Limited, Vietnam
Age: 64 • Singaporean, Male

- Joined in 2013 as Director.
- In charge of Vietnam Operations.
- Qualifications and Experience:
 - 37 years' experience in logistics services.

Pandikadavil Unnikrishnan Jayaprakash

General Manager - India, Sri Lanka and United Arab Emirates Operations
Age: 52 • Singaporean, Male

- Joined in May 2013 as General Manager.
- In charge of Operations in India, Sri Lanka and Dubai.
- Qualifications and Experience:
 - Bachelor of Commerce, Calcutta University, India.
 - 30 years' experience in logistics services.

Tay Nguang Yeow Andrew

Director - TCH Marine Pte. Ltd., Singapore
Age: 56 • Singaporean, Male

- Joined in February 2006 as Director.
- In charge of the Tug & Barge Operations.
- Qualifications and Experience:
 - Diploma in Marine Engineering, Singapore Polytechnic.
 - 20 years' experience in marine services.

Elma P. Simbahan

Director - FM Global Logistics (Phil.) Inc., Philippines
Age: 43 • Filipino, Female

- Joined in July 2014 as Director.
- In charge of the Philippines Operations.
- Qualifications and Experience:
 - 28 years' experience in logistics services.

Additional Information

FAMILY RELATIONSHIPS : Yeow Soon Guat is the spouse of Yang Heng Lam.

DIRECTORSHIP OF PUBLIC COMPANIES : Save as disclosed above, none of the Directors has any directorship in other public listed companies in Malaysia.

CONVICTIONS : None of the Directors has been convicted of any offences within the past 10 years, traffic offences not included.



Dear Valued Shareholders,
On behalf of the Board of Directors of Freight Management Holdings Bhd ("FMHB" or "the Group"), I am pleased to present to you our Annual Report and the Audited Financial Statements of the Group for the financial year ended 30 June 2017 ("FY2017").

CHAIRMAN'S STATEMENT

Datuk Dr. Hj. Noordin bin Hj. Abd. Razak

OVERVIEW

After a prolonged period of uncertainty, it is indeed encouraging to note that the global economy is finally on a cyclical recovery path in 2017, with expectations of sustained growth going into 2018. Reflecting this, the International Monetary Fund expects world output growth of 3.5% in 2017 and 3.6% in 2018. Back in Malaysia, the economic outlook has also brightened, with Bank Negara Malaysia expecting gross domestic product growth of more than 4.8% in 2017.

In tandem with the better performance of the global economy, world trade activity has also increased, and our Group has taken advantage of the situation with intensified efforts to grow our core freight businesses and strengthen our service offerings and quality. As a result of these efforts, I am glad to announce that the Group's revenue for FY2017 increased by 11.5% year-on-year to RM461.2 million, on the back of double-digit growth in volume. Group profit before tax for FY2017 rose to RM28.9 million in FY2017, as compared to RM24.8 million in FY2016. As at 30 June 2017, the Group's financial position remained healthy with net assets of RM263.0 million. There is a more detailed analysis of the Group's performance in the Management Discussion and Analysis section of this Annual Report.

OUTLOOK AND FUTURE PROSPECTS

We expect the more favourable economic outlook in 2018 to positively impact our performance in FY2018. We will strive for continued growth in our core businesses and at the same time explore new business opportunities and develop new products, such as last-mile delivery services. The Group will also focus on further strengthening our customer base and improving our operational and cost efficiency.

REWARDING SHAREHOLDERS

In view of the satisfactory performance in FY2017, we have declared two interim single-tier dividends totaling of 5 sen per share in FY2017. This represents a payout ratio of 43% of our FY2017 net profit. The dividend payments in FY2017 marked the 13th consecutive year that FMHB has rewarded its shareholders with dividends, and we will strive to maintain this impressive track record going forward.

APPRECIATION AND ACKNOWLEDGMENT

On behalf of the Board, I would like to thank my fellow Board members, our management team and staff for their commitment, loyalty and dedication to the Company. Our growth and future success will always be due to the combined efforts and teamwork from all of us. Furthermore, I would like to express our appreciation to our outgoing auditors, Messrs BDO whom are not seeking for re-appointment, for their services and support provided over the years.

Lastly, I would like to express our sincere appreciation to all our business partners, financiers, vendors, customers and shareholders for your unwavering support over the years and I look forward to meeting all our valued shareholders at our forthcoming Annual General Meeting.

FINANCIAL PERFORMANCE (IN RM MILLION)



Revenue
461.2
FY2016: 413.8



Profit Before Tax
RM28.9
FY2016: 24.8



Profit After Tax
RM21.0
FY2016: 19.9



Net Asset per
Share (RM)
1.33
FY2016: 1.26

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPLE ACTIVITIES & OVERVIEW

Freight Management Holdings Berhad ("FMHB") is a multimodal freight and total logistics services provider, catering to a diverse portfolio of customers which comprises multinational companies ("MNCs"), large Malaysian and regional companies and small-medium enterprises ("SMEs") in the Asia region. The extensive suite of services provided by FMHB are Sea Freight, Air Freight, Land Freight, Third-party Logistics, Warehousing & Fulfillment ("3PL"), Tug & Barge and Supporting Services such as Customs Brokerage, Container Haulage and Project Cargo.

FMHB is a leading freight forwarder with a network of offices throughout Malaysia in locations which include Penang, Kuantan, Ipoh, Melaka, Batu Pahat, Johor Bahru and our headquarters in Port Klang. Internationally, we have a presence in Indonesia, Thailand, Singapore, Vietnam, the Philippines, India, Sri Lanka, Australia and the United Arab Emirates.

FINANCIAL PERFORMANCE

STATEMENTS OF COMPREHENSIVE INCOME (RM'000)	2013	2014	2015	2016	2017
Revenue	364,808	403,301	420,271	413,771	461,295
Profit Before Taxation	30,224	30,827	24,244	24,761	28,916
Profit After Tax	22,566	24,006	20,105	19,874	21,026
Net Earnings Per Share (sen)	13.90	14.09	11.75	11.45	11.50
Gross Dividend Per Share (sen)	4.50	5.00	5.00	5.00	5.00

STATEMENTS OF FINANCIAL POSITION (RM'000)	2013	2014	2015	2016	2017
No. of shares in issue ('000)	167,786	170,762	173,000	177,618	186,148
Paid-up Share Capital	83,893	85,381	86,500	88,809	104,290
Reserve	64,885	82,954	120,953	135,849	142,729
Net Asset per Share (RM)	0.89	0.99	1.20	1.26	1.33

VISION & MISSION

The FMHB Group's vision is to be a leading freight and logistics group in Southeast Asia. Our quality policy emphasises our commitment to provide quality service that meets the highest level of customer satisfaction. We focus on continual improvements and benchmark ourselves against set quality objectives such as:





FM Global Logistics headquarters in Port Klang.



Total Revenue
for 2017

RM461.2 Million



Profit Before Tax
for 2017

RM28.9 Million



Basic Earnings
Per Share for 2017

11.50 Sen



Net Asset
Per Share for 2017

RM 1.33

MANAGEMENT DISCUSSION AND ANALYSIS

In the financial year under review, FMHB continued to operate under difficult market conditions. Nonetheless, we successfully grew our FY2017 revenue by 11.5% year-on-year ("y-o-y") to RM461.2 million, as compared to the 1.5% contraction experienced in FY2016. This encouraging turnaround in performance was mainly underpinned by our core Sea Freight business, which recorded a 10.4% y-o-y or RM27.4 million increase in revenue. This is followed by Air Freight, up 28.9% or RM10.2 million, and 3PL, up 10.7% or RM4.6 million.

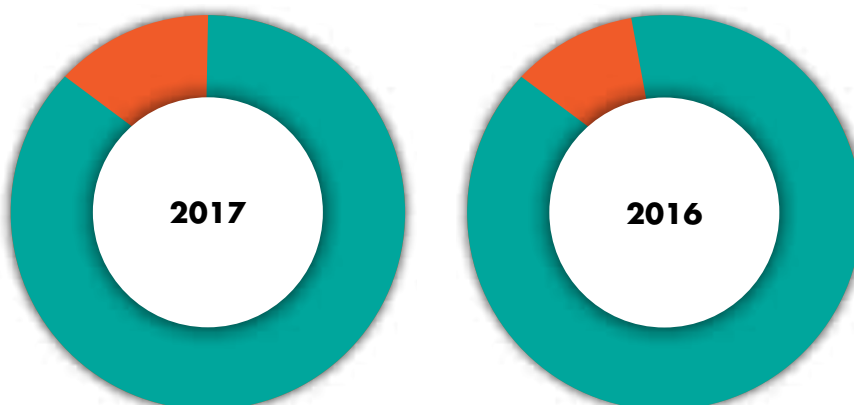
In tandem with the growth in revenue, the Group also posted a double-digit growth in Profit Before Taxation ("PBT") to RM28.9 million, an increase of 16.8% y-o-y (FY2016: RM24.7 million). Meanwhile, Profit After Tax ("PAT") increased by 5.8% to RM21.0 million (FY2016: RM19.8 million). The main contributor to the higher profit is the Total Logistics segment, which benefited from a higher level of activities as demand accelerated during the year. The lower loss at the Tug & Barge Segment also contributed to the better FY2017 performance.

In terms of financial strength, as at 30 June 2017, the Group had shareholders' funds of RM247.0 million (FY2016: RM224.7 million) and net asset per share of 133 sen (FY2016: 126 sen). During this financial year, there was no significant change in the Group's gearing. We continued to maintain a prudent approach in managing our cash flow and finances. We had also invested RM15.4 million (2016: RM6.0 million) in money markets funds which yielded tax-exempted returns of 2.9% to 3.6% per annum. Whilst our financials are strong, we will continue to improve on our operating liquidity and ensure that any liquidity risk exposure is at a manageable level.

BUSINESS SEGMENT REVIEW

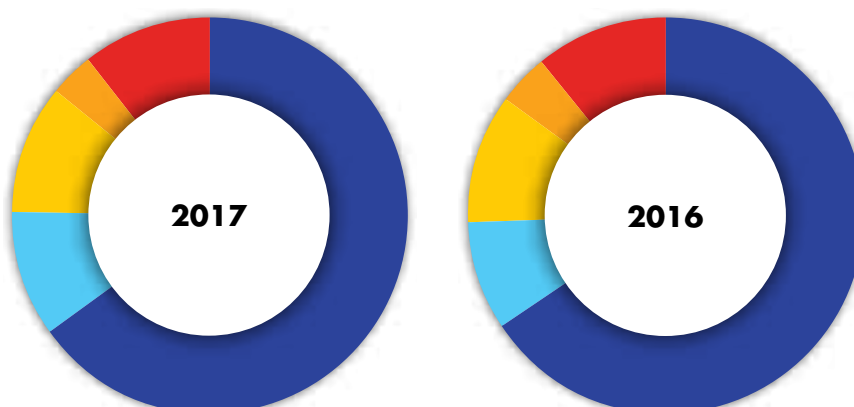
In FY2017, approximately 96.5% of the Group's revenue was derived from the Logistics segment while the remaining 3.5% was from the Tug & Barge business.

REVENUE ANALYSIS (RM'000)



	2017	2016
● Logistics Services	445.1	400.0
● Tug & Barge	16.1	13.8
TOTAL	461.2	413.8

LOGISTICS SERVICES (RM'000)



Contribution by Service Type	2017	2016
● Sea Freight	290.3	262.9
● Air Freight	45.3	35.1
● 3PL & Warehousing	47.3	42.7
● Land Freight	16.0	16.5
● Supporting Services	46.2	42.8
TOTAL	445.1	400.0

MANAGEMENT DISCUSSION AND ANALYSIS

Sea Freight Services

Sea Freight services is our core and largest business segment and the main driver of the Group's performance. In the past five years, Sea Freight services revenue had registered a compounded annual growth rate ("CAGR") of 9.5%. In FY2017, we experienced above-trend revenue growth of 10.4% y-o-y to RM290.3 million. Sea Freight services contributed approximately 65.2% of FMHB's Logistics services total revenue. In spite of the soft global economic conditions and challenging environment in the last few years, our team kept its focus and worked hard to deliver consistent volume growth.

Air Freight Services

Air Freight services recorded a CAGR of 9.4% over the last five years. FY2017 was a strong year, as we managed to expand revenue by 29% to RM45.3 million as compared to RM35.1 million in FY2016. The significant improvement in performance since 2015 was mainly due to an increase in volume as we successfully penetrated into newer market areas despite the intense competition.

Land Freight Services

The Land Freight segment was affected by various challenges such as the sub-optimal matching of north-south traffic flow between Malaysia and Thailand and changes in customer base. This led to a negative 6.3% revenue CAGR for the last five years. Nonetheless, the segment remains profitable and we will continue to invest in this business as we are confident of its long-term growth prospects. A key initiative in FY2017 was the introduction of a new and dynamic management team which we are hopeful will improve the performance of this segment.

3PL & Warehousing

Third-party Logistics, Warehousing & Fulfillment services ("3PL") is a major business segment for FMHB and our second largest revenue contributor in FY2017. Currently, we operate approximately 665,000 square feet of warehouse space spread across seven warehouses located in the Klang Valley and Penang. Our warehouse space includes 126,000 square feet of temperature control facility, which caters primarily to the pharmaceutical and food & beverage industries and commands premium pricing. All our warehouses comply with the ISO 14001 and OHSAS 18001 standards. We also place utmost importance on the adoption of Health, Safety, Security and Environment ("HSSE") policy at all our warehouses.

This segment's five year revenue CAGR is 4.5%. In FY2017, its revenue grew by a healthy 10.7% y-o-y to RM47.3 million due to the increase in warehouse space after the completion of our latest warehouse facility in Port Klang, which added 140,000 square feet of space.

Supporting Services

Our Supporting Services consist mainly of Container Haulage and Customs Brokerage services. FMHB has a fleet size of 149 transportation vehicles consisting of prime movers and box trucks of various tonnage. We also own 447 trailers. In line with the consistent growth in the Group's volume of freight handled, this segment has recorded revenue growth by 7.9% y-o-y.

TUG & BARGE

Our Tug & Barge business, which is based in Singapore, was a significant contributor to FMHB until recent years, when a combination of weak market conditions and unexpected repair expenses led to losses in the past two financial years. On a positive note, we were able to reduce FY2017 losses to RM1.4 million as compared to RM3.4 million in FY2016, due to improved demand and our focus on managing costs.

BUSINESS RISK AND MITIGATION STRATEGIES

Our main risk management tenets are assessment and mitigation. Identified below are the key potential threats to our business and our strategies to mitigate them.

Business and Market Risk

Business and Market Risk remains the biggest threat that we face. Generally, the performance of the logistics industry is correlated to the state of the global and domestic economy, which would have an impact on trade volume. For example, an economic downturn will lead to a fall in manufacturing activities, thus reducing both import and export volume. Meanwhile, a soft economy will dampen consumer sentiment and thus affect consumption and indirectly affecting the logistics industry as retail volume falls.

Whilst FMHB is not spared the vagaries of shifting economic conditions, we strive to maintain a highly diversified customer base, such that we are not overly exposed to any particular customer or industry. In the Logistics segment, we have customers involved in Food & Beverage, Pharmaceuticals, Petroleum, Fashion, Agriculture, Consumer Electronics and Industrial Chemical, amongst others.



Operational Risk

As our business expands, not just in Malaysia, but also internationally, operational risk has also become a prominent risk factor that may affect our performance. As such, we place great emphasis on Quality Management Systems to help us deliver quality services and operate at a high level of efficiency, which will ultimately lead to better financial performance.

We do not compromise on service quality despite the higher maintenance costs involved, and work hard to meet and exceed various standards such as ISO 9001:2008, ISO 14001 and OHSAS 18001. We also adopt the HSSE policy within the Group and ensure that we are well equipped to handle adverse situations. For example, fire drill exercises are done at our warehouses and offices regularly to maintain a high level of awareness of fire safety. Additionally, our warehouse operators are trained in firefighting to minimise any loss or damage in the event of a fire.

Financial Risk

In order to mitigate financial risk, our finance and treasury team performs daily cash position monitoring and ensure all our divisions and branches maintain a healthy liquidity position that is sufficient to cover all their business needs. FMHB places great emphasis on efficient working capital management for accounts receivable and accounts payable where we will maintain sufficient credit lines available to meet our liquidity requirements. Whilst our operations are spread across multiple locations locally and globally, we monitor accounts receivables centrally and also ensure that our suppliers and contractors are managed expeditiously.

Information and System Risk

Cyber crime has emerged as one of the latest business frauds, thus Information and Systems Risk has become a potential threat for the Group. In order to reduce the negative impact caused by a cyber attack, we implement a high level of internet security to serve as a firewall to safeguard our IT systems from virus or hacker attacks. Recently, we have also invested in a web computing system that enables a safer environment for the sharing of information within the same network.

PROSPECTS

There are growing signs of an improvement in the world economy. For instance, the International Monetary Fund in its July 2017 report had projected world growth of 3.5% in 2017, as compared to 3.2% in 2016. It has also upgraded Malaysia's growth forecast from 4.5% to 4.8% for 2017. As for global trade, the World Trade Organization ("WTO") noted that its June 2017 World Trade Outlook Indicator ("WTOI") has risen to 102.6, which suggests strengthening growth. Interestingly, the WTO June 2017 data also highlighted that Air Freight and Container Shipping volume grew by 10.0% and 6.7% YoY respectively. For 2017, the WTO has forecast world trade growth of between 1.8 to 3.6%, as compared to the 1.3% recorded in 2016. For 2018, the growth range is forecast at 2.1 to 4.0%. All the above positive trends augur well for our prospects in FY2018.

At FMHB, we constantly monitor the growth, outlook, prospects and emerging trends of commercial activities in Malaysia and the Southeast Asia region. This will aid us in identifying growth opportunities as we seek to expand not just organically, but also via joint ventures and acquisitions. We have also identified the electronic-commerce ("e-commerce") sector as having very strong growth potential not just in Malaysia, but in the ASEAN region. We have incorporated a 100%-owned subsidiary, Parcel to Post Services Sdn. Bhd., which has obtained a Non-Universal Service Licence (Class A) from the Ministry of Communications and Multimedia Malaysia. With this, we will be able to operate as a Courier Service Provider for international inbound and outbound, and domestic courier services. Our venture into last mile delivery will not only complement our existing activities and provide our customers with enhanced services, but will also strengthen our fulfillment business.

For the Logistics segment, we will continue to focus on the expansion of our core freight-related business and its supporting services such as Haulage and Customs Brokerage. We will also strengthen our customer base and improve on our operational and cost efficiencies.

For the Tug & Barge segment, we expect the tough market conditions to continue and as such we will focus on cost management and operation streamlining in order to improve on our profitability.





- ✓ Committed
- ✓ Competent
- ✓ Service Excellence

STATEMENT ON CORPORATE RESPONSIBILITY



In charting our business directions for the immediate future, FM Group has not lost sight of our Corporate Responsibility (“CR”).

We are committed to enhance our CR by ensuring that our operations and business are conducted responsibly.

We aim to achieve our goals in a fair, ethical and responsible manner, whilst making every effort to positively impact the communities and environment in which we operate.

To achieve this, we strive to strengthen on initiatives which focus on the key areas of MARKETPLACE, HUMAN CAPITAL, COMMUNITY, ENVIRONMENT and WORKPLACE.

STATEMENT ON CORPORATE RESPONSIBILITY

MARKETPLACE

FM Group believes in providing high quality service where we treat clients as mutual partners and work with suppliers fairly and ethically. We operate a quality management system that is fully compliant with ISO 9001:2008.

HUMAN CAPITAL

In the current competitive environment, we believe our people are our greatest assets as they play a vital role in ensuring the success of our business. We acknowledge the efforts of our workforce and recognise the importance of their contributions to the growth of the FM Group. We provide our people with fair and equitable remuneration and also carry out various activities to enhance their knowledge, nurture growth and to foster a sense of belonging.

The Company has a policy where training is provided for all employees at every level of operations. FM Group contributes to the Human Resource Development Fund and is committed to the development and training of our employees to enhance their respective skills and competencies.

The following programmes were organised throughout the year:

- On-the-job training, in-house training and external training courses were conducted to improve practical skills and knowledge of our employees. Training programmes were carried out for our managers and leadership courses were also conducted to encourage positive and productive teamwork.
- Employees were encouraged to pursue work-related courses to promote professional development.
- In creating a good work-life balance, social events were organised during festive periods and national commemorative celebrations such as Malaysia Day Celebration to encourage networking and socialising among colleagues and peers.

COMMUNITY

We firmly believe in managing our business in a responsible, ethical and balanced manner. As such, we seek to ensure that our Group's CR initiatives will continue to contribute positively to social, economic and environmental development. Our philanthropic initiatives include rendering assistance and contributions to selected charitable organisations and welfare homes. We have, for several years, made cash contributions to The Shepherd's Centre Foundation which is a foster home for orphaned and underprivileged children. We also collaborated with the Assumption Orang Asli Ministry where we donated cash and daily essentials to assist the poorest of the poor Orang Asli community.

Our community work is also carried out in our overseas offices:

- Our employees in Sri Lanka has been actively engaging with students at a rural school where donations in cash and kind were given.
- In the Philippines, our employees conducted several Team Building activities. They also went to the aid of a community which was affected by a fire by providing cash contributions and meals.
- Our Indonesia Team organised a Family Day celebration to foster closer relationships between employees and their families. Team Building activities were also organised for the employees.
- In Vietnam, employees participated in Team Building activities and took time off for social work at a selected orphanage.

We encourage our employees to offer their time and skills to ensure the success of our various programmes. We believe that engaged employees are highly motivated to achieve the organisation's goals.

ENVIRONMENT & WORKPLACE

FM Group places high commitment to Health, Safety, Security and Environment ("HSSE") and a dedicated in-house HSSE Committee meets frequently to discuss on safety and health related issues concerning our employees and working environment.

We understand the importance of responsible HSSE management to the growth, profitability and long term success of the Company.

The Committee is responsible for heightening safety and health awareness among employees and as such, various programmes in relation to ensuring a safe workplace are conducted periodically.

To promote our HSSE Policy, we have invested significant resources to ensure a safe and healthy work environment for our employees and all those who are involved in our business operations.

During the year, several initiatives were undertaken to improve our safety performance. These included company-wide processes such as awareness campaigns, employee communications, monthly safety tips and accident investigation programmes.

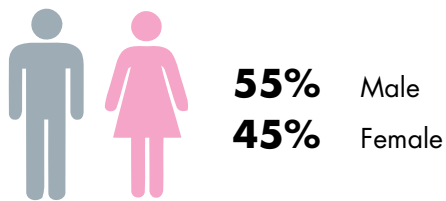
Consistently, regular health and safety trainings were conducted to instill HSSE awareness to the employees. Fire and emergency drills were carried out periodically to ensure continuous improvement in our safety practices.

STATEMENT ON CORPORATE RESPONSIBILITY

DIVERSITY POLICY

In FM Group, all appointments of employments are based on merits and not determined by gender, ethnicity and age bias. The current structure of the employees of the Group are as follows:-

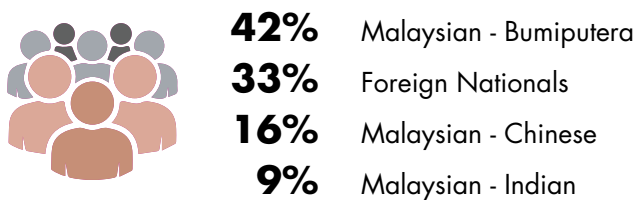
Gender



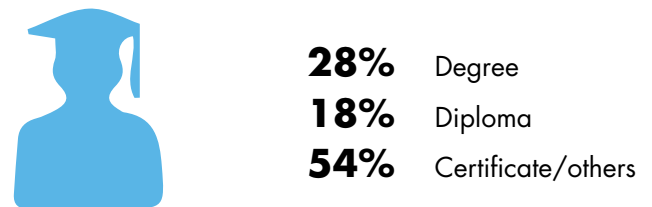
Classification



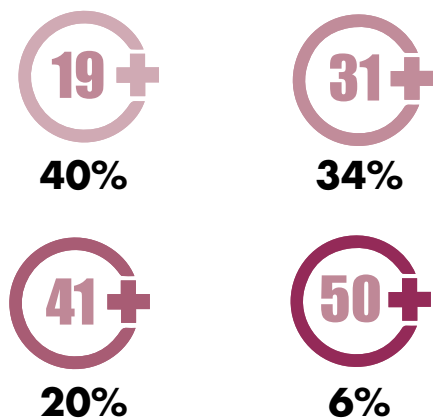
Ethnicity



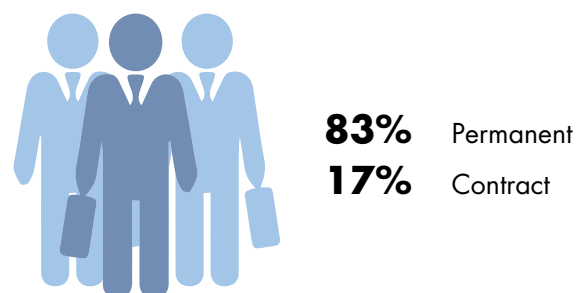
Qualification



Age



Employees



STATEMENT ON CORPORATE RESPONSIBILITY



Workplace celebrations and gatherings such as festive celebrations, National Day, birthdays and employee accomplishments, among others, facilitate bonding among our employees. It further helps to build and strengthen relationships.



Our Malaysian multiracial employees celebrated Hari Raya Aidilfitri at our headquarters in Port Klang in July 2016.

A 'koolam' design competition for our Malaysian employees was organised in conjunction with the Deepavali celebrations in October 2016.



Workshops are regularly held for employees to develop and upgrade their professional skills and knowledge. Ongoing employees' training and development not only benefit employees to improve themselves but also increases their contribution to the business.



Employees visited an orphanage in Cu Chi armed with essential supplies as part of their contribution towards the Group's CR initiatives.

Our employees in Sri Lanka have been engaging with students at a selected underserved rural school as part of its CR initiatives. The aim is to help improve the overall academic performance and wellbeing of the students.



STATEMENT ON CORPORATE RESPONSIBILITY



In efforts to build a sense of Teamwork among employees in Indonesia, team building programmes are regularly conducted.

Families of employees in Jakarta, Indonesia participated in the Family Day event which featured a variety of activities for both adults and children.



In June 2017, employees from our Philippines office participated in a two-day team building programme, "Committed to Deliver". Employees enjoyed various learning and recreational activities at a beachside resort in Battan.

Our Filipino employees celebrated the Christmas season with "A Night to Remember" event at a Hotel in Intramuros in December 2016.



Our Filipino counterparts hosted a "Children's Joy" Christmas Party for employees' children in December 2016.



Employees from FM Group (Philippines) went to the aid of fire victims at Barangay 651, Zone 8 in Manila in December 2016. They distributed free meals and toiletries, which were donated by one of the Group's leading clients, to the families affected by the catastrophe.

OUR COMMITMENT TO QUALITY



1. Sirim QAS International Certificate for Good Distribution Practice for Medical Devices.
2. Sirim QAS International Certificate for Good Distribution Practice for Medical Devices.
3. Sirim QAS International Certificate for Good Distribution Practice for Medical Devices.
4. Environmental Management System BS EN ISO 14001:2004.
5. Occupational Health & Safety Management System BS OHSAS 18001:2007.
6. Environmental Management System BS EN ISO 14001:2004 (FM Multimodal Services Sdn. Bhd.).
7. Quality Management System BS EN ISO 9001:2008 (FM Multimodal Services Sdn. Bhd.).
8. Occupational Health & Safety Management System BS OHSAS 18001:2007 (FM Multimodal Services Sdn. Bhd.).

AUDIT COMMITTEE REPORT

FORMATION

The Audit Committee was formed by the Board of Directors on 3 December 2004.

MEMBERS

The Audit Committee consists of the following members during the financial year:-

Chairman : Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak
(Senior Independent Non-Executive Director)

Members : Aaron Sim Kwee Lein
(Independent Non-Executive Director)

Chua Tiong Hock
(Non-Independent Non-Executive Director)

MEETINGS AND ATTENDANCE

The Audit Committee held 5 meetings during the financial year. The attendance of the Committee members is as follows:-

Name of Audit Committee Member	Total meetings attended	Percentage of attendance (%)
Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak	5/5	100%
Aaron Sim Kwee Lein	5/5	100%
Chua Tiong Hock	5/5	100%

The Audit Committee meetings were attended by the Committee members and Senior Management. The Managing Director and Executive Directors were also present at certain meetings as invitees. Other senior management may be invited as and when required. The Company Secretary acted as Secretary at the meetings to record and to maintain minutes of the proceedings of the meetings.

TERMS OF REFERENCE

1.0 Composition of the Audit Committee

- 1.1 The Audit Committee shall comprise at least 3 directors.
- 1.2 Alternate director shall not be appointed as members of the Audit Committee.
- 1.3 Majority of the Audit Committee shall be independent directors.
- 1.4 All members of the Audit Committee must be non-executive directors.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE (CONTINUED)

1.0 Composition of the Audit Committee (continued)

- 1.5 All members of the Audit Committee should be financially literate and at least one member of the audit committee:-
- i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he/she is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - iii) fulfils such other requirements as prescribed or approved by the Exchange.
- 1.6 Members of the Audit Committee shall elect a Chairman from among their members who shall be an independent director.

2.0 Duties of the Audit Committee

The duties of the Audit Committee shall include the following:-

To review the following and report the same to the Board of Directors;

- 2.1 To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
- 2.2 To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- 2.3 To review the quarterly and year-end financial statements of the Group;
- 2.4 To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- 2.5 To review the external auditor's management letter and management's responses;
- 2.6 To review the internal audit scope and functions, plans, findings, performance of the internal audit function, appointment or termination of senior staff members of the internal audit function;
- 2.7 To consider any related-party transactions that may arise within the company or the Group;
- 2.8 To consider the major findings of internal investigations and management's response;
- 2.9 To consider other topics as defined by the Board;
- 2.10 Report promptly to Bursa Malaysia Securities Berhad on any matter the Audit Committee had reported to the Board of Directors, which was not satisfactorily resolved and/or resulted in a breach of the Listing Requirement of Bursa Malaysia Securities Berhad.

TERMS OF REFERENCE (CONTINUED)

3.0 Rights of the Audit Committee

For the performance of its duties, the Audit Committee shall:-

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties and full access to information;
- (c) have direct communication channels with the external auditors and the persons carrying out the internal audit function;
- (d) be able to obtain external/independent professional or other advice at a cost to be approved by the Board of Directors and to invite outsiders with relevant experience to attend, if necessary; and
- (e) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed issuer whenever deemed necessary.

4.0 Procedure of the Audit Committee

The Audit Committee shall regulate its own procedures as follows:-

- 4.1 The Audit Committee shall hold at least 4 meetings each financial year with due notice of issues to be discussed, and should record its conclusions in discharging its duties and responsibilities;
- 4.2 The Group Financial Controller, representative of internal audit and a representative of the external auditors should normally attend meetings. Other board members may attend meetings upon the invitation of the audit committee. However, the committee should meet with the external auditors without executive board members present at least twice a year.
- 4.3 A member of the Audit Committee may at any time summon a meeting of the Audit Committee;
- 4.4 The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the chairman, the Group Managing Director, the Group Financial Controller, internal auditors and the external auditors in order to be kept informed of matters affecting the Company;
- 4.5 The quorum necessary for the transaction of business at an Audit Committee's meeting shall be two, the majority of members present must be independent directors;
- 4.6 Questions arising at any Audit Committee's meeting shall be decided by the majority votes of its members present. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote;
- 4.7 Minutes of each Audit Committee's meeting shall be kept by the Secretary of the Audit Committee; and
- 4.8 The Company Secretary shall be the Secretary of the Audit Committee and the Secretary's duties amongst others shall include:-
 - (a) the custody, production and availability of inspection of such minutes; and
 - (b) the maintenance of particulars required for the preparation of the Audit Committee Report.

5.0 Internal Audit

- The internal audit function which is established should be independent of the activities it audits.
- Must reports directly to the audit committee.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES

During the financial year, the activities of the Audit Committee include the following:-

- Reviewed and endorsed its Terms of Reference;
- Reviewed the audited financial statements for the financial year ended 30 June 2017 where discussion were made with the External Auditors before recommending them for the Board of Directors' approval;
- Reviewed the quarterly unaudited financial results before recommending them for the Board's approval;
- Reviewed all recurrent related party transactions entered into by the Group and to ascertain that the transactions are conducted at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders;
- Reviewed the audit reports prepared by the Internal Auditors, considered their material findings and assess the Management's responses and actions thereto; and raised the necessary questions to the respective person in-charge to take the necessary improvement action to rectify the findings;
- Reviewed and discussed with the External Auditors the nature and scope of their audit plan for the financial year ended 30 June 2017 and before the commencement of audit especially on areas such External Auditors Audit Approach, Areas of Audit Emphasis, new MFRS standards briefing;
- Considered the major findings arising from the statutory audit activities conducted by the External Auditors and management's responses thereto; and
- Reviewed the Company's compliance in the particular year's financial statement with the listing requirements of Bursa Securities, MFRS and other relevant legal regulatory requirements and discussed with the External Auditors on briefing of new MFRS/ other standards and also new listing requirements that may have a significant impact on the financial statements, if any.

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The internal audit function for the Group has been outsourced to an external consultant who has performed an independent review of the Group's various departments during the financial year.

The Internal Auditors (IA) of the Group reports directly to the Audit Committee and assists the Board in monitoring and managing risks and internal control system. The Audit Committee approves the internal audit plan and the scope of Internal Audit covering the relevant departments within the Group from time to time.

During the financial year, the Internal Auditors conducted reviews on certain key operating functions and procedures and recommended action plans for management improvement. The audit reports containing audit findings and recommendations together with management's responses thereto were circulated to all members of the Audit Committee. Areas of improvement identified were communicated to the management for further action. All audit reports were reviewed by the Audit Committee and discussed at Audit Committee Meetings.

Areas on which the IA had reviewed during the financial year were as follows:-

- Customs Brokerage Management
- Freight Forwarding Management - Melaka Branch
- Billings Management (Warehouse Lot 37B)
- Billings Management (Warehouse Lot 24)
- Accounts Receivables and Accounts Payable Management

Cost incurred for the internal audit function of the Group in respect of the financial year ended 30 June 2017 amounting to approximately RM52,800. (2016: RM48,000).

The Terms of Reference of Audit Committee can be found on the Company's website (www.fmgloballogistics.com).

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Freight Management Holdings Bhd ("FMHB") is committed to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to enhance shareholders' value and the financial performance of the Group.

The Board is pleased to report on how the Group has applied the principles and best practices for corporate governance mentioned in the Malaysian Code of Corporate Governance 2012 ("MCCG 2012").

In view of the recent release of the new Malaysian Code on Corporate Governance ("new MCCG") by the Securities Commission Malaysia on 26 April 2017, the Company is in the midst of reviewing of its existing governance structures and processes to ensure that its practices will be in line with this new MCCG. Disclosure of the Company's practices that incorporates the new MCCG will be made available in the following year's Annual Report.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions of the Board and Management

Board of Directors

The Board is responsible for the oversight and overall management of the Company. The Group acknowledges the important role played by the Board in the stewardship of its direction and operations, and ultimately enhancement of long-term shareholder value. The Board is also responsible for the overall corporate governance of the Group, including its strategic direction and overall well-being. In addition to matters required by law to be approved by the Board, the schedule of matters reserved for the Board's ultimate decision include, amongst others, the strategic plans/initiatives, annual business plan, dividend policy, expenditure of significant amounts, leadership selection, succession and remuneration planning, Board performance and composition, financial performance and reporting, investment/acquisition/disposal of company/assets and corporate responsibility of the Company. The Board may alter the matters reserved for its decision, subject to the limitations imposed by the Company's Constitution and law.

The key objectives of the Board are to:-

- Oversee the conduct of the Company's businesses including the formulation of strategy and performance objectives, control and accountability systems, corporate governance framework, risk management practices and human capital management;
- Approve and monitor the progress of major capital expenditure, fund-raising, acquisitions and divestitures;
- Fulfill statutory and fiduciary responsibilities by monitoring the operational, financial and risk management processes of the Group;
- Ensure compliance with environment, safety and health legislation by understanding the operations being carried out by the employees as well as the hazards and risks associated with the Group's operations;
- Review the efficiency and quality of the Group's financial reporting process and systems of accounting and internal controls;
- Ascertain the independence of the external auditor;
- Monitor compliance with established policies and procedures; and
- Evaluate the performance of the various Board Committees.

To ensure the effective discharge of its fiduciary duties, the Board has delegated specific responsibilities to the respective Committees of the Board but retains full responsibility for the direction and control of the Group. The functions and terms of reference of Board Committees, as well as the levels of authority delegated by the Board to these Committees, are clearly set out by the Board.

The Board supports the principle that separate individuals for the Chairman and Group Managing Director ("GMD") positions is beneficial to the effective functioning of the Board and facilitates a powerful check and balance mechanism.

The roles and responsibilities of the Chairman and the Group Managing Director ("GMD") are separated and clearly defined. The Chairman leads the Board in setting the Group's key policies and direction, ensures effective operation of the Board and is the spokesperson for the Board. The GMD ensures effective implementation of the Board's policies, achieves strategic vision and performance targets, exercises high level of business judgement and manages the relationship with stakeholders and the interface with the public.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONTINUED)

Clear Functions of the Board and Management (Continued)

Chairman

The Chairman of the Board's primary role is to preside over meetings of Directors and ensure the smooth functioning of the Board in the interest of good corporate governance. The Chairman is responsible for:-

- leading the Board in its responsibilities for the business and affairs of the Company and its oversight of Management;
- overseeing the Board in the effective discharge of its supervisory role;
- the efficient organisation and conduct of the Board's function and meetings;
- facilitating the effective contribution of all Directors;
- briefing of all Directors in relation to issues arising at meetings;
- the promotion of constructive and respectful relations between Board members and between the Board and the Management;
- committing the time necessary to discharge effectively his/her role as Chairman; and
- ensuring that there is regular and effective evaluation of the Board's performance.

Group Managing Director

The Group Managing Director ("GMD") assumes overall responsibility for the execution of the Group's strategies in line with the Board's direction and drives the Group's businesses and performances towards achieving its vision and goals. The key roles of the GMD include, among others:-

- developing the strategic direction of the Group;
- ensuring that the Group's strategies and policies are effectively implemented;
- ensuring that Board decisions are implemented and Board directions are adhered to;
- providing directions in the implementation of short and long term business plans;
- providing strong leadership by effectively communicating a vision, management philosophy and business strategy to the employees;
- keeping the Board fully informed of all important aspects of the Group's operations and ensuring information is distributed to the board members;
- ensuring high performance and productivity of top management staff by creating conditions for top management motivation, performance management and professional development;
- ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance;
- developing and maintaining effective relations with significant external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions; and
- Ensuring the day-to-day business affairs of the Group are effectively managed.

Clear Roles and Responsibilities

The Board is responsible for setting the strategic direction of the Group and monitoring the implementation of that strategy by the Management team, including:-

a) Reviewing and adopting a strategic plan for the Company

The Board plays a pivotal role in reviewing and approving Management strategies and plans designed to pursue business objectives and ensuring that they continue to remain prudent in the context of the objectives of the business, the economic environment, available resources and reasonable achievability of results. The Board reviews and constructively challenges the management's views/assumptions in ensuring the best decisions are made after having considered all relevant aspects.

The Board via the Executive Directors ("EDs") deliberates annually the strategic plan proposed by the Management including the annual capital and revenue and profit budget for the ensuing year. This will ensure that the plans correspond with the overall business objectives established and continue to be appropriate in the context of the business opportunities being pursued. To ensure the achievement of the Group's overall strategic direction, these targets are cascaded down to the respective division team members.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONTINUED)

Clear Roles and Responsibilities (continued)

The Board is responsible for setting the strategic direction of the Group and monitoring the implementation of that strategy by the Management team, including (continued):-

a) Reviewing and adopting a strategic plan for the Company (continued)

Furthermore, monthly review of the financial performance and quarterly review of the business plan as well as of the budget was conducted by EDs whereby comparison of approved targets against the Company's actual performance was made. This ensures that the financial performance and the business of the Company are properly managed and the shareholders' values are safeguarded.

The Board via the EDs who review the sustainability of the strategic direction of respective divisions to ensure the Group achieves the targets in line with the business landscape. The Board reviews the Company's funding requirements and finance matters on a continuing basis including reviewing the capital and solvency positions of the Group, approving major financing arrangements as well as approving dividend policy and dividend payments.

Based on the annual evaluation for the financial year under review, the Board concurs that it has reviewed the Company's strategic and financial plan as well as monitored its implementation procedures in achieving the Company's objectives.

b) Overseeing the conduct of the Company's business

The Board provides entrepreneurial leadership and specifies the parameters within which Management decisions are to be made. High integrity practice is adopted by all the Board members to avoid improper use of information, conflict of interest, secret profit, contract with the Company and any other corrupt activities. The Company has also adopted a Whistle-Blowing Policy and also Anti-Bribery Policy.

c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

The Board through the Audit Committee ("AC") is responsible for reviewing principal risks as well as establishing appropriate controls and action items to ensure that obligations to shareholders and other stakeholders are met. The AC assists the Board in overseeing the establishment, implementation and effectiveness of the Group's risk management system by undertaking the following functions:-

- Review major risks the Group is likely to be exposed to;
- Review risk management resources, structures and processes and consider and approve changes;
- Monitor compliance with all legal, tax and regulatory obligations;
- Review and ratify systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies annually; and
- Review the effectiveness of the Group's implementation of its risk management processes.

Details of the risk management framework are set out in the Statement on Risk Management and Internal Control on pages 51 to 54 of this Annual Report. Based on the assessment for the current financial year, the Board agrees that it has discharged its roles in identifying principal risks and in ensuring that an adequate risk management framework is in place within the Group to effectively monitor and manage the risks of the Group's businesses.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONTINUED)

Clear Roles and Responsibilities (continued)

The Board is responsible for setting the strategic direction of the Group and monitoring the implementation of that strategy by the Management team, including (continued):-

d) Succession planning

The Board via Nomination Committee ("NC") has been entrusted with the responsibility to review candidates for appointment to the Board. The NC formulates the nomination, selection and succession policies for the Group and has been tasked to review and make recommendations to the Board on the following:-

- Board competencies, composition and profile of board members;
- Appointment, re-election and retirement of board members;
- Induction program for new board members and ongoing training programs; and
- Performance evaluation of the board as a whole and of the individual members.

The progress related to succession planning and development programs of the Group are closely monitored by the EDs and reported periodically to NC. Based on the annual evaluation for the financial year under review, the Board concurs that the succession planning has been appropriately developed for the GMD and top Management as well as for the Company's future leaders.

The NC also on an annual basis evaluates the performance of the GMD and the top Management, whose remuneration is directly linked to their respective performances. The GMD's remuneration package is reviewed by the RC to reflect the contributions made towards the Group's achievements for the year and it subsequently submits views and recommendations to the Board for its decision and approval. The remuneration of the key management personnel is directly linked to performance and hence, the performance bonus for the year would be determined by the EDs based on their performance ratings and achievements.

The Board is satisfied that the NC and RC has efficiently discharged its duty pertaining to the nomination, remuneration and succession management functions.

e) Development and implementation of a shareholder communications policy for the company

FMHB continuously maintains its commitment to pursuing the highest standards of corporate disclosure through the dissemination of accurate, consistent, transparent and timely information to its stakeholders. FMHB maintains a website at www.fmgloballogistics.com ("the website of the Company") which can be conveniently accessed by the shareholders and the general public. The Group's website is updated from time to time to provide the latest information about the Group, including press releases, corporate announcements and quarterly announcements of the Group's results. Currently, the Company has also put in place the Internal Corporate Disclosure Procedures which provides guidance to the Board, Management and employees of the Company's disclosure requirements and practices on the preparation and submission of timely, true and fair financial disclosures and material announcements to Bursa Malaysia. This would enhance the Company's compliance, accountability and timely disclosures to all the shareholders and stakeholders.

Based on the annual evaluation for the financial year under review, the Board agrees that the investor relations efforts have been executed successfully by the Management.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONTINUED)

Clear Roles and Responsibilities (continued)

The Board is responsible for setting the strategic direction of the Group and monitoring the implementation of that strategy by the Management team, including (continued):-

f) Reviewing the adequacy and the integrity of the management information and internal controls system of the Company

The Board delegated to the GMD and other EDs on the responsibility of ensuring that a sound reporting framework of internal controls and regulatory compliance is in place throughout the Company. Based on the annual evaluation for the financial year under review, the Board collectively concurs that it has discharged its roles through the AC, whereby regular meetings were held in reviewing the effectiveness of the Company's internal control system. The review covers the Group's financial, accounting and reporting policies and practices, reports of the internal and external auditors and the adequacy of the system of internal controls to safeguard the shareholders' interests and Group's assets.

The Group's Statement on Risk Management and Internal Control, which provides an overview of the state of internal controls within the Group, is set out on pages 51 to 54 of this Annual Report.

Formalised Ethical Standards through Code of Ethics

The Company has put in place a Corporate Code of Business Conduct & Work Ethics Policy ("Code of Ethics") formalising the standard and behaviour expected of officers and employees of the Group. The areas covered in the Code of Ethics include conflicts of interest, bribery and corruption, gifts, entertainment and travel and dealing with counterparts and business partners. The Code of Ethics also covers areas on guidance resource and on raising concerns or reporting a violation.

FMHB's Code of Ethics defines how FMHB relates to its shareholders, employees, customers, suppliers and the communities in which it operates. Compliance with the provisions in the Code of Ethics is mandatory for all Directors and employees of the Group and where applicable, counterparts and business partners. Violations of the Code of Ethics may result in disciplinary action and dismissal. Violations of the Code of Ethics that are related to criminal acts may result in prosecution after referral to the appropriate authorities.

The Group is committed in conducting its business with honesty and integrity and as a check and balance mechanism, the Group has implemented a Whistleblowing Policy ("WP"). The Policy enables employees and other stakeholders to raise concerns in a responsible manner regarding any wrongdoings or malpractices without being victimised or discriminated, and to have such concerns properly investigated. The Policy is to be reviewed and revised by the Chairman of the AC every two years to ensure continued efficacy and provides guidance on, amongst others, the Management oversight and reporting responsibility, no retaliation principle and protection afforded to whistleblowers for reports that are made in good faith. The Group is committed to preserving the confidentiality of the whistleblower to the fullest extent possible, unless disclosure is required by law.

The Policy prescribes in detail the various reporting channels that are available to employees internally. These include the normal escalation process through normal reporting lines to relevant Division Heads, the GMD and also Chairman of AC.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONTINUED)

Access to Information and Advice

The Board meets at least five (5) times a year and additional meetings are held as and when necessary. Meeting agendas are arranged in such a way taking into consideration the complexity of the proposals and whether they are items for approval or noting by the Board in order for Board meetings to be more effective and to enable in-depth deliberation of matters.

The management must supply the Board and Committees with information in a form, timeframe and quality that enables them to effectively discharge their duties. Board materials and information (i.e. agenda, Board papers, minutes, etc.) are provided to the Board members at least five (5) working days in advance prior to a Board meeting to enable the Directors to review and consider the agenda items to be discussed at the Board meeting.

Papers deemed urgent may still be submitted to the Company Secretaries for tabling at Board meetings, subject to the approval of both the Chairman and the GMD. Board materials are also disseminated electronically which provides Directors with access to meeting papers globally. This allows Directors to access board materials before receiving the hardcopies, while travelling. In addition to financial information, other information deemed suitable such as new statutory and regulatory requirements concerning their duties and responsibilities, risk management updates and other operational related issues are also provided. The Board papers, among others, include the following:-

- Minutes of meetings of all Committees of the Board;
- Quarterly performance report of the Group;
- Updates from authorities such as Bursa Malaysia Securities Berhad, Securities Commission, Companies Commission of Malaysia on statutory regulations and requirements affecting the Group; and
- Relevant market information for decision making.

Senior Management staff or professional advisers appointed by the Company to advise the Company on its corporate proposals may be invited if necessary to attend the Board meetings and to provide the Board with explanation and clarifications to facilitate informed decision making on any matters. These matters include the approval of the annual company plans, major acquisitions or disposal of a business or assets and changes to management and control structure of the Group, namely, key policies and authority limits. In addition, schedule of matters reserved will be formalised specifically for the Board's future decision making.

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any Director has the authority to seek any information he or she requires from any employee of the Group and all employees must comply with such requests. It is expected that any significant issues are communicated to the Chairman, GMD, Group Financial Controller or Company Secretaries. Any Director may take such independent legal, financial or other advice as they consider necessary at FMHB's cost. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice and, where appropriate, dissemination of the advice to all Directors.

Qualified and Competent Company Secretaries

Both Company Secretaries of the Company are qualified to act as company secretary under Section 139A of the Companies Act, 1965. They are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

The Company Secretaries are responsible for advising the Board and providing good information flow and comprehensive practical support to Directors, both as individuals and collectively. All Directors have access to the advice and services of the Company Secretaries, whom have the relevant working experience and whose appointment and removal is a matter for the Board as a whole.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONTINUED)

Qualified and Competent Company Secretaries (continued)

The Company Secretaries attend all Board and Board Committee meetings and ensures that there is a quorum for all the meetings and are also responsible for ensuring that all the meetings are convened in accordance with the Board procedures and relevant terms of references. Besides that, the Company Secretaries have also the following key responsibilities:-

- Draft the schedule of Board activities for the financial year;
- Assist the Chairman in planning the Board's activities;
- Draw up meeting agendas in consultation with the Board Chairman and maintain the minutes;
- Ensure structured communication channels between the Board and Board Committees;
- Ensure proceedings of meetings are recorded and the minutes circulated in a timely manner; and
- Brief and update the Board on changes in regulatory requirements on the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad on and when changes occur.

Board Charter

To fulfil its role, the Board has adopted a Board Charter which defines the role, responsibilities, functions and authority of the Board and Management of the Group. The Board Charter was revisited and reviewed by the Board in August 2017 and amendments made to it to align it with the amendments to the Listing Requirements and in response to new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is to be reviewed periodically to ensure its relevance. The Board Charter can be found in the Company's website (www.fmgloballogistics.com).

Board Composition

The Board currently consists of seven (7) Directors as listed below:-

- One (1) Chairman/Senior Independent Non-Executive Director;
- One (1) Independent Non-Executive Director;
- Four (4) Executive Directors; and
- One (1) Non-Independent Non-Executive Director.

The profiles of the members of the Board are set out on pages 9 to 11 in this Annual Report.

Board Committees

The Board has established and delegated certain responsibilities to the Board Committees, namely AC, NC and RC, which operates within defined TOR and operating procedures, details of which are set out in this Statement. From time to time the Board reviews the functions and terms of reference of Board Committees to ensure that they are relevant and updated in line with the MCCG 2012 and other related policies or regulatory requirements.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 - STRENGTHEN COMPOSITION

Nomination Committee

Composition of the Committee

The NC was established on 24 February 2005 and comprises the following members who are exclusively independent directors:-

- Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak (Chairman of the Committee); and
- Aaron Sim Kwee Lein (Member of the Committee)

The MCCG 2012 recommends that the Chair of the NC should be the Senior Independent Director identified by the Board. Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak has been identified as the Senior Independent Director for which any concerns of the Group may be conveyed to him. The main duties and responsibilities of the Senior Independent Director of the Company are to serve as the point of contact between the Independent Directors and GMD on sensitive issues and to act as a designated contact to whom shareholders' concerns or queries may be raised, as an alternative to the formal channel of communication with shareholders. For any concerns or queries regarding the Group, the shareholders may convey to the Senior Independent Director of the Company via the following channels:-

Mail : FREIGHT MANAGEMENT HOLDINGS BERHAD
Lot 37, Lebuh Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang.

Attention : Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak

Tel : +603-3176 1111

Fax : +603-3176 2188

Email : gen@fmgloballogistics.com

Roles of the Committee

The NC is empowered by the Board to bring to the Board recommendations on the appointment of new Directors and to review the Board structure, size and composition as well as those of Board Committees.

The duties and functions of the NC encompass the following:-

- Recommend to the Board, candidates nominated by shareholders or the Board for directorships to be filled;
- Recommend to the Board, directors to fill seats on board committees;
- Review periodically the required skills and experience and other qualities and core competencies non-executive directors should bring to the Board; and
- Assess periodically the effectiveness of the Board as a whole and the contribution of each individual director.

Nomination and Recruitment Process

The NC shall nominate or consider candidates nominated for appointment to the Board and Board Committees. Prior to the submission of its recommendations to the Board on the selection and appointment of Directors, the NC shall consider the following criteria in search of the suitable candidates:-

- Personal integrity/reputation;
- Relevant educational background;
- Skills, knowledge, experience, expertise in line with the Company's strategy/business operation/industry;
- Diversity in terms of age, gender and background;
- Current directorships of companies held;
- Director's independence;
- Existing commitments; and
- Potential conflict of interest/risk.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 - STRENGTHEN COMPOSITION (CONTINUED)

Nomination Committee (continued)

Nomination and Recruitment Process (continued)

The NC also makes necessary checks prior to the appointment of a Director, which includes checks as to the individual's character and bankruptcy history. Having considered all aspects, the NC shall then submit its recommendations to the Board for its approval. The decision on new appointment of directors rests with the Board after considering the recommendation of the NC.

The NC would meet with the shortlisted candidate(s) as part of the selection process to consider other factors, which include the candidate's ability to commit sufficient time and energy to FMHB's matters, and ability to satisfy the test of independence taking into account the candidate's character, integrity and professionalism. The proposed candidate will be required to confirm that he or she meets the criteria for an independent director as prescribed in the Listing Requirements and its Practice Note 13 prior to recommending to the Board for approval of his or her proposed appointment as a member of the Board.

Whenever there is an appointment of a Director, a letter of appointment is issued and the Company Secretaries shall do the necessary as authorised by the Board to ensure that the appointment is in accordance with the statutory requirements and as prescribed by the Listing Requirements. All necessary information will be obtained from the newly appointed Director for the Company's records and for meeting the statutory requirements and other applicable rules and regulations. The recruitment process concludes with an induction program to equip the Director with the required knowledge and understanding of the Group's businesses and operations.

Re-appointment or Re-election of Directors

The NC ensures that the Directors retire and are re-appointed/re-elected in accordance with the relevant laws and regulations and the Constitution of the Company. Based on FMHB's Article 109 of the Constitution provides that one-third (1/3) of the Directors shall retire from office at each Annual General Meeting ("AGM") and all Directors shall retire from office at least once in every three (3) years but may offer themselves for re-election. This will provide an opportunity for shareholders to renew their mandates. To assist shareholders in their decision, sufficient information such as the personal profile and the meetings attendance of each Director are furnished in the Annual Report. A retiring Director is eligible for re-election.

The Directors' performance is used as a main basis for recommending their re-election and re-appointment to shareholders. This, in turn, is determined by their annual evaluation and independence assessment, which is assessed by the NC before a recommendation is submitted to the Board for deliberation and approval.

Through its annual evaluation and considering criteria which include professionalism, breadth of experience/expertise, material relationship, competency and time commitment to perform their duties, the Board and NC are satisfied that the Directors who are standing for their re-election, re-appointment and continuation in office at AGM 2017 have met the Board's expectations by continuously performing their duties diligently as Directors of the Company. The Directors seeking re-election at the AGM are listed in the Notice of AGM and are recommended by the NC and the Board.

Board Composition and Diversity

The Board recognises that gender diversity is of importance to the boardroom diversity and will continue to encourage and support for more women participation on the Board. Currently, the Board has one (1) female director. The Board through the NC will review the proportion of the female to male board members during the annual assessment of the Directors' performance taking into consideration the appropriate skills, experience and characteristics required of the Board members, in the context of the needs of the Group. The Board also embraces age diversity to encourage diversity in perspectives and balance the Board's insight, experience and approach to decision making.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 - STRENGTHEN COMPOSITION (CONTINUED)

Nomination Committee (continued)

Board Performance Evaluation

The Board, through its delegation to the NC, had implemented the process for an annual effectiveness assessment of the Board, Board Committees and the contribution of each Director to the effectiveness of the Board. The objective is to improve the Board's effectiveness by identifying gaps, maximising strengths and addressing weaknesses.

The process is internally facilitated and conducted by way of questionnaires circulated to the Board covering a variety of aspects associated with board effectiveness, such as board structure, board operations and interaction, board roles and responsibilities, understanding the committees' roles, mix of skills and knowledge and commitment of Members. These questionnaires are designed to recognise the Board's strengths and to identify gaps or areas for improvement for the Board and its Committees. The effectiveness of the Board is assessed in the areas of the Board's responsibilities and composition, meeting process, administration and conduct, interaction and communication with Management and stakeholders and Board engagement, as well as the effectiveness of the Chairman and the GMD. The effectiveness of the Board Committees is assessed in terms of structure and processes, accountabilities and responsibilities, as well as the effectiveness of the Chairmen of the respective Board Committees.

The NC also approved the performance criteria for the peer assessment of individual Directors under board dynamics and participation, competency and capability, exercise of independent judgement and objectivity with integrity, as well as contribution and performance. The questionnaire is intended to assess their contribution, performance, calibre and personality in relation to the skills, experience and other qualities they bring to the Board and/or Board Committees. This process also examines the ability of each Board or Committee member to give input at meetings and to demonstrate a high level of professionalism and integrity in the decision-making process. It also takes into account the ability of each individual Director and Board Committee member to exercise independent judgement.

Completed questionnaires and the responses of each Director as well as the findings of the evaluation are collated into a report. The report on the Board's performance is provided to the NC and all Directors individually while report on the Committee's performance is provided to the NC. These findings are deliberated by the NC and subsequently by the Board and the key issues arising from the evaluation are identified for further discussion or action. This annual evaluation has produced significant improvements in the Board's processes and overall efficiency.

Based on the recent annual assessment, the Directors were satisfied that they have fulfilled their responsibilities as members of the Board and Board Committees as well as their contribution towards the Group's direction, strategy and planning.

During the financial year, the NC met one (1) times to conduct the annual review on the Directors' core competencies, contribution and effectiveness.

Remuneration Committee

Composition of the Committee

The RC was established on 24 February 2005 to assist the Board in determining and developing a remuneration policy for Directors. The members of the RC are:-

- Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak (Chairman of the Committee);
- Aaron Sim Kwee Lein (Member of the Committee); and
- Chew Chong Keat (Member of the Committee).

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 - STRENGTHEN COMPOSITION (CONTINUED)

Remuneration Committee (continued)

Roles of the Committee

The roles of the RC, in accordance with its TOR, include:-

- The annual review of the various types of components of remuneration such as fees, allowances, basic salary, bonus and other benefits in kind for directors;
- Ensuring that a transparent and formal procedure is established in the assessment of the level of compensation that would be sufficient to attract and keep good calibre directors; and
- Ensuring that the remuneration package is linked to performance, responsibility level and is comparable with market norm.

The RC is authorised by the Board to draw from outside advice as and when necessary in forming its recommendations to the Board on the remuneration of the Executive Directors. The remuneration of the non-executive Directors are determined by the Board as a whole with individual Director abstaining from deliberation on his remuneration. The RC met once during the financial year under review.

Director Remuneration Framework

The Board, with the assistance of the RC, reviews the overall remuneration policy of the Non-Executive Directors ("NEDs") and Executive Directors ("ED") to attract, retain and motivate executives and Directors who will create sustainable value and returns for the Company's members and other stakeholders. There is a clear distinction between the remuneration structure of the NEDs and that of the EDs.

In the case of the ED, the overall remuneration is structured so as to link rewards to corporate and individual financial performance. A significant portion of an ED's compensation package has been made variable, which is to be determined by financial performance during the year against the budgeted figures which is aligned to the corporate objectives as approved by the Board.

In the case of NEDs, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular NEDs concerned. The Board shall determine and recommend the remuneration of the NEDs to shareholders for approval at the AGM. The NEDs are remunerated by way of fixed monthly fees and allowances.

Details of the remuneration packages for the Directors of the Group for the financial year ended 30 June 2017 are as follows:-

	Executive Directors (RM)	Non-Executive Directors (RM)
Directors' fees*	216,000	201,600
Meeting allowance	18,250	16,000

* Subject to the approval of shareholders.

The number of Directors of the Company whose income falls within the following bands is set out as follows:-

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
50,001 to 100,000		3
1,150,001 to 1,200,000	1	
1,750,001 to 1,800,000	1	
2,200,001 to 2,250,000	1	
2,250,001 to 2,300,000	1	

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 3 - REINFORCE INDEPENDENCE

FMHB's Board currently consists of two (2) Independent Non-Executive Directors. The Independent Directors fulfill the criteria of independence as prescribed under Paragraph 1.01 of the Listing Requirements. The independent directors are individuals of calibre, credibility and have the necessary skills and experiences to provide independent and unbiased view and advice on the strategy, performance, resources and standards of conduct of the Group. In addition, due to active participation of all the Directors, no individual or small group of individuals dominate the Board's decision making process.

Independence Assessment of Independent Directors

The Board has considered the independence of each Independent Non-Executive Director in office as at the date of the Annual Report and has concluded that the independence criteria as set out in the Listing Requirements have been met by each Independent Non-Executive Director. The Board is generally satisfied that each Independent Non-Executive Director remains independent in character and judgement and is free from relationships or circumstances which are likely to affect or could appear to affect the Director's judgement.

One of the recommendation of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. The Board of Directors have determined, after the board assessment carried out that Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak and Mr Aaron Sim Kwee Lein, who have served the Board for more than nine (9) years, have remained objective and independent in expressing their views in deliberations and decision making on the Board and Board Committees. The length of their service does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of the Company.

All the abovenamed two (2) Independent Non-Executive Directors have provided confirmations of their independence to the NC. The NC and the Board are confident that all the abovenamed two (2) Independent Directors will continue to discharge their duties diligently, independently and objectively notwithstanding their tenure on the Board based on the following reasons:-

- They fulfill the criteria as Independent Directors as defined in the Listing Requirements of Bursa Malaysia and therefore are able to bring independent and objective judgement to the Board;
- Their mix of skills and vast experiences in the various industries of the Company and finance related field enable them to provide the Board with a diverse set of experience, expertise, skills and competence;
- They understand the Company's business operations which allow them to participate actively and contribute positively during deliberations or discussions at both the Committees and Board meetings;
- They devote sufficient time and effort and attend all the Committees and Board meetings for informed and balanced decision making; and
- They exercise due care as Independent Directors of the Company and carry out their professional and fiduciary duties in the interest of the Company, shareholders as well as stakeholders.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 4 - FOSTER COMMITMENT

Time Commitment

Each Director has devoted his or her time sufficiently in carrying out his or her responsibilities. The Board Charter states that a Director, upon acceptance of his appointment, must commit sufficient time to carry out his or her duties and declare to the Board details of all other significant business and interests, indicating broadly the time spent on such commitments. In their acceptance letters as a Director on the Board, the Directors undertake to devote sufficient time to carry out their responsibilities as a Director of the Company. Details of attendance of the Directors at Board Meetings held during the financial year are as follows:-

Name of Directors	Attendance
Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak	5/5
Chew Chong Keat	5/5
Yang Heng Lam	4/5
Gan Siew Yong	5/5
Aaron Sim Kwee Lein	5/5
Ong Looi Chai	4/5
Chua Tiong Hock	5/5
Khua Kian Keong (Alternate Director to Chua Tiong Hock)	N/A

All Directors have complied with the minimum requirement on attendance at Board meetings as stipulated in the Listing Requirements ("minimum 50% attendance").

Directors have the duty to:-

- notify the Chairman on the new directorship before accepting any other new directorship in public and private companies.
- must inform the Company Secretaries of any subsequent changes to his or her commitments and the Company Secretaries is to monitor the number of directorships and the changes, if any, of each Director on the Board.
- declare their directorships and/or interests in other public and private companies upon appointment and on an annual basis.
- notify the Company of any subsequent change in their directorships and/or interests in public and private companies upon appointment and on an annual basis. The Company will subsequently notify the other Directors upon receiving notice of such changes.

To date, the Directors of FMHB have complied with the Listing Requirements of holding not more than five (5) directorships in listed companies. The Board is satisfied that the current number of directorships held by the Board Members do not impair their ability or judgement in discharging their roles and responsibilities.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 4 - FOSTER COMMITMENT (CONTINUED)

Professional Development

All Directors had attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. The Board acknowledged the importance of continuing professional development for its Directors to ensure they are equipped with the relevant and necessary skills and knowledge and ensuring they remain up to date with development of the business and industry that the Company operates for them to discharge their roles and responsibilities. The Directors are empowered by the Board to evaluate and assess his own individual training needs and are encouraged to attend seminars to further enhance their business acumen and professionalism in discharging their duties effectively.

The Board attends internal briefing conducted by the Company Secretaries on amendments to Listing Requirements, updates on rules and regulations of other statutory authorities as well as on the Financial Reporting Standards by the External Auditors. A brief description of some of the external training that Directors attended during the financial year is set out below:-

Name of Directors	Conference/Training Programme Attended
Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak	<ul style="list-style-type: none"> • Release of The Malaysian Code on Corporate Governance • Companies Act 2016 Briefing • Malaysian Code Corporate Governance 2017 Briefing
Chew Chong Keat	<ul style="list-style-type: none"> • Grow Your Business with Proven Digital Marketing Methods • GST Update Workshop • Companies Act 2016 Briefing • Malaysian Code Corporate Governance 2017 Briefing
Yang Heng Lam	<ul style="list-style-type: none"> • Companies Act 2016 Briefing • GST Update Workshop • Malaysian Code Corporate Governance 2017 Briefing
Gan Siew Yong	<ul style="list-style-type: none"> • Grow Your Business with Proven Digital Marketing Methods • GST Update Workshop • Companies Act 2016 Briefing • The New Companies Act 2016 – Key Changes and Practical Issues • Malaysian Code Corporate Governance 2017 Briefing
Aaron Sim Kwee Lein	<ul style="list-style-type: none"> • Cost of Capital and Discounts & Premiums • Financial Statements - Numbers tell a story • Have You Complied with the Companies Act 2016 - Major Revamps & Regulation Updates with Guide on Practical Compliance Procedures • Companies Act 2016 Briefing • Malaysian Code Corporate Governance 2017 Briefing
Ong Looi Chai	<ul style="list-style-type: none"> • Companies Act 2016 Briefing • Malaysian Code Corporate Governance 2017 Briefing
Chua Tiong Hock	<ul style="list-style-type: none"> • The CSR Activities Forum of Foreign Invested Enterprises • Companies Act 2016 Briefing • Malaysian Code Corporate Governance 2017 Briefing
Khua Kian Keong (Alternate Director to Chua Tiong Hock)	NIL

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING

Audit Committee

The composition, duties and responsibilities as well as summary of activities of the AC are disclosed in the Audit Committee Report on pages 29 to 32 of this Annual Report.

Financial Reporting

In presenting the annual financial statements and the quarterly announcements to shareholders, the Board has taken reasonable steps to ensure the financial statements give a true and fair reflection of the Group's position and prospects. Before the financial statements were drawn up, the Directors have taken the necessary steps to ensure all the applicable accounting policies are applied consistently and that policies are supported by reasonable and prudent judgement and estimates. This also applies to circulars to shareholders and other documents that are submitted to the authorities and regulators. The role of the AC in relation to financial reporting is disclosed in the Audit Committee Report as set out on pages 29 to 32 of this Annual Report.

The Board is assisted by the AC in scrutinising the financial statements and information for disclosure to ensure accuracy, adequacy and completeness. Accurate and reliable financial statements are a key outcome of a sound system of internal control and towards this end, the AC considered the following on a regular basis:-

- Changes in accounting policies and practices and implementation thereof;
- Significant adjustments arising from the external audit process;
- Going concern assumption; and
- Adequacy and appropriateness of disclosure.

The AC also met with the external auditors without the presence of Management except for the Company Secretaries. This is the forum at which the external auditors highlight, among other matters, any concern they may have on the compliance aspect of the financial statements.

The Directors' responsibility statement in respect of the preparation of the annual audited financial statements is set out on page 56 of this Annual Report.

Internal Control

Information on the Group's system of internal control is presented in the Statement on Risk Management and Internal Control as set out on pages 51 to 54 of this Annual Report.

Relationship with External Auditors

The role of the AC in relation to the external auditors is disclosed in the Audit Committee Report as set out on pages 29 to 32 of this Annual Report. The Company maintains a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the approved accounting standards in Malaysia.

The AC meets with the external auditors at least twice a year to discuss any issues arising from their audits without the presence of the Management. For the financial year 2017, two (2) sessions between the AC and the external auditors were held for greater exchange of views and opinions between both parties in relation to financial reporting. AC also reviewed the external auditor's Audit Plan which summarises the responsibilities and the scope of work for the financial year ended 30 June 2017 and discuss the audit approach for 2017, focusing on the areas of emphasis, reporting and audit timetable.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONTINUED)

Relationship with External Auditors (continued)

The AC considered the suitability and independence of the external auditor during the discussion of the Group Audit Plan for the financial year ended 30 June 2017. The AC considered several factors including the adequacy of experience and resources of the firm and professional staff assigned to the audit and the level of non-audit services to be rendered by the external auditors to the Group for the financial year under review. Open communication and interaction are engaged by both AC together with the lead audit engagement partner and engagement team through discussions at private meetings, which demonstrated their independence, objectivity and professionalism. In the course of the audit, the external auditors will also highlight to the AC and the Board on matters that require the AC's or the Board's attention together with the recommended corrective actions thereof. The Management is responsible for ensuring that all these corrective actions are undertaken within an appropriate time frame. At the same time, the AC further undertook an annual assessment of the quality of audit which encompassed the performance of the external auditors, and the quality of their communications with the AC and FMHB, based on feedback obtained from FMHB personnel who had substantial contact with the external audit team throughout the year.

The Board is aware of the potential conflict of interest situation that may arise if the Company's external auditors are engaged to provide non-audit services to the Group. In order to mitigate this risk, proper consultation with the External Auditor and AC will be made to ensure there is no conflict of interest situation prior to the appointment.

The AC procures a written confirmation from the external auditors via the Audit Plan that they are and have been, independent throughout the conduct of the audit engagement in accordance with relevant professional and regulatory requirements and in accordance with the external auditor's internal policy. The external auditors also provide a confirmation that they have reviewed the non-audit services provided to the Group during the year and that to the best of their knowledge, the non-audit services did not impair their independence. As a group the fees paid for non-audit services amounted to RM47,000.

AC noted that the external auditor has demonstrated and maintained their independence in accordance with their firm's requirements and with the terms of relevant professional and regulatory requirements and thus satisfied with the suitability of the external auditor based on the quality of services and sufficiency of resources they provided to the Group. AC have also reviewed the non-audit services provided by the external auditor to the Company for the financial year 2017 and satisfied that the provision of such services did not in any way impair their objectivity and independence as external auditors of Bursa Malaysia.

The existing external auditors of the Company, namely Messrs BDO had on 20 October 2017 indicated their intention of not seeking for re-appointment as external auditors of the Company for the financial year 2018 during the 21st AGM.

The Company had on 24 October 2017, received a nomination letter dated 24 October 2017 from its major shareholder, Mr. Chew Chong Keat, nominating Messrs Crowe Horwath, as new auditors of the Company in place of the outgoing auditors, Messrs BDO.

The Board and Audit Committee had considered Messrs Crowe Horwath's profile, resources, experience, fee and engagement proposal as well as the size and complexity of the Group's operations and recommended the nomination of Messrs Crowe Horwath as Auditors of the Company.

Messrs Crowe Horwath has given their consent to act as Auditors of the Company and their appointment is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. If approved, they shall hold office until the conclusion of the next Annual General Meeting of the Company.

Relationship with Internal Auditors

The Group has an outsourced internal audit function which undertakes systematic quarterly reviews of the internal control systems so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Company and the Group.

The AC reviewed and approved the outsourced internal auditor's Internal Audit Plan and ensured principal risks and key entities and functions were adequately identified and covered in the plan. The specific areas of focus for the financial year under review are highlighted in the AC Report pages 29 to 32 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONTINUED)

Relationship with Internal Auditors (continued)

The AC also reviewed the internal audit reports presented by internal auditors at each AC meeting and discussions are made with respect to the following:-

- Status of audit activities as compared to the approved Annual Audit Plan;
- Results of scheduled, follow-up, investigative and special audits;
- Adequacy of Management's responsiveness to the audit findings and recommendations; and
- Adequacy of audit resources and experience of the internal auditors.

The total cost incurred on the Company's internal audit functions for the financial year under review amounted to RM52,800.

PRINCIPLE 6 - RECOGNISE AND MANAGE RISK

Internal Control

The Board acknowledged the importance of a sound framework to manage the Company's risks as a whole. In view of that, the Board has delegated the oversight of its risk management matters to the Executive Directors, including reviews of the effectiveness of the Company's internal control system and risk management process.

The Management is responsible for promoting and applying the risk management processes which involves identifying and assessing business and operational risks, developing and implementing appropriate risk mitigation strategies, monitoring the effectiveness of risk controls and reporting on risk management capability and performance.

Executive Directors are responsible in identifying principal risks affecting the Group and ensuring that appropriate systems are in place and effective actions are taken to mitigate and eliminate such risks to safeguard the shareholders' investments and the Group assets.

Information on the Group's system of internal control is presented in the Statement on Risk Management and Internal Control as set out on pages 51 to 54 of this Annual Report.

PRINCIPLE 7 - ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

The Group is fully committed in sharing relevant and material information on the development of the Group. The Company places strong emphasis on the importance of timely and equitable dissemination of information.

Leveraging on Information Technology for Effective Dissemination of Information

The Company uses a number of formal channels for effective dissemination of information to the shareholders and investors primarily through timely release of financial results on a quarterly basis, press release and announcements which gives the shareholders an overview of the Group's performance and operation.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 7 - ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (CONTINUED)

Leveraging on Information Technology for Effective Dissemination of Information (continued)

Technology has also been utilised to increase the effectiveness and timeliness of information dissemination. The Company's website is a key communication channel for the Company to reach its shareholders, the investment community and the general public. The Company's website provides relevant information to shareholders and the broader investment community. There is a dedicated section for investors where quarterly and annual financial statements, announcements, share and financial information, annual reports and circulars/statements to shareholders are made available for review.

PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Annual General Meeting

The AGM is the principal forum for dialogue with shareholders who are encouraged to enquire about the Group's activities and prospects. The Board will present an overall presentation of the business and financial performance of the Group for the financial year as contained in the Annual Report and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. The Board is available to provide responses to questions raised and give clarifications to the shareholders during these meetings.

The Company recognises the importance of shareholders' participation in general meetings and encourages such participation. Pursuant to Paragraph 7.21A(2) of the Listing Requirements, in order to promote participation by members or proxies at the AGM of the Company, the Chairman will brief the members, corporate representatives and proxies who attended the AGM of their rights to speak and vote on the resolutions set out in the Notice of AGM. Some of the other measures taken to encourage greater shareholder attendance and participation include the following:-

- Shareholders who are unable to attend are allowed to appoint a proxy/ies to attend and vote on their behalf. The proxy need not be a shareholder;
- The venue of the AGM is at a central and easily accessible location providing ample parking space for shareholders;
- The Company's website (www.fmgloballogistics.com) contains a number of references to and notices about the AGM; and
- Members of the Board, Senior Management, as well as the external auditors of the Company are present at the AGM to address any question or concern that shareholders may have.

Investor Relations

The Board recognises the importance of an effective communication channel between the Company, its shareholders and the general public and is fully committed in maintaining transparency and accountability to all its shareholders through consistent disclosures of relevant and comprehensive information in timely manner to all investors including the minority shareholders.

The Company communicates with its shareholders and stakeholders on regular basis through timely releases of financial results on a quarterly basis, press releases and announcements to Bursa Malaysia which provide an overview of the Group's performance and operations for investment decision making, through accessible channels. The Group also maintains frequent dialogues with financial analysts and fund managers as a means of maintaining and improving investors' relation.

Shareholders and members of the public can obtain information on the Company through the Company's website at www.fmgloballogistics.com or through the Bursa Securities website at www.bursamalaysia.com. Shareholders are welcome to raise queries by contacting the Company at any time throughout the year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement on Risk Management and Internal Control by the Board of Directors ("Board") of the Company is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad in accordance with the Principles and Recommendations relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance 2012.

Board Responsibility

The Board of the Company acknowledges its responsibility for maintaining sound internal control and risk management systems that would provide reasonable assurance in the reliability of financial reporting and compliance with applicable laws and regulations, to safeguard shareholders' interests. The system of internal control is designed to manage the Company's risk within acceptable risk profile, rather than eliminate the risk of failure to achieve Company's policies and business objectives, and provides reasonable assurance against material errors, misstatement or irregularities.

In view of the limitation inherent in any system of internal control, such a system is designed to mitigate rather than eliminate risks of failure to achieve corporate objectives. Accordingly, the system provides reasonable and not absolute assurance against material error, misstatement or loss. The system of internal control covers, inter alia, risks management, financial and compliance controls. The Board confirms that the system of internal control of the Company was in place during the financial year and the system is subject to regular review by the Board.

Risk Management Objectives

The risk management objectives of the Group include the following:-

- Ensure the continuity of business;
- Safeguard the assets of the Group;
- Safeguard the interest of all shareholders;
- Ensure the continuity of its quality service to customers at all times;
- Preserve the safety and health of its employees; and
- Promote an effective risk awareness culture where risk management is an integral aspect of the Group's management systems.

The Board recognises that it is crucial to achieve a critical balance between risks incurred and potential returns for the viability of the Group. Thus, the Company has established the Enterprise Risk Management ("ERM") Framework which proactively identifies, evaluates and manages key risks of the Group. The ERM Framework and its methodology are in line with ISO 31000:2009 - Risk Management Principles and Guidelines, to promote risk ownership and the continuous monitoring of key risks identified. The Board has delegated the responsibility to the Executive Directors to approve and review the process and framework formulated to identify, measure and monitor various risk components.

Furthermore, the Board has established an organisation structure with clearly defined lines of responsibility and accountability which are aligned to its business and operations requirements which support the maintenance of a strong control environment. It has extended the responsibilities of the Audit Committee ("AC") to include the assessment of internal controls through the Internal Audit function.

The Group as a whole has established several risk management processes where the responsibility and accountability are with the various Head of Divisions and also involving the participation of the Executive Directors and also internal audit. The Head of Divisions are responsible for the day-to-day management of risks inherent in their business activities, while the Executive Directors are responsible for setting the risk management framework as well as developing tools and methodologies. Complementing this is internal audit, which provides an independent assurance of the effectiveness of the risk management approach. These risk management processes are aligned across the business units and subsidiaries of the Group through the streamlining of the risk frameworks, policies and organisational structures in order to embed and enhance a risk management culture based on the Group's business segments, its regional growth and expansion plans.

In addition to the above, the ERM Manual which outlines the Risk Policy, Risk Governance Structure, and the Risk Management Processes in line with the ISO 31000:2009 - Risk Management Principles and Guidelines had also been established. The Risk Register outlines and categorises the sources of risks, the impacts, the risk owners and the controls that are in place. The ERM plan had also been implemented and is a continuous on-going process to check and review the key risks for ensuring the controls are adequate, effective and where necessary developing further actions for continuous improvement.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Assessment

The risk appetite defines the value and type of risks that the Group is prepared to accept in pursuit of its strategic business objectives. It stipulates the level of tolerance and limits established to govern and manage the Group's risk taking activities. The Group's risk appetite serves as a benchmark for all divisions to develop risk tolerances and limits in accordance to their specific business or operational requirements and objectives. The key risks of the Group and the corresponding initiatives taken to mitigate these risks are set out below:-

Risk	Description and Impact	Mitigation Measures
Slowdown in economy affecting the business and industry	Market stagnation and shrinkage, reduction in growth and lower returns.	Executive Directors monitor closely on the general business and economy environment together with respective divisions heads via meetings and discussions. Close engagements are done on ad hoc basis with Customers and also Business Partners on the respective business environment.
Credit risk	Credit risks - Defaults from Customers, Agents, and Business Partners.	Centralised Credit Team had been set up to monitor weekly on the credit exposure of the Group. Executive Directors are periodically briefed on the amount and recoverability of outstanding receivables.
Ineffective profitability management/budgetary and expenses control	Lack of focus on profit margins and costs/Ineffective profitability management (management expenses)/Ineffective budgetary control system to manage performance/Non-alignment of budgets to corporate objectives/Sustain losses due to over exposure of investment in certain capex or fixed assets.	Monthly review on the financial performance of each division is done by Executive Directors. Periodic Internal Audit Assignments are conducted.
Occupational Health and Safety Assessment Series (OHSAS 18001) concerns - Health and Safety of employees	Employees' Health and Safety issues in all areas.	HSSE Committee monitors and reviews all the health and safety issues in all operational areas. The Group has been accredited BS OHSAS 18001:2007 for its freight forwarding services.
Inadequate Monitoring of overseas operations	Expansion of overseas operations.	Executive Directors and Group Finance Team monitors the performances of the overseas performance and its efficiency level from time to time.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Internal Control Mechanism

The responsibility to review the adequacy and integrity of the internal control system has been delegated by the Board to the Audit Committee ("AC"). The AC, in turn, assesses the adequacy and integrity of the internal control system through independent reviews conducted on reports it receives from outsourced internal audit and the management. In addition, the AC also considers findings from the external auditors in the form of management letters, which highlight certain internal control areas for improvement identified during the course of the external audit. Any areas of improvement identified by the external auditors and internal auditors are being brought to the attention of the AC.

Key Elements of Internal Control System

The key elements of the Group's internal control system are described below:-

- Organisation structure with clearly defined delegation of responsibilities to the Board;
- Regular meetings are held at operational and management levels to identify and resolve business, financial, operational and management issues;
- Three subsidiaries were accredited ISO 9001:2008 certification on quality management system. Documented internal procedures and standard operating procedures have been put in place and surveillance audits are conducted by assessors of the ISO certification bodies on a yearly and biannual basis to ensure that the system is adequately implemented;
- Documented guidelines on operating procedures have been put in place for relevant departments;
- Quarterly information is provided by the management to the Board on financial performance and key business indicators;
- Monthly monitoring of results by the management through financial reports;
- Quarterly internal audit visits and other specific assignments, if the need arises, assigned by the AC and/or the Board who monitors compliance with procedures and assesses the integrity of financial information provided; and
- AC holds quarterly meetings with the management on the actions taken on internal control issues, identified through reports prepared by the internal auditors, external auditors (identified during the course of their audits) and/or the management.

Internal Audit Function

The outsourced Internal Auditor had reviewed the Group's system of internal controls and had reported the yearly internal audit activities to the AC on a quarterly basis. The Internal Auditor had adopted a risk-based approach in undertaking the internal audits for the Group which involved the establishment of a comprehensive audit plan formulated through a risk assessment process. In doing so, the internal auditor had planned the engagement through conducting necessary consultation sessions with the senior management and staff in order to identify the relevant risks faced by the Group. With the necessary understanding of these risks, it had facilitated the internal auditor to develop comprehensive audit programs in order to identify any weaknesses in the system of internal controls.

At the same time, the Board had ensured that relevant control measures were implemented so as to address the control weaknesses identified during the course of internal audits and enhance the integrity of the Group's system of internal controls ultimately. This was carried out via necessary consultation with the internal auditor and senior management.

The Board recognises that the development of good system of internal controls for the Group is a continuous process. Hence, the Board encourages interactive discussions of audit findings through the AC, taking into consideration possible establishment of additional control measures in managing its risks within the Group from time to time.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Effectiveness of Risk Management and Internal Control System

The Board's review of risk management and internal control effectiveness is based on information from:-

- Executive Directors and Heads of Divisions are responsible for the maintenance and continuous improvements and development of the risk management and internal control system; and
- Internal audit reports and review work by the internal audit function which reports to the AC together with the assessment of the internal controls systems relating to key risks and recommendations for improvement.

The review and assurance of the system of internal control is continuously reviewed by the AC and weaknesses and incidents of non-compliance with policies and procedures are highlighted to the management for further improvement actions to achieve business objectives.

The Board are in the opinion that the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board and senior management will continue the ERM methodology to strengthen and also monitor the risk and control environment and the internal controls of the Group.

Review of Statement by External Auditors

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control, and reported to the Board that nothing has come to their attention that cause them to believe that the Statement on Risk Management and Internal Control, in all material aspects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers, or is factually inaccurate. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised 2015) issued by the Malaysian Institute of Accountants. RPG 5 (Revised 2015) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Assurance from Management

The Statement on Risk Management and Internal Control has been prepared in compliance with the Listing Requirements and the Statement on Risk Management and Internal Control - Guidance for Directors of Listed Issuer. In making the above assurance, the Group Managing Director and the Group Financial Controller acknowledged that the risk management and internal control systems are operating adequately and effectively in all material aspects based on the risk management and internal control systems of the Group.

For the financial year under review, the Board is of the opinion that the system of internal control and risk management processes are adequate and sound to provide reasonable assurance in safeguarding shareholders' investments, the Group's assets and other stakeholders' interests as well as in addressing key risks impacting the business operations of the Group. There was no major internal control weakness identified that may result in any material loss or uncertainty that would require disclosure in this Annual Report.

This statement is made in accordance with the resolution of the Board dated 20 October 2017.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds Raised from Corporate Proposals

The Company did not raise any funds from any corporate proposals during the financial year.

2. Share Buyback

The Company did not enter into any share buyback transactions during the financial year ended 30 June 2017.

3. Options, Warrants or Convertible Securities

The Company has not issued any options, Warrants or Convertible Securities during the financial year except for the issuance of 8,530,407 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 RM8,274,495.

4. Depository Receipt Programme ("DRP")

The Company did not sponsor any DRP programme during the financial year.

5. Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies during the financial year.

6. Non-Audit Fees

The amount of non-audit fees paid and payable to the external auditors by the Group for the financial year ended 30 June 2017 amounted to RM47,000.

7. Variation in Results

The Group's audited results for the financial year ended 30 June 2017 did not vary by 10% or more from the unaudited results which were announced to Bursa Malaysia Securities Berhad on 23 August 2017.

8. Profit Guarantee

There were no profit guarantees given by the Group during the financial year ended 30 June 2017.

9. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries which involve Directors' or Substantial Shareholders' interests either still subsisting at the end of the financial year ended 30 June 2017.

10. Recurrent Related Party Transactions

All recurrent related party transactions entered into by the Group during the financial year are disclosed in Note 34 of the financial statement in pages 126 to 128 of this Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for ensuring that the financial statements of the Company and Group are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the Listing Requirements for the Main Market of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the year ended 30 June 2017, the Directors have:-

- Adopted appropriate accounting policies and applied them consistently;
- Ensured that applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act 2016 have been followed; and
- Considered the going concern basis used as being appropriate.

The Directors are also responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Company and of the Group to enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution by the Board of Directors dated 20 October 2017.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	21,049	9,249
Attributable to:		
Owners of the parent	21,026	9,249
Non-controlling interests	23	-
	21,049	9,249

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM'000
In respect of the financial year ended 30 June 2016:	
Second interim single tier dividend of 3.5 sen per ordinary share, paid on 22 November 2016	6,325
In respect of the financial year ended 30 June 2017:	
First interim single tier dividend of 1.5 sen per ordinary share, paid on 28 July 2017	2,792
	9,117

A second interim single tier dividend in respect of the financial year ended 30 June 2017 of 3.5 sen per ordinary share had been declared by the Directors on 23 August 2017.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 30 June 2017.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than the effects of adoption of Companies Act 2016 as disclosed in Note 19 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the current financial year, the Company increased its issued and paid-up share capital by the issuance of 8,530,407 new ordinary shares for cash via the exercise of 8,530,407 warrants at an exercise price of RM0.97 per warrant on the basis of one (1) new ordinary share for every one (1) warrant exercised pursuant to the Deed Poll dated 6 January 2012.

The newly issued shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

The Company did not issue any new debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS

The Directors who have held for office since the date of the last report are:

Freight Management Holdings Bhd

Chew Chong Keat
Yang Heng Lam
Datuk Dr. Hj. Noordin bin Hj. Abd. Razak
Gan Siew Yong
Aaron Sim Kwee Lein
Ong Looi Chai
Chua Tiong Hock
Khua Kian Keong (Alternate Director to Chua Tiong Hock)

Subsidiaries of Freight Management Holdings Bhd

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this report, not including those Directors listed above is as follows:

Yeow Soon Guat
Leong Wan Keng
Yeo Hock Choon
Teoh Beng Keat
Liew Willip
Bradley John O' Donnell
Chew Chong Ngai
Tay Nguang Yeow Andrew
Gan Siew Hooi
Stuart Eshantha Fernando
Low Gim Beng
Dang Anh Binh
Sanila Jayaprakash
Mukundan Kunchunni Nair
Gan Siew Geok
Won Mi-Yeon
Eddy Chuwardi
Juliana Eddy
Ong Hock Keng (appointed on 21 August 2017)
Phatteera Sirijitjinda (appointed on 21 August 2017)
Teh Swee Sim (resigned on 1 March 2017)
Law Kok Voon (resigned on 1 March 2017)

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and warrants of the Company during the financial year ended 30 June 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, were as follows:

	← Number of ordinary shares →			
	Balance as at 1.7.2016	Bought	Sold	Balance as at 30.6.2017
Shares in the Company				
<u>Direct interests</u>				
Chew Chong Keat	44,791,743	-	-	44,791,743
Yang Heng Lam	31,065,774	3,071,785	-	34,137,559
Gan Siew Yong	8,098,536	-	-	8,098,536
Ong Looi Chai	1,995,870	284,019	-	2,279,889
<u>Indirect interests</u>				
Chew Chong Keat	183,333 [#]	-	-	183,333
Yang Heng Lam	488,299 ^{*#}	125,000	-	613,299
Gan Siew Yong	183,333 [#]	-	-	183,333
Chua Tiong Hock	37,325,800	-	-	37,325,800
Khua Kian Keong (Alternate Director to Chua Tiong Hock)	37,325,800	-	-	37,325,800

	← Number of warrants [^] of RM0.50 each →				
	Balance as at 1.7.2016	Bought	Sold	Exercised/ Lapsed	Balance as at 30.6.2017
Warrants in the Company					
<u>Direct interests</u>					
Yang Heng Lam	3,147,785	-	(76,000)	(3,071,785)	-
Ong Looi Chai	285,990	-	-	(285,990)	-
<u>Indirect interest</u>					
Yang Heng Lam	25,000 ^{*#}	-	-	(25,000)	-

* Interest of spouse by virtue of Section 59(11)(c) of the Companies Act 2016 in Malaysia.

Interest of children by virtue of Section 59(11)(c) of the Companies Act 2016 in Malaysia.

[^] Issuance of 24,342,857 free warrants on 13 January 2012 on the basis of one (1) warrant for every five (5) existing ordinary shares held.

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, Chew Chong Keat, Yang Heng Lam, Chua Tiong Hock and Khua Kian Keong are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and warrants of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the following:

- (i) remuneration received or due and receivable by certain Director/executives of the subsidiaries; and
- (ii) deemed benefits arising from related party transactions as disclosed in Note 34 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the warrants issued as disclosed in Note 19 to the financial statements.

DIRECTORS' REMUNERATION

Details of Directors' fees and remuneration as required by the Fifth Schedule of the Companies Act 2016 in Malaysia are set out in Note 34 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Company for the financial year 2017 was RM17,000.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIRECTORS' REPORT

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, BDO, have indicated that they do not wish to seek for re-appointment.

Details of Auditors' remuneration are set out in Note 29 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors.

CHEW CHONG KEAT

Director

Port Klang
20 October 2017

YANG HENG LAM

Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 68 to 136 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 41 to the financial statements on page 137 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

CHEW CHONG KEAT

Director

Port Klang
20 October 2017

YANG HENG LAM

Director

STATUTORY DECLARATION

I, Chew Chong Keat, being the Director primarily responsible for the financial management of Freight Management Holdings Bhd, do solemnly and sincerely declare that the financial statements set out on pages 68 to 137 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the above named at)
Kuala Lumpur this)
20 October 2017)

Chew Chong Keat

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FREIGHT MANAGEMENT HOLDINGS BHD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Freight Management Holdings Bhd, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 136.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) *Revenue recognition*

The major revenue stream of the Group as stated in Note 4 to the financial statements is freight and forwarding services, which are included in the logistics segment. Details of the logistics segment are set out in Note 4(a) to the financial statements.

The accounting policies for revenue recognition and the different revenue streams for the Group have been disclosed in Note 27 to the financial statements.

We have considered revenue recognition for freight and forwarding services to be a key audit matter due to the lead time between rendering of services and receipt of proof of delivery of services to trigger the billing and revenue recognition process. This includes keeping track of services rendered up to the end of the reporting period in order to defer revenue and to accrue for the cost of the services rendered, which requires significant management judgements and estimates.

Audit response

Our audit procedures, with involvement of the component auditors, included the following:

- (i) obtained an understanding of the revenue recognition process and evaluated the controls surrounding revenue recognition;
- (ii) verified recorded revenue before and after the end of the reporting period, covering a period in excess of the normal lead time between rendering of services and receipt of proof of delivery of services, and verified against the underlying proof of delivery to ascertain whether revenue is recognised during the period in which services are rendered; and
- (iii) critically assessed basis of management in computing deferred revenue and deferred cost in respect of unbilled services rendered before the end of reporting period and verified against the underlying proof of delivery to ascertain whether services have been rendered during the period of revenue recognition.

KEY AUDIT MATTERS (CONTINUED)

b) Recoverability of trade receivables

As at 30 June 2017, trade receivables that had been past due but not impaired were RM22,696,000. The details of trade receivables and its credit risk have been disclosed in Note 12 to the financial statements.

Management recognised impairment losses on trade receivables based on specific known facts or circumstances or the abilities of customers to pay.

The determination of whether trade receivables are recoverable involves significant management judgement.

Audit response

Our audit procedures, with involvement of the component auditors, included the following:

- (i) evaluated the process in place to assess and manage the recoverability of trade receivables by management;
- (ii) challenged assessment of management that no further impairment loss was required based on analysis of customer creditworthiness, past historical payment trends and expectation of repayment patterns;
- (iii) confirmed that the policy of management for impairment losses against aged trade receivables had been applied consistently over the reporting period; and
- (iv) vouched cash receipts subsequent to the end of the reporting period for the effect in reducing amounts outstanding as at the end of the reporting period.

c) Impairment assessment on the carrying amount of property, plant and equipment

As stated in Note 5(h) to the financial statements, the Group has a loss making subsidiary, which held RM31,545,000 of property, plant and equipment, which comprised mainly tug boats and barges as at 30 June 2017. As the subsidiary is loss making, an impairment indicator arises and the Group has performed impairment assessments on this Cash Generating Unit ("CGU").

We have focused on the impairment assessments as the process require significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGU in determining its recoverable amount. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate.

Audit response

Our audit procedures, with involvement of the component auditors, included the following:

- (i) compared prior period projections to actual outcomes to assess reliability of management forecasting process and controls;
- (ii) assessed and challenged the key assumptions in the cash flow projections by comparing them against recent performance;
- (iii) verified pre-tax discount rate for the CGU by comparing to weighted average cost of capital of the Group and relevant risk factors; and
- (iv) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FREIGHT MANAGEMENT HOLDINGS BHD

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 41 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF: 0206
Chartered Accountants

Kuala Lumpur
20 October 2017

Tang Seng Choon
2011/12/17 (J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	229,163	235,358	-	-
Intangible assets	6	3,729	2,671	-	-
Investments in subsidiaries	7	-	-	73,737	71,737
Investments in associates	8	4,707	4,801	3,028	3,028
Interests in joint ventures	9	2,232	2,978	997	997
Other investments	10	360	3	-	-
Deferred tax assets	11	1,015	730	-	-
		241,206	246,541	77,762	75,762
Current assets					
Other investments	10	16,255	6,824	-	-
Trade receivables	12	107,458	91,864	-	-
Other receivables, deposits and prepayments	13	11,485	11,761	103	111
Amounts owing by subsidiaries	14	-	-	32,929	26,978
Amounts owing by associates	15	1,368	626	858	287
Amounts owing by related parties	16	623	1,204	-	-
Amounts owing by joint ventures	17	5,689	3,875	5,232	3,657
Current tax assets		1,405	1,575	-	-
Cash and bank balances	18	38,846	39,115	9,566	10,977
		183,129	156,844	48,688	42,010
TOTAL ASSETS		424,335	403,385	126,450	117,772
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	19	104,290	88,809	104,290	88,809
Reserves	20	142,729	135,849	15,280	22,355
		247,019	224,658	119,570	111,164
Non-controlling interests	7(e)	16,030	16,314	-	-
TOTAL EQUITY		263,049	240,972	119,570	111,164

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
LIABILITIES					
Non-current liabilities					
Hire purchase and lease liabilities	21	4,460	3,722	-	-
Term loans	22	59,812	67,775	-	-
Deferred tax liabilities	11	17,620	18,529	-	-
Post-employment benefits obligation	23	864	817	-	-
		82,756	90,843	-	-
Current liabilities					
Trade payables	24	36,735	31,735	-	-
Other payables and accruals	25	20,313	17,654	708	588
Amounts owing to subsidiaries	14	-	-	3,370	3,356
Amount owing to an associate	15	5	-	-	-
Amounts owing to related parties	16	284	153	-	-
Amount owing to a joint venture	17	191	121	-	-
Hire purchase and lease liabilities	21	2,357	2,004	-	-
Term loans	22	10,495	13,298	-	-
Bank overdrafts - secured	26	1,830	883	-	-
Dividend payable		2,792	2,664	2,792	2,664
Current tax liabilities		3,528	3,058	10	-
		78,530	71,570	6,880	6,608
TOTAL LIABILITIES		161,286	162,413	6,880	6,608
TOTAL EQUITY AND LIABILITIES		424,335	403,385	126,450	117,772

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	27	461,295	413,771	12,878	13,499
Cost of services		(329,758)	(296,165)	-	-
Gross profit		131,537	117,606	12,878	13,499
Other income		9,420	8,573	487	281
Administrative expenses		(107,423)	(96,294)	(4,084)	(5,573)
Finance costs	28	(4,024)	(4,190)	-	-
Share of loss of associates	8(e)	(94)	(113)	-	-
Share of loss of joint ventures	9(d)	(500)	(821)	-	-
Profit before tax	29	28,916	24,761	9,281	8,207
Tax expense	30	(7,867)	(6,129)	(32)	-
Profit for the financial year		21,049	18,632	9,249	8,207
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations	30(d)	2,941	2,490	-	-
		2,941	2,490	-	-
Items that will not be reclassified subsequently to profit or loss					
Actuarial loss on defined benefits plan	30(d)	(13)	(67)	-	-
		(13)	(67)	-	-
Total other comprehensive income, net of tax		2,928	2,423	-	-
Total comprehensive income		23,977	21,055	9,249	8,207
Profit attributable to:					
Owners of the parent		21,026	19,874	9,249	8,207
Non-controlling interests	7(e)	23	(1,242)	-	-
		21,049	18,632	9,249	8,207
Total comprehensive income attributable to:					
Owners of the parent		23,105	21,449	9,249	8,207
Non-controlling interests		872	(394)	-	-
		23,977	21,055	9,249	8,207
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic earnings per ordinary share	33	11.50	11.45		
Diluted earnings per ordinary share	33	11.50	11.29		

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

GROUP	Note	Non-distributable				Distributable			Total equity RM'000
		Share capital RM'000	Share premium RM'000	Exchange translation reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	
Balance as at 1 July 2015		86,500	5,036	3,859	23,633	88,425	207,453	16,343	223,796
Profit for the financial year		-	-	-	-	19,874	19,874	(1,242)	18,632
Actuarial loss on defined benefits plan, net of tax		-	-	-	-	(33)	(33)	(34)	(67)
Foreign currency translations, net of tax		-	-	1,608	-	-	1,608	882	2,490
Total comprehensive income, net of tax		-	-	1,608	-	19,841	21,449	(394)	21,055
Balance c/f		86,500	5,036	5,467	23,633	108,266	228,902	15,949	244,851
Transactions with owners									
Dividends paid	31	-	-	-	-	(8,724)	(8,724)	-	(8,724)
Dividend paid to a non-controlling interest of a subsidiary		-	-	-	-	-	-	(200)	(200)
Ordinary shares contributed by non-controlling interests of subsidiaries		-	-	-	-	-	-	565	565
Ordinary shares issued pursuant to exercise of warrants	19	2,309	2,171	-	-	-	4,480	-	4,480
Total transactions with owners		2,309	2,171	-	-	(8,724)	(4,244)	365	(3,879)
Transfer due to crystallisation of revaluation reserve		-	-	-	(480)	480	-	-	-
Balance as at 30 June 2016		88,809	7,207	5,467	23,153	100,022	224,658	16,314	240,972

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

GROUP	Note	Non-distributable				Distributable			Total equity RM'000
		Share capital RM'000	Share premium RM'000	Exchange translation reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	
Balance as at 1 July 2016		88,809	7,207	5,467	23,153	100,022	224,658	16,314	240,972
Profit for the financial year		-	-	-	-	21,026	21,026	23	21,049
Actuarial loss on defined benefits plan, net of tax		-	-	-	-	(23)	(23)	10	(13)
Foreign currency translations, net of tax		-	-	2,102	-	-	2,102	839	2,941
Total comprehensive income, net of tax		-	-	2,102	-	21,003	23,105	872	23,977
Balance c/f		88,809	7,207	7,569	23,153	121,025	247,763	17,186	264,949
Transactions with owners									
Acquisition of additional interest from non-controlling interest		-	-	-	-	(205)	(205)	(576)	(781)
Dilution of equity by non-controlling interests of a subsidiary		-	-	-	-	304	304	(304)	-
Dividends paid	31	-	-	-	-	(9,117)	(9,117)	-	(9,117)
Dividend paid to a non-controlling interest of a subsidiary		-	-	-	-	-	-	(337)	(337)
Ordinary shares contributed by non-controlling interest of a subsidiary		-	-	-	-	-	-	61	61
Ordinary shares issued pursuant to exercise of warrants	19	4,265	4,009	-	-	-	8,274	-	8,274
Total transactions with owners		4,265	4,009	-	-	(9,018)	(744)	(1,156)	(1,900)
Transfer due to crystallisation of revaluation reserve		-	-	-	(373)	373	-	-	-
Transfer pursuant to Companies Act 2016	19	11,216	(11,216)	-	-	-	-	-	-
Balance as at 30 June 2017		104,290	-	7,569	22,780	112,380	247,019	16,030	263,049

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

COMPANY	Note	◀Non-distributable▶		Distributable	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Retained earnings RM'000	
Balance as at 1 July 2015		86,500	5,036	15,665	107,201
Profit for the financial year		-	-	8,207	8,207
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		-	-	8,207	8,207
Transactions with owners					
Dividends paid	31	-	-	(8,724)	(8,724)
Ordinary shares issued pursuant to exercise of warrants	19	2,309	2,171	-	4,480
Total transactions with owners		2,309	2,171	(8,724)	(4,244)
Balance as at 30 June 2016		88,809	7,207	15,148	111,164
Balance as at 1 July 2016		88,809	7,207	15,148	111,164
Profit for the financial year		-	-	9,249	9,249
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		-	-	9,249	9,249
Transactions with owners					
Dividends paid	31	-	-	(9,117)	(9,117)
Ordinary shares issued pursuant to exercise of warrants	19	4,265	4,009	-	8,274
Total transactions with owners		4,265	4,009	(9,117)	(843)
Transfer pursuant to Companies Act 2016	19	11,216	(11,216)	-	-
Balance as at 30 June 2017		104,290	-	15,280	119,570

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		28,916	24,761	9,281	8,207
Adjustments for:					
Amortisation of intangible assets	6	268	26	-	-
Bad debts recovered		-	(1)	-	-
Bad debts written off		33	96	-	-
Depreciation of property, plant and equipment	5	14,779	15,045	-	-
Dividend income		(23)	(17)	(8,847)	(10,323)
Fair value loss on other investment	10	-	22	-	-
Gain on disposal of:					
- property, plant and equipment		(693)	(265)	-	-
- other investment	10	(35)	-	-	-
Impairment losses on:					
- interest in a joint venture	9	-	-	-	1,413
- trade receivables	12	1,565	1,332	-	-
Interest expense	28	4,024	4,190	-	-
Interest income		(1,015)	(421)	(133)	(111)
Property, plant and equipment written off	5	122	6	-	-
Reversal of:					
- impairment losses on trade receivables	12	(817)	(995)	-	-
- provision for post-employment benefits obligation	23	(15)	(266)	-	-
Share of loss of associates		94	113	-	-
Share of loss of joint ventures		500	821	-	-
Unrealised loss/(gain) on foreign currency transactions		1,232	723	(354)	(170)
Operating profit/(loss) before changes in working capital		48,935	45,170	(53)	(984)
(Increase)/Decrease in trade receivables		(14,689)	7,895	-	-
Decrease/(Increase) in other receivables, deposits and prepayments		1,304	(927)	8	(1)
Decrease/(Increase) in amounts owing by related parties		587	(476)	-	-
Increase in amounts owing by joint ventures		(239)	(90)	-	-
Increase in amounts owing to related parties		131	22	-	-
Increase in amount owing to a joint venture		70	55	-	-
Increase/(Decrease) in trade payables		2,571	(531)	-	-
Increase in other payables and accruals		2,102	666	120	106
Cash generated from/(used in) operations		40,772	51,784	75	(879)
Contributions (paid)/refunded for post-employment benefits obligation	23	(5)	208	-	-
Interest paid		(128)	(18)	-	-
Tax paid		(8,373)	(4,041)	(22)	-
Net cash from/(used in) operating activities		32,266	47,933	53	(879)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of:					
- additional interest in a subsidiary	7	(781)	-	-	-
- a subsidiary	7	-	-	(1,000)	(650)
- redeemable convertible preference share in a subsidiary		-	-	(1,000)	-
- an associate	8	-	(1,600)	-	-
Advances from subsidiaries		-	-	14	364
Advances from an associate		5	-	-	-
Advances to subsidiaries		-	-	(5,951)	(3,504)
Advances to a joint venture		(1,563)	(1,963)	(1,250)	(1,963)
Advances to associates		(742)	(339)	(542)	-
Dividends received		23	17	8,847	10,323
Dividend received from a joint venture	9(d)	246	-	-	-
Interest received		1,015	421	133	111
Placements of:					
- fixed deposits pledged to licensed banks		(108)	(149)	-	-
- fixed deposits placed with a licensed bank with original maturity of more than three (3) months		(16)	(16)	-	-
Proceeds from disposals of:					
- property, plant and equipment		1,788	1,008	-	-
- other investments	10	38	246	-	-
Purchase of:					
- intangible assets	6(e)	(1,326)	(788)	-	-
- property, plant and equipment	5(e)	(4,678)	(18,966)	-	-
- other investment	10	(360)	-	-	-
Net cash (used in)/from investing activities		(6,459)	(22,129)	(749)	4,681
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(8,989)	(8,655)	(8,989)	(8,655)
Dividends paid to a non-controlling interest of a subsidiary		(337)	(200)	-	-
Drawdown of term loan		5,470	-	-	-
Interest paid		(3,896)	(4,172)	-	-
Ordinary share capital contributed by non-controlling interests of subsidiaries	19	61	315	-	-
Proceeds from exercise of warrants		8,274	4,480	8,274	4,480
Repayments of:					
- hire purchase and lease liabilities		(2,427)	(1,958)	-	-
- term loans		(16,536)	(12,301)	-	-
Net cash used in financing activities		(18,380)	(22,491)	(715)	(4,175)
Net increase/(decrease) in cash and cash equivalents		7,427	3,313	(1,411)	(373)
Effects of exchange rate changes on cash and cash equivalents		664	562	-	-
Cash and cash equivalents at beginning of financial year		40,505	36,630	10,977	11,350
Cash and cash equivalents at end of financial year	18	48,596	40,505	9,566	10,977

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

1. CORPORATE INFORMATION

Freight Management Holdings Bhd ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Lot 37, Lebuhr Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 30 June 2017 comprise the Company and its subsidiaries and the interests of the Group in associates and joint ventures. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 20 October 2017.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principle activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

However, Note 41 to the financial statements set out on page 137 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and amendments to MFRSs adopted during the financial year are disclosed in Note 40.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

The Company and its subsidiaries are principally engaged in the freight and forwarding industry. The Group has arrived at eight (8) reportable segments that are organised and managed separately according to the nature of services that is either logistics or marine, which requires different business and marketing strategies.

The reportable segments are Malaysia, Australia, Indonesia, Thailand, Vietnam, India, Sri Lanka and Singapore, which involved in two separate natures of services summarised as below:

(a) Logistics

There are seven (7) reportable segments involved in provision of integrated freight and logistics services such as sea freight, air freight, land freight, warehouse and distribution and supporting services, which are operated by companies in Malaysia, Australia, Indonesia, Thailand, Vietnam, India and Sri Lanka.

(b) Marine

There is one (1) reportable segment engaged as charterers and operators of barges and tugboats, which is operated by a company in Singapore.

Other operating segments comprise operations related to investment holdings and provision of management services, provision of IT application solutions and support services.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates operating segments' performance on the basis of profit or loss from operations before tax not including non-recurring losses such as goodwill impairment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude current tax assets and deferred tax assets.

Segment liabilities exclude current tax liabilities and deferred tax liabilities. Details are provided in the reconciliation from segment assets and segment liabilities to the statements of financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

4. OPERATING SEGMENTS (CONTINUED)

2017

	Malaysia RM'000	Australia RM'000	Indonesia RM'000	Thailand RM'000	Vietnam RM'000	India RM'000	Sri Lanka RM'000	←Marine→ Singapore RM'000	Other operating segments RM'000	Eliminations RM'000	Total RM'000
Revenue											
Total revenue	340,027	37,706	32,486	6,161	16,576	11,908	7,565	16,125	13,164	(20,423)	461,295
Inter-segment revenue	(2,611)	(1,033)	(2,196)	(1,151)	(566)	(289)	(48)	-	(12,529)	20,423	-
Revenue from external customers	337,416	36,673	30,290	5,010	16,010	11,619	7,517	16,125	635	-	461,295
Finance costs	(3,601)	(27)	(20)	-	-	(79)	-	(321)	-	24	(4,024)
Share of profit/(loss) of associates	22	-	-	-	-	-	-	-	(116)	-	(94)
Share of loss of joint ventures	-	-	-	-	-	-	-	-	(500)	-	(500)
Segment profit/(loss) before income tax	25,623	903	2,727	(1,252)	(258)	(31)	18	(1,397)	12,358	(9,775)	28,916
Investments in associates	456	-	-	-	-	-	-	-	4,251	-	4,707
Interests in joint ventures	-	-	-	-	-	-	-	-	2,232	-	2,232
Other investments	15,452	-	-	-	-	-	-	-	1,163	-	16,615
Additions to non-current assets other than financial instruments	5,726	330	125	6	490	126	12	986	1,665	-	9,466
Segment assets	378,836	10,348	13,194	1,119	3,915	3,953	1,227	33,946	81,119	(105,742)	421,915
Segment liabilities	212,332	4,572	7,449	3,823	2,286	3,824	1,178	10,617	26,328	(132,271)	140,138
Other material non-cash items											
Depreciation of property, plant and equipment	10,818	122	285	48	187	51	20	3,130	118	-	14,779
Impairment losses on trade receivables	1,161	120	100	131	4	-	-	49	-	-	1,565
Reversal of:											
- impairment losses on receivables	(669)	(52)	-	-	(29)	-	-	(67)	-	-	(817)
- provision for post-employment benefits obligation	-	-	(15)	-	-	-	-	-	-	-	(15)

4. OPERATING SEGMENTS (CONTINUED)

	← Malaysia		Logistics					← Marine			Other		Total
	RM'000	RM'000	Australia	Indonesia	Thailand	Vietnam	India	Sri Lanka	Singapore	operating segments	Eliminations	RM'000	
2016													
Revenue													
Total revenue	309,363	29,572	27,591	10,101	14,651	9,734	5,823	13,850	12,693	(19,607)		413,771	
Inter-segment revenue	(2,839)	(579)	(1,986)	(1,263)	(459)	(355)	(22)	-	(12,104)	19,607		-	
Revenue from external customers	306,524	28,993	25,605	8,838	14,192	9,379	5,801	13,850	589	-	-	413,771	
Finance costs	(3,714)	(26)	(40)	(2)	-	(2)	-	(426)	-	20		(4,190)	
Share of loss of associates	(113)	-	-	-	-	-	-	-	-	-		(113)	
Share of loss of joint ventures	-	-	-	-	-	-	-	-	(821)	-		(821)	
Segment profit/(loss) before income tax	25,287	642	845	(72)	400	(572)	(48)	(3,426)	10,949	(9,244)		24,761	
Investments in associates	435	-	-	-	-	-	-	-	4,366	-		4,801	
Interests in joint ventures	-	-	-	-	-	-	-	-	2,978	-		2,978	
Other investments	6,023	-	-	-	-	-	-	-	804	-		6,827	
Additions to non-current assets other than financial instruments	59,792	36	358	10	304	44	34	1,288	803	-		62,669	
Segment assets	356,810	7,530	11,500	1,591	3,718	2,518	768	35,831	66,510	(85,696)		401,080	
Segment liabilities	201,904	3,548	7,527	3,097	2,780	2,374	737	12,222	19,543	(112,906)		140,826	
Other material non-cash items													
Depreciation of property, plant and equipment	11,425	101	249	67	99	59	15	2,906	124	-		15,045	
Impairment losses on:													
- trade receivables	951	62	10	28	22	204	-	55	-	-		1,332	
- interest in a joint venture	-	-	-	-	-	-	-	-	1,413	(1,413)		-	
Reversal of:													
- impairment losses on receivables	(861)	(83)	-	-	(51)	-	-	-	-	-		(995)	
- provision for post-employment benefits obligation	-	-	(266)	-	-	-	-	-	-	-		(266)	

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

4. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2017	2016
	RM'000	RM'000
Profit for the financial year		
Total profit or loss for reportable segments	28,916	24,761
Tax expense	(7,867)	(6,129)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	21,049	18,632
Assets		
Total assets for reportable segments	421,915	401,080
Deferred tax assets	1,015	730
Current tax assets	1,405	1,575
Assets of the Group per consolidated statement of financial position	424,335	403,385
Liabilities		
Total liabilities for reportable segments	140,138	140,826
Deferred tax liabilities	17,620	18,529
Current tax liabilities	3,528	3,058
Liabilities of the Group per consolidated statement of financial position	161,286	162,413

Major customers

The Group does not have any major customers with revenue equal to or more than ten percent (10%) of the revenue of the Group.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2016 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Reclassification RM'000	Translations adjustments RM'000	Balance as at 30.6.2017 RM'000
Freehold land	250	-	-	-	-	-	-	250
- at valuation	41,981	-	-	-	-	-	-	41,981
- at cost								
Long-term leasehold land	40,648	-	-	-	(553)	-	-	40,095
- at valuation								
Buildings	72,687	471	-	-	(1,672)	249	-	71,735
- at valuation	9,189	-	-	-	-	-	-	9,189
- at cost	10,424	525	(25)	(37)	(1,685)	-	10	9,212
Machinery, furniture and fittings	3,464	1,694	(111)	(13)	(1,590)	-	32	3,476
Office equipment	1,204	314	(113)	(21)	(231)	-	13	1,166
Renovations	7,723	2,204	(144)	-	(2,193)	-	89	7,679
Motor vehicles	694	324	-	-	(441)	-	-	577
Forklifts	879	3	(11)	-	(153)	-	-	718
Storage containers	32,272	971	(589)	(51)	(2,979)	-	1,517	31,141
Tug boats and barges	13,694	1,634	(102)	-	(3,282)	-	-	11,944
Prime movers and trailers	249	-	-	-	-	(249)	-	-
Construction-in-progress								
	235,358	8,140	(1,095)	(122)	(14,779)	-	1,661	229,163

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	← At 30.6.2017 →			
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
Freehold land				
- at valuation	250	-	-	250
- at cost	41,981	-	-	41,981
Long-term leasehold land				
- at valuation	41,200	(1,105)	-	40,095
Buildings				
- at valuation	75,173	(3,369)	(69)	71,735
- at cost	9,673	(484)	-	9,189
Machinery, furniture and fittings	18,024	(8,812)	-	9,212
Office equipment	17,174	(13,698)	-	3,476
Renovations	2,107	(941)	-	1,166
Motor vehicles	19,025	(11,346)	-	7,679
Forklifts	5,174	(4,597)	-	577
Storage containers	2,282	(1,564)	-	718
Tug boats and barges	48,251	(17,110)	-	31,141
Prime movers and trailers	32,744	(20,800)	-	11,944
	313,058	(83,826)	(69)	229,163

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Balance as at 1.7.2015 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Translations adjustments RM'000	Balance as at 30.6.2016 RM'000
Carrying amount							
Freehold land	250	-	-	-	-	-	250
- at valuation	-	41,981	-	-	-	-	41,981
- at cost	-	-	-	-	-	-	-
Long-term leasehold land	41,200	-	-	-	(552)	-	40,648
- at valuation	-	-	-	-	-	-	-
Buildings	73,545	1,249	(400)	-	(1,707)	-	72,687
- at valuation	-	9,673	-	-	(484)	-	9,189
- at cost	9,420	2,839	(94)	-	(1,747)	6	10,424
Machinery, furniture and fittings	4,059	949	-	(6)	(1,558)	20	3,464
Office equipment	1,195	218	-	-	(218)	9	1,204
Renovations	8,097	1,672	(53)	-	(2,065)	72	7,723
Motor vehicles	1,186	63	-	-	(555)	-	694
Forklifts	1,036	-	(1)	-	(156)	-	879
Storage containers	31,908	1,263	-	-	(2,804)	1,905	32,272
Tug boats and barges	15,613	1,475	(195)	-	(3,199)	-	13,694
Prime movers and trailers	-	249	-	-	-	-	249
Construction-in-progress	-	-	-	-	-	-	-
	187,509	61,631	(743)	(6)	(15,045)	2,012	235,358

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	At 30.6.2016			Carrying amount RM'000
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	
Freehold land				
- at valuation	250	-	-	250
- at cost	41,981	-	-	41,981
Long-term leasehold land				
- at valuation	41,200	(552)	-	40,648
Buildings				
- at valuation	74,453	(1,697)	(69)	72,687
- at cost	9,673	(484)	-	9,189
Machinery, furniture and fittings	17,720	(7,296)	-	10,424
Office equipment	15,679	(12,215)	-	3,464
Renovations	1,960	(756)	-	1,204
Motor vehicles	17,171	(9,448)	-	7,723
Forklifts	5,365	(4,671)	-	694
Storage containers	2,602	(1,723)	-	879
Tug boats and barges	46,389	(14,117)	-	32,272
Prime movers and trailers	31,582	(17,888)	-	13,694
Construction-in-progress	249	-	-	249
	306,274	(70,847)	(69)	235,358

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except for land and buildings are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Land and buildings are stated at valuation, which are the fair values at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land and buildings are revalued regularly (or at least once in every three (3) years) to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period.

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal depreciation periods and rates are as follows:

Long-term leasehold land	60 years - 99 years
Buildings	50 years
Machinery, furniture and fittings	10% - 33%
Office equipment	10% - 66%
Renovations	10% - 25%
Motor vehicles	10% - 20%
Forklifts	20%
Storage containers	10%
Tug boats and barges	5%
Prime movers and trailers	10%

Freehold land has unlimited useful life and is not depreciated. Construction-in-progress represents warehouse renovation-in-progress and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

- (b) The Group has assessed and classified land use rights as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (c) Freehold land, long-term leasehold land and buildings (collectively known as land and buildings) classified under property, plant and equipment were measured at valuation with effect from 30 June 2015. The valuation exercise on the land and buildings was performed by an independent professional valuer using the open market value method.

Had the revalued assets been carried out at cost less accumulated depreciation, the carrying amount would have been:

	Group	
	2017	2016
	RM'000	RM'000
Freehold land	236	236
Long-term leasehold land	18,317	18,574
Buildings	63,624	64,381
	82,177	83,191

- (d) The fair value of land and buildings (at valuation) of the Group are categorised as follows:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
2017				
Freehold land	-	250	-	250
Long-term leasehold land	-	40,095	-	40,095
Buildings	-	71,735	-	71,735
	-	112,080	-	112,080
2016				
Freehold land	-	250	-	250
Long-term leasehold land	-	40,648	-	40,648
Buildings	-	72,687	-	72,687
	-	113,585	-	113,585

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 30 June 2017.
- (ii) Level 2 fair value of land and buildings (at valuation) was determined by external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuer provides the fair value of the land and buildings (at valuation) of the Group on a regular basis.
- (iii) The fair value measurements of the land and buildings (at valuation) were based on the highest and best use, which did not differ from their actual use.
- (e) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2017	2016
	RM'000	RM'000
Purchase of property, plant and equipment	8,140	61,631
Financed by hire purchase and lease arrangements	(3,462)	(2,665)
Financed by term loans	-	(40,000)
Cash payments on purchase of property, plant and equipment	4,678	18,966

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5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (f) The net carrying amount of the property, plant and equipment of the Group under hire purchase and lease arrangements at the end of the reporting period are as follows:

	2017	Group
	RM'000	2016
		RM'000
Motor vehicles	4,747	4,186
Prime movers and trailers	3,526	2,986
	8,273	7,172

Details of the terms of the hire purchase and lease arrangements are disclosed in Note 21 to the financial statements.

- (g) Property, plant and equipment pledged as securities for banking facilities granted to the Group as disclosed in Notes 22 and 26 to the financial statements are as follows:

	2017	Group
	RM'000	2016
		RM'000
Carrying amount		
Freehold land	41,981	41,981
Long-term leasehold land	40,095	40,648
Buildings	73,586	81,066
Tug boats and barges	15,215	15,384
	170,877	179,079

- (h) Impairment assessment

The Group assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environment and performance of the Cash Generating Unit ("CGU"). Management considered a loss making subsidiary as impairment indicator and this subsidiary held RM31,545,000 of property, plant and equipment, which comprised mainly tug boats and barges as at 30 June 2017.

Management had made estimates about the future results and key assumptions applied to cash flow projection of the CGU in determining their recoverable amounts using the Value-In-Use model ("VIU"). These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate. Management has determined that the recoverable amounts are in excess of the carrying amounts of the property, plant and equipment and no impairment has been recorded in the current financial year.

The quantitative disclosure have been disclosed in Note 6(c) to the financial statements.

6. INTANGIBLE ASSETS

Group	Balance as at	Additions	Amortisation charge	Balance as at
	1.7.2016		for the	30.6.2017
	RM'000	RM'000	financial year	RM'000
			RM'000	
Goodwill on consolidation	1,659	-	-	1,659
Computer software	762	1,326	(268)	1,820
Rights to participate in hub business	250	-	-	250
	2,671	1,326	(268)	3,729

Group	As at 30.6.2017		
	Cost	Accumulated amortisation and impairment	Carrying amount
	RM'000	RM'000	RM'000
Goodwill on consolidation	1,876	(217)	1,659
Computer software	2,114	(294)	1,820
Rights to participate in hub business	250	-	250
	4,240	(511)	3,729

Group	Balance as at	Additions	Amortisation charge	Balance as at
	1.7.2015		for the	30.6.2016
	RM'000	RM'000	financial year	RM'000
			RM'000	
Goodwill on consolidation	1,659	-	-	1,659
Computer software	-	788	(26)	762
Rights to participate in hub business	-	250	-	250
	1,659	1,038	(26)	2,671

Group	As at 30.6.2016		
	Cost	Accumulated amortisation and impairment	Carrying amount
	RM'000	RM'000	RM'000
Goodwill on consolidation	1,876	(217)	1,659
Computer software	788	(26)	762
Rights to participate in hub business	250	-	250
	2,914	(243)	2,671

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6. INTANGIBLE ASSETS (CONTINUED)

- (a) After initial recognition, intangible assets, excluding goodwill and rights to participate in a hub business are stated at cost less any accumulated amortisation and any accumulated impairment losses.
- (b) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.
- (c) Goodwill on consolidation

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The carrying amount of goodwill allocated to each unit is as follows:

	Group	
	2017 RM'000	2016 RM'000
Logistics:		
- Malaysia	179	179
- Thailand	23	23
- Australia	4	4
Marine	1,659	1,659
Others	11	11
	1,876	1,876
Less: Impairment losses		
Logistics:		
- Malaysia	(179)	(179)
- Thailand	(23)	(23)
- Australia	(4)	(4)
Others	(11)	(11)
	1,659	1,659

As at 30 June 2017, management assessed that the recoverable amount of goodwill of the marine unit, based on value-in-use calculations, exceeded its carrying amount and hence, no impairment is required.

Value-in-use was determined by discounting the future cash flows generated from the continuing use of the cash generating unit ('CGU') and was based on the following assumptions:

- (i) Pre-tax cash flow projections based on the most recent financial budgets covering a five (5) years period.
- (ii) Pre-tax discount rate of 5.50% (2016: 6.00%) was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the weighted average cost of capital of the Group and taken into consideration of the current market assessment of the risks specific to the CGU.
- (iii) The anticipated annual revenue growth rate used in the cash flow budgets and plans is 3.00% (2016: 3.00%).

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the unit to materially exceed its recoverable amount.

- (d) Rights to participate in hub business are the rights to operate and manage the hub business, which was acquired from an associate, Hubwire Sdn. Bhd. to a subsidiary, FM Hubwire Sdn. Bhd. The rights have an indefinite useful life and are initially measured at cost. After initial recognition, rights to participate in hub business are measured at cost less accumulated impairment losses, if any.

6. INTANGIBLE ASSETS (CONTINUED)

(e) During the financial year, the Group made the following cash payments to purchase intangible assets:

	Group	
	2017	2016
	RM'000	RM'000
Purchase of intangible assets	1,326	1,038
Payment by way of subscription of ordinary share capital by non-controlling interest of a subsidiary	-	(250)
	1,326	788

(f) Computer software that does not form an integral part of the related hardware is treated as intangible assets with finite useful lives and is amortised over its estimated useful life of five (5) years. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017	2016
	RM'000	RM'000
Unquoted equity shares, at cost	48,226	46,226
Equity loan to a subsidiary	26,161	26,161
	74,387	72,387
Less: Impairment losses	(650)	(650)
	73,737	71,737

(a) Investments in subsidiaries are measured at cost in the separate financial statements of the Company. Non-controlling interests are measured at their proportionate share of the net assets of subsidiaries, unless another measurement basis is required by MFRSs.

(b) Equity loan to a subsidiary is unsecured and interest-free. Equity loan represents non-trade loan granted by the Company to a subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future and is intended to provide the subsidiary with a long-term source of additional capital.

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7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2017	2016	2017	2016	
FM Multimodal Services Sdn. Bhd.	Malaysia	100%	100%	-	-	Provision of freight services
FM Global Logistics (KUL) Sdn. Bhd.	Malaysia	100%	100%	-	-	Provision of freight services
FM Worldwide Logistics (Penang) Sdn. Bhd.	Malaysia	100%	100%	-	-	Dormant
FM Global Logistics (Ipoh) Sdn. Bhd.	Malaysia	100%	100%	-	-	Dormant
FM Global Logistics (M) Sdn. Bhd.	Malaysia	100%	100%	-	-	Provision of freight services
FM Global Logistics (Melaka) Sdn. Bhd.	Malaysia	100%	100%	-	-	Dormant
FM Global Logistics (Penang) Sdn. Bhd.	Malaysia	100%	100%	-	-	Dormant
Advance International Freight Sdn. Bhd.	Malaysia	100%	100%	-	-	Dormant
FMG Capital & Management Sdn. Bhd.	Malaysia	100%	100%	-	-	Investment holding
Freight Management MSC Sdn. Bhd.	Malaysia	100%	100%	-	-	Developing, providing and maintaining IT software application solutions
Symphony Express Sdn. Bhd.	Malaysia	80%	80%	-	-	Provision of freight services
Exterian Enterprise Sdn. Bhd.	Malaysia	100%	100%	-	-	Provision of freight services
#TCH Marine Pte. Ltd.	Singapore	51%	51%	-	-	Charterers of barges and tugboats
#FM Global Logistics (S'pore) Pte. Ltd.	Singapore	100%	100%	-	-	Provision of freight services
FM Global Logistics Ventures Sdn. Bhd.	Malaysia	100%	100%	-	-	Investment holding
+Icon Freight International Inc.	British Virgin Islands	100%	100%	-	-	Provision of management services
FM Hubwire Sdn. Bhd.	Malaysia	65%	65%	-	-	Provision of e-commerce logistics services
\$Parcel To Post Services Sdn. Bhd.	Malaysia	100%	-	-	-	Provision of parcel services

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Interest in equity held by Company		Interest in equity held by Subsidiary		Principal activities
		2017	2016	2017	2016	
Subsidiaries of FM Global Logistics Ventures Sdn. Bhd.						
*PT. FM Global Logistics	Indonesia	-	-	62%	49%	Provision of freight services
+FM Global Logistics Pty. Ltd.	Australia	-	-	75%	75%	Provision of integrated freight and logistic services
#FM Global Logistics Co., Ltd.	Thailand	-	-	100%	100%	Provision of freight services
+FM Global Korea Corporation	South Korea	-	-	100%	100%	Provision of trading services
*FM Global Logistics Company Limited	Vietnam	-	-	95%	51%	Provision of freight services
+FM Global Logistics (HK) Limited	Hong Kong	-	-	100%	100%	Provision of freight services
#@FM Global Logistics (India) Private Limited	India	-	-	51%	51%	Provision of integrated freight and logistic services
#^@FM Global Logistics Lanka (Private) Limited	Sri Lanka	-	-	40%	40%	Provision of integrated freight and logistic services
Subsidiary of FM Multimodal Services Sdn. Bhd.						
Dependable Global Express Malaysia Sdn. Bhd.	Malaysia	-	-	51%	51%	Provision of freight services
Subsidiaries of FM Global Logistics (M) Sdn. Bhd.						
FM Contract Logistics Sdn. Bhd.	Malaysia	-	-	100%	100%	Provision of freight services
Advance Cargo Logistics Sdn. Bhd.	Malaysia	-	-	100%	100%	Provision of freight services

[^] The financial statements of FMGLL was consolidated as subsidiary as the Group has control over the Board and power to govern the relevant activities of this entity (Note 7(d)).

⁺ Subsidiaries are consolidated based on management accounts for the financial year ended 30 June 2017. The financial statements of these subsidiaries are not required to be audited in their country of incorporation.

^{\$} Subsidiary is consolidated based on management account for the period ended 30 June 2017. The financial statements of this subsidiary are not audited as it was only incorporated on 29 March 2017.

^{*} Subsidiaries audited by BDO Member Firms.

[#] Subsidiaries not audited by BDO Member Firms.

[@] Subsidiaries had financial year ended 31 March 2017 and were consolidated based on management accounts for the financial period ended 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The details of the subsidiaries are as follows (continued):

Financial year ended 30 June 2017

(i) On 25 July 2016, FM Global Logistics Ventures Sdn. Bhd. ("FMGLV"), a wholly-owned subsidiary of the Company, acquired a total of 900,000 ordinary shares of VND6,000 each in FM Global Logistics Company Limited ('FM Vietnam') for a purchase consideration of VND5,400,000,000 (RM1,001,406). This has resulted in an increase in equity interest in FM Vietnam from 51.0% in the previous financial period to 95.1% as at the end of the reporting period.

(ii) On 26 August 2016, the Company announced that it had subscribed for 500,000 Redeemable Convertible Preference Shares of RM1.00 each in FM Hubwire Sdn. Bhd. for a total consideration of RM500,000, pursuant to the terms and conditions as stipulated in the Shareholders' Agreement dated 31 March 2017.

Subsequently on 1 December 2016, the Company had further subscribed for an additional 500,000 Redeemable Convertible Preference Shares of RM1.00 in FM Hubwire Sdn. Bhd., for a total consideration of RM500,000.

(iii) On 9 May 2017, FMGLV, a wholly-owned subsidiary of the Company acquired a total of 5,850 ordinary shares of IDR100,000 each in PT. FM Global Logistics ("PTFM"), representing 13% of the total issued and paid-up share capital of PTFM from existing shareholders for a purchase consideration of IDR2,421,900,000 (RM781,000). Consequently, FMGLV now holds 62% equity interest in PTFM.

Subsequently on 22 June 2017, PTFM has increased its issued and paid-up share capital from IDR4,500,000,000 to IDR5,000,000,000 by way of issuance of 5,000 new ordinary shares of IDR100,000 each. FMGLV had further subscribed 3,100 ordinary shares of IDR100,000 each in PTFM, representing 62% of the additional issued and paid-up share capital of PTFM for a purchase consideration of IDR310,000,000 (RM100,000).

The remaining 2,900 ordinary shares of IDR100,000 each were subscribed by the non-controlling interests for cash consideration of IDR290,000,000 (RM61,290).

(iv) On 8 May 2017, the Company announced that it had acquired 1 ordinary share of RM1.00 each of the issued and paid-up share capital of Parcel To Post Services Sdn. Bhd. ("PTPS"), for a cash consideration of RM1.00. Subsequently on 5 June 2017, the Company had further subscribed for an additional 999,999 ordinary shares of RM1.00 each for a cash consideration of RM999,999, representing 100% of the issued and paid-up share capital of PTPS.

The principal activity of PTPS is provision of parcel services. The above incorporation and subscription of ordinary shares of PTPS did not have any material financial effect to the Group.

Financial year ended 30 June 2016

(i) In the previous financial year, on 4 November 2015, FM Global Logistics (India) Private Limited ("FMGLI"), a subsidiary of FM Global Logistics Ventures Sdn. Bhd. ("FMGLV") increased its issued and paid-up share capital from INR28,925,530 to INR35,510,230 by an allotment of 658,470 ordinary shares of INR10.00 each. FMGLV subscribed for 337,875 ordinary shares of INR10.00 each in FMGLI for a total consideration of INR3,378,750 (RM226,376) ('Subscription of Shares'). The remaining 320,595 ordinary shares of INR10.00 each were subscribed by the non-controlling interest for a cash consideration of INR3,205,950 (RM214,850). Following the Subscription of Shares, the equity interest of the Group via FMGLV in FMGLI remained at 51%. The Subscription of Shares did not have any material financial effect to the Group.

(ii) In the previous financial year, on 28 March 2016, the Company announced that it had acquired 2 ordinary shares of RM1.00 each of the issued and paid-up share capital of FM Hubwire Sdn. Bhd. ("FMHSB"), for a cash consideration of RM2.00. Subsequently on 15 April 2016, the Company had further subscribed for an additional 649,998 ordinary shares of RM1.00 each, representing 65% of the issued and paid-up share capital of FMHSB. The remaining 350,000 ordinary shares of RM1.00 each were subscribed by the non-controlling interests for cash considerations of RM350,000.

The principal activity of FMHSB is provision of e-commerce logistics services. The above incorporation and subscription of ordinary shares of FMHSB did not have any material financial effect to the Group.

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (d) Consolidation of entities in which the Group holds less than majority of voting rights:
- (i) The Group considers that it controls FM Global Logistics Lanka (Private) Limited ("FMGLL") by virtue of the substantiveness of the options it owns, which are convertible into ordinary shares to give the Group additional voting rights of eleven percent (11%) over the relevant activities of FMGLL. The eventual exercise of options would bring the shareholdings of the Group in FMGLL to fifty-one percent (51%). The existence and effect of the potential voting rights have been considered when assessing whether the Group has control in FMGLL.
 - (ii) In the previous financial year, the Group considered that it controlled PT. FM Global Logistics ("PTFM") even though it owned less than fifty percent (50%) of the voting rights. This was due to the Group had control over the Board and power to govern the relevant activities of PTFM via a shareholders agreement. The remaining fifty-one percent (51%) of the equity shares in PTFM, which were held by two (2) individual shareholders that were not related, would not have control over PTFM.
- (e) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	TCH Marine Pte. Ltd.	PT. FM Global Logistics	FM Global Logistics Pty. Ltd.	Other individual immaterial subsidiaries	Total
2017					
NCI percentage of ownership and voting interests	49%	38%	25%		
Carrying amount of NCI (RM'000)	11,432	2,414	1,437	747	16,030
(Loss)/Profit allocated to NCI (RM'000)	(685)	731	154	(177)	23
Other comprehensive income allocated to NCI (RM'000)	-	10	-	-	10
Dividend paid to NCI (RM'000)	-	-	-	337	337
2016					
NCI percentage of ownership and voting interests	49%	51%	25%		
Carrying amount of NCI (RM'000)	11,569	2,066	1,157	1,522	16,314
(Loss)/Profit allocated to NCI (RM'000)	(1,679)	218	98	121	(1,242)
Other comprehensive loss allocated to NCI (RM'000)	-	(34)	-	-	(34)
Dividend paid to NCI (RM'000)	-	-	-	200	200

The NCI of all other subsidiaries that are not wholly-owned by the Group are deemed to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	TCH Marine Pte. Ltd. RM'000	PT. FM Global Logistics RM'000	FM Global Logistics Pty. Ltd. RM'000
2017			
Assets and liabilities			
Non-current assets	31,546	1,224	621
Current assets	2,401	12,579	9,727
Non-current liabilities	(2,960)	(23)	(186)
Current liabilities	(7,657)	(7,426)	(4,413)
Net assets	23,330	6,354	5,749
Results			
Revenue	16,125	32,486	37,706
(Loss)/Profit for the financial year	(1,398)	1,924	618
Total comprehensive (loss)/income	(1,398)	1,910	618
Cash flows from operating activities	3,142	1,717	204
Cash flows used in investing activities	(126)	(449)	(329)
Cash flows used in financing activities	(2,391)	(103)	(99)
Net increase/(decrease) in cash and cash equivalents	625	1,165	(224)
2016			
Assets and liabilities			
Non-current assets	32,837	1,284	376
Current assets	2,995	10,424	7,798
Non-current liabilities	(1,930)	(70)	(281)
Current liabilities	(10,292)	(7,587)	(3,267)
Net assets	23,610	4,051	4,626
Results			
Revenue	13,849	27,591	29,572
(Loss)/Profit for the financial year	(3,426)	427	393
Total comprehensive (loss)/income	(3,426)	360	393
Cash flows from operating activities	3,139	1,560	834
Cash flows used in investing activities	(1,042)	(362)	(85)
Cash flows used in financing activities	(4,356)	(97)	(88)
Net (decrease)/increase in cash and cash equivalents	(2,259)	1,101	661

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(g) The following subsidiaries have significant restrictions applied to their assets as follows:

(i) Restriction imposed by bank covenants

The covenants of borrowings taken by FM Multimodal Services Sdn. Bhd., FM Global Logistics (KUL) Sdn. Bhd. and FM Global Logistics (M) Sdn. Bhd., direct subsidiaries of the Company, restrict the ability of these subsidiaries to declare dividends to their shareholders in excess of their profit after tax for each of the financial year.

(ii) Restriction imposed by shareholders' agreements

In certain subsidiaries not wholly-owned by the Company, the non-controlling shareholders hold protective right, which restricts the ability of the Group to transfer its shares to any other third party at any point in time, unless approval is obtained from the non-controlling interest shareholders.

8. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted equity shares, at cost	4,751	4,751	3,028	3,028
Share of post-acquisition (losses)/reserves	(44)	50	-	-
	4,707	4,801	3,028	3,028

(a) Investments in associates are measured at cost in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements of the Group.

(b) The details of the associates are as follows:

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Group		Company		
		2017	2016	2017	2016	
*^YKP-FM Global Shipyard Co., Ltd.	Thailand	25%	25%	25%	25%	Development and operation of shipyard
Associate of FM Global Logistics (M) Sdn. Bhd.						
FM Distribution Sdn. Bhd.	Malaysia	49%	49%	-	-	Provision of warehouse services
Associate of FM Global Logistics Ventures Sdn. Bhd.						
*^Hubwire Sdn. Bhd.	Malaysia	20%	20%	-	-	Provision of e-commerce business

* Associates not audited by BDO Member Firms.

^ Associates had financial year ended 31 December 2016 and were equity accounted based on management accounts for the financial period ended 30 June 2017.

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8. INVESTMENTS IN ASSOCIATES (CONTINUED)

(c) In the previous financial year, on 6 July 2015, the Company announced that its wholly-owned subsidiary, FM Global Logistics Ventures Sdn. Bhd. ("FMGLV"), had entered into a Subscription and Shareholders' Agreement ("Subscription of Shares") with the six (6) other parties for the subscription of 258,352 new ordinary shares of RM1.00 each in Hubwire Sdn. Bhd. (Company No. 1070185-P) ("HSB"), a company incorporated under the Companies Act, 1965 in Malaysia, for a total cash consideration of RM1,600,000. The Subscription of Shares did not have any material financial effect to the Group.

(d) The summarised financial information of the associates is as follows:

	FM Distribution Sdn. Bhd. RM'000	YKP-FM Global Shipyards Co., Ltd. RM'000	Hubwire Sdn. Bhd. RM'000
2017			
Assets and liabilities			
Non-current assets	-	22,449	676
Current assets	832	2,817	1,737
Non-current liabilities	-	(12,805)	-
Current liabilities	(40)	(1,862)	(702)
Net assets	792	10,599	1,711
Results			
Revenue	315	-	51
Profit/(Loss) for the financial year	44	(465)	(3)
Total comprehensive income/(loss)	44	(465)	(3)
Cash flows (used in)/from operating activities	(24)	701	1,231
Cash flows used in investing activities	(5)	(1,139)	(1,357)
Cash flows from financing activities	-	1,784	-
Net (decrease)/increase in cash and cash equivalents	(29)	1,346	(126)
2016			
Assets and liabilities			
Non-current assets	-	21,313	1,760
Current assets	770	2,888	418
Non-current liabilities	-	(11,883)	-
Current liabilities	(22)	(1,254)	(467)
Net assets	748	11,064	1,711
Results			
Revenue	374	-	593
Profit/(Loss) for the financial year	34	(519)	4
Total comprehensive income/(loss)	34	(519)	4
Cash flows from/(used in) operating activities	94	1,037	(926)
Cash flows used in investing activities	-	(1,621)	(494)
Cash flows from financing activities	-	799	1,600
Net increase in cash and cash equivalents	94	215	180

8. INVESTMENTS IN ASSOCIATES (CONTINUED)

(e) The reconciliation of net assets of the associates to the carrying amount of the investments in associates is as follows:

	FM Distribution Sdn. Bhd. RM'000	YKP-FM Global Shipyard Co., Ltd. RM'000	Hubwire Sdn. Bhd. RM'000	Total RM'000
As at 30 June 2017				
Share of net assets of the Group	389	2,650	342	3,381
Goodwill	68	-	1,258	1,326
Carrying amount in the statements of financial position	457	2,650	1,600	4,707
Share of results of the Group for the financial year ended 30 June 2017				
Share of profit/(loss)/other comprehensive income/(loss) of the Group	22	(116)	*	(94)
As at 30 June 2016				
Share of net assets of the Group	367	2,766	342	3,475
Goodwill	68	-	1,258	1,326
Carrying amount in the statements of financial position	435	2,766	1,600	4,801
Share of results of the Group for the financial year ended 30 June 2016				
Share of profit/(loss)/other Comprehensive income/(loss) of the Group	17	(130)	*	(113)

* Less than RM1,000.

9. INTERESTS IN JOINT VENTURES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted equity shares, at cost	3,169	3,169	997	997
Long term advances to a joint venture	1,413	1,413	1,413	1,413
Share of post-acquisition losses	(2,350)	(1,604)	-	-
	2,232	2,978	2,410	2,410
Less: Impairment losses	-	-	(1,413)	(1,413)
	2,232	2,978	997	997

(a) Interests in joint ventures are measured at cost in the separate financial statements of the Company. The Group has determined that all of its joint arrangements structured through separate vehicles provide rights to the net assets and are therefore, classified as joint ventures. The Group accounts for interests in joint ventures using the equity method.

(b) Long term advances to a joint venture are unsecured, settlement is neither planned nor likely to occur in the foreseeable future and interest-free.

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9. INTERESTS IN JOINT VENTURES (CONTINUED)

(c) The details of the joint ventures are as follows:

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Group		Company		
		2017	2016	2017	2016	
*#Transenergy Shipping Pte. Ltd.	Malaysia	50%	50%	50%	50%	Provision of marine services
*#Transenergy Shipping Management Sdn. Bhd.	Malaysia	50%	50%	50%	50%	Provision of marine services
Joint ventures of FM Global Logistics Ventures Sdn. Bhd.						
*FM Global Logistics (Phil.), Inc.	Philippines	50%	50%	-	-	Provision of integrated freight and logistics services
*^Amass Freight Middle East FZCO	United Arab Emirates	50%	50%	-	-	Investment holding

* Joint ventures not audited by BDO Member Firms.

Joint ventures had financial year ended 31 March 2017 and were equity accounted based on management accounts for the financial period ended 30 June 2017.

^ Joint venture had financial year ended 31 December 2016 and was equity accounted based on management accounts for the financial period ended 30 June 2017.

(d) The summarised financial information of the joint ventures, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are as follows:

2017	Transenergy Group of Companies* RM'000	FM Global Logistics (Phil.), Inc. RM'000	Amass Freight Middle East FZCO RM'000	Total RM'000
Assets and liabilities				
Non-current assets	12,451	403	179	13,033
Current assets	3,365	7,427	1,303	12,095
Current liabilities	(18,524)	(3,635)	(831)	(22,990)
Net (liabilities)/assets	(2,708)	4,195	651	2,138
Proportion of the ownership of the Group	50%	50%	50%	
Share of net (liabilities)/assets	(1,354)	2,099	325	1,070
Goodwill at acquisition	-	1,162	-	1,162
Carrying amount of the interests in joint ventures	(1,354)	3,261	325	2,232

* Represent Transenergy Shipping Pte. Ltd. and Transenergy Shipping Management Sdn. Bhd..

9. INTERESTS IN JOINT VENTURES (CONTINUED)

- (d) The summarised financial information of the joint ventures, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are as follows (continued):

2017	Transenergy Group of Companies* RM'000	FM Global Logistics (Phil.), Inc. RM'000	Amass Freight Middle East FZCO RM'000	Total RM'000
Results				
Revenue	1,762	18,158	-	19,920
Administrative expenses	(4,069)	(16,739)	(112)	(20,920)
(Loss)/Profit for the financial year	(2,307)	1,419	(112)	(1,000)
Share of (loss)/profit by the Group for the financial year	(1,154)	710	(56)	(500)
Dividend received from a joint venture	-	246	-	246
2016				
Assets and liabilities				
Non-current assets	13,041	142	171	13,354
Current assets	6,727	5,606	1,611	13,944
Current liabilities	(19,676)	(2,972)	(1,019)	(23,667)
Net assets	92	2,776	763	3,631
Proportion of the ownership of the Group	50%	50%	50%	
Share of net assets	46	1,389	381	1,816
Goodwill at acquisition	-	1,162	-	1,162
Carrying amount of the interests in joint ventures	46	2,551	381	2,978
Results				
Revenue	3,503	3,054	-	6,557
Administrative expenses	(6,110)	(1,815)	(273)	(8,198)
(Loss)/Profit for the financial year	(2,607)	1,239	(273)	(1,641)
Share of (loss)/profit by the Group for the financial year	(1,304)	620	(137)	(821)

* Represent Transenergy Shipping Pte. Ltd. and Transenergy Shipping Management Sdn. Bhd..

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10. OTHER INVESTMENTS

	Group	
	2017 RM'000	2016 RM'000
Non-current		
Available-for-sale financial assets		
- Unquoted shares in Malaysia	360	3
Current		
Financial assets at fair value through profit or loss		
- Unit trust funds quoted in Malaysia	15,451	6,020
- Quoted shares outside Malaysia	804	804
Total current other investments	16,255	6,824
Total other investments	16,615	6,827

- (a) All regular way purchases and sales of financial assets are recognised or derecognised using trade date accounting.
- (b) The fair values of quoted investments are determined by reference to the exchange quoted market bid prices at the close of the business at the end of each reporting period.

The fair value of unquoted shares in Malaysia is estimated based on the price to book valuation model. Management obtained the industry price to book ratio from observable market data, discounted the price to book ratio for illiquidity, and multiplied the discounted price to book ratio with the book value per share of the investee to derive the estimated fair value. Management believes that the estimated fair value resulting from this valuation model is reasonable and the most appropriate at the end of each reporting period.

- (c) During the current financial year, FM Global Logistics Ventures Sdn. Bhd. ("FMGLV"), a wholly-owned subsidiary of the Company entered into an investment agreement with Nankai Express Co. Ltd. ("Nankai Express") for the purpose of investing in 200,000 ordinary shares of RM1.00 each in Nankai Transport Sdn. Bhd. ("Nankai Transport"), a subsidiary of Nankai Express for a total cash consideration of RM360,000, representing 20% of the total share capital of Nankai Transport.

The Group holds a twenty percent (20%) interest in Nankai Transport for which the Group has determined that it does not hold significant influence over Nankai Transport as:

- (i) The Group does not have any representative on the Board of Directors of Nankai Transport, and is therefore unable to participate in policy-making process of Nankai Transport;
- (ii) There are no material transactions between the Group and Nankai Transport; and
- (iii) There is no interchange of managerial personnel and provision of essential technical information between the Group and Nankai Transport.

Based on this, the Group considers that it does not have the power to exercise significant influence and has treated its interest in Nankai Transport as a simple investment in unquoted shares in Malaysia.

- (d) During the current financial year, FM Global Logistics (M) Sdn. Bhd. ("FMGLM"), a wholly-owned subsidiary of the Company, disposed its unquoted investment in FM Forwarding Sdn. Bhd. for a total cash consideration of RM38,014. Such consideration had been received by the Group on 18 April 2017. The disposal had resulted in a gain of RM35,238.
- (e) The Group invested in unit trust funds quoted in Malaysia for a total cash consideration of RM9,000,000 (2016: RM6,000,000).

It recognised a fair value gain of RM431,634 (2016: RM20,059) in the financial statements.

Unit trust funds quoted in Malaysia, which are held by the Group are highly liquid, readily convertible to cash and are subject to insignificant risk of changes in value and hence, meet the definition to be classified as cash and cash equivalents (Note 18(d)).

10. OTHER INVESTMENTS (CONTINUED)

(f) During the current financial year, the change of the fair value on other investments is immaterial to the Group. In the previous financial year, the Group recognised a fair value loss of RM22,293 in the financial statements.

(g) The fair values of other investments of the Group are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group 2017				
Other investments				
- Unit trust funds quoted in Malaysia	15,451	-	-	15,451
- Unquoted shares in Malaysia	-	-	360	360
- Quoted shares outside Malaysia	804	-	-	804
2016				
Other investments				
- Unit trust funds quoted in Malaysia	6,020	-	-	6,020
- Unquoted shares in Malaysia	-	-	3	3
- Quoted shares outside Malaysia	804	-	-	804

(h) Sensitivity analysis of changes in market quoted prices for unit trust funds at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group	
	2017 RM'000	2016 RM'000
Effects of 10bp changes in market quoted prices to profit after tax		
- Unit trust funds	155	60

(i) The following table shows a reconciliation of Level 3 fair values of other investments:

	Group	
	2017 RM'000	2016 RM'000
Financial assets at available-for-sale		
Balance as at 1 July 2016/2015	3	235
Additions	360	-
Disposals	(38)	(246)
Exchange differences	-	14
Gain on disposal	35	-
Balance as at 30 June 2017/2016	360	3

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10. OTHER INVESTMENTS (CONTINUED)

- (j) The significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair values, is detailed in the table below:

Financial instruments	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair values
Financial assets Unquoted investments in Malaysia	Discounted industry price-earnings ratio 2.42 (2016: Nil)	The higher the price-earnings ratio, the higher the fair values of the unquoted investments would be.

- (k) The following table shows the sensitivity analysis for the level 3 fair value measurements:

	Group	
	2017 RM'000	2016 RM'000
Profit after tax		
Price earnings ratio		
- Increase by 0.5	68	-
- Decrease by 0.5	(68)	-

- (l) In the previous financial year, TCH Marine Pte. Ltd., a 51% owned subsidiary of the Company disposed its unquoted investment in YKP Ocean Services Co., Ltd., a company limited by shares, organised and existing under the laws of the Kingdom of Thailand for a total cash consideration of Thai Baht equivalent to SGD83,940 (RM245,944). There was no gain or loss resulted from the disposal.

11. DEFERRED TAX

- (a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2017 RM'000	2016 RM'000
Balance as at 1 July 2016/2015	17,799	16,597
Recognised in profit or loss (Note 30)		
- Originating and reversal of temporary differences	(932)	259
- (Over)/Under provision in prior years	(180)	971
Recognised in other comprehensive income		
- Actuarial loss on defined benefits plan	(4)	(22)
Exchange differences	(78)	(6)
Balance as at 30 June 2017/2016	16,605	17,799
Presented after appropriate offsetting		
Deferred tax assets, net	(1,015)	(730)
Deferred tax liabilities, net	17,620	18,529
	16,605	17,799

11. DEFERRED TAX (CONTINUED)

(b) The movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Deferred tax assets		
Balance as at 1 July 2016/2015	(730)	(565)
Recognised in profit or loss		
- Property, plant and equipment	(3)	(60)
- Provision for post-employment benefits obligation	(32)	(2)
- Unused tax losses	(246)	(81)
Recognised in other comprehensive income		
- Actuarial loss on defined benefits plan	(4)	(22)
Balance as at 30 June 2017/2016	(1,015)	(730)
Deferred tax liabilities		
Balance as at 1 July 2016/2015	18,529	17,162
Recognised in profit or loss		
- Property, plant and equipment	(664)	1,512
- Unrealised loss on foreign currency transactions	(127)	6
- Crystallisation of deferred tax on revaluation reserve	(118)	(151)
Balance as at 30 June 2017/2016	17,620	18,529

(c) The components of deferred tax assets and liabilities as at the end of each reporting period are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Deferred tax assets		
Property, plant and equipment	(72)	(69)
Provision for post-employment benefits obligation	(202)	(170)
Unused tax losses	(698)	(452)
Actuarial loss on defined benefits plan	(43)	(39)
	(1,015)	(730)
Deferred tax liabilities		
Property, plant and equipment	10,763	11,427
Unrealised loss on foreign currency transactions	(333)	(206)
Revaluation of land and buildings	7,190	7,308
	17,620	18,529

NOTES TO THE FINANCIAL STATEMENTS

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11. DEFERRED TAX (CONTINUED)

- (d) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unused tax losses	3,375	2,879	420	1,158
Unabsorbed capital allowances	65	53	-	-
	3,440	2,932	420	1,158

Deferred tax assets of the Company and its subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the Company and its subsidiaries would be available against which the deductible temporary differences could be utilised.

The deductible temporary differences do not expire under current tax legislation.

12. TRADE RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Third parties	109,701	93,620	-	-
Less: Impairment losses	(2,243)	(1,756)	-	-
Total trade receivables	107,458	91,864	-	-
Total trade receivables	107,458	91,864	-	-
Other receivables, deposits and prepayments (Note 13)	11,485	11,761	103	111
Amounts owing by subsidiaries (Note 14)	-	-	32,929	26,978
Amounts owing by associates (Note 15)	1,368	626	858	287
Amounts owing by related parties (Note 16)	623	1,204	-	-
Amounts owing by joint ventures (Note 17)	5,689	3,875	5,232	3,657
Cash and bank balances (Note 18)	38,846	39,115	9,566	10,977
Less:				
Prepayments (Note 13)	(3,365)	(3,604)	(102)	(110)
Total loan and receivables	162,104	144,841	48,586	41,900

- (a) Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method.
- (b) Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranges from 7 to 60 days (2016: 7 to 60 days) from date of invoices. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

12. TRADE RECEIVABLES (CONTINUED)

(c) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Neither past due nor impaired	84,762	70,120
Past due, not impaired		
1 to 30 days past due	11,867	11,243
31 to 60 days past due	6,391	5,165
61 to 90 days past due	2,571	3,158
91 to 120 days past due	1,220	1,679
More than 120 days	647	499
Past due and impaired	22,696	21,744
	2,243	1,756
	109,701	93,620

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payment history. The trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of each reporting period are as follows:

	Group Individually impaired	
	2017	2016
	RM'000	RM'000
Trade receivables, gross	2,243	1,756
Less: Impairment losses	(2,243)	(1,756)
	-	-

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12. TRADE RECEIVABLES (CONTINUED)

- (d) The reconciliation of movements in the impairment losses on trade receivables are as follows:

	Group	
	2017 RM'000	2016 RM'000
At 1 July 2016/2015	1,756	1,714
Charge for the financial year	1,565	1,332
Written off	(316)	(307)
Reversal of impairment losses	(817)	(995)
Exchange differences	55	12
	<hr/>	<hr/>
At 30 June 2017/2016	2,243	1,756

Trade receivables that are individually determined to be impaired at the end of each reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

- (e) The Group determines concentration of credit risk by monitoring the country sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows:

	Group			
	2017		2016	
	RM'000	% of total	RM'000	% of total
By country				
Domestic	84,622	79	74,313	81
Foreign	22,836	21	17,551	19
	<hr/>		<hr/>	
	107,458	100	91,864	100

The Company does not have any significant concentration of credit risk other than the amounts owing by subsidiaries, which constitutes 84.17% (2016: 86.93%) of total receivables of the Company as at the end of each reporting period.

- (f) The currency exposure profiles of trade receivables are as follows:

	Group	
	2017 RM'000	2016 RM'000
Ringgit Malaysia	84,622	74,313
US Dollar	7,177	4,755
Singapore Dollar	448	321
Australian Dollar	4,121	3,164
Thai Baht	558	1,069
Indonesian Rupiah	6,701	5,571
Vietnamese Dong	1,409	1,090
Indian Rupee	1,758	1,314
Others	664	267
	<hr/>	<hr/>
	107,458	91,864

12. TRADE RECEIVABLES (CONTINUED)

- (g) Sensitivity analysis of Ringgit Malaysia ("RM") against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2017 RM'000	2016 RM'000
Effects of 5% changes to RM against foreign currencies		
Profit after tax		
- US Dollar	249	164

The exposure to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other receivables and deposits				
Other receivables	4,086	3,930	-	-
Deposits	4,034	4,227	1	1
	8,120	8,157	1	1
Prepayments				
Prepayments	3,365	3,604	102	110
	11,485	11,761	103	111

- (a) The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.
- (b) The currency exposure profiles of other receivables and deposits are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	5,687	6,264	1	1
Indonesian Rupiah	861	711	-	-
Australian Dollar	170	63	-	-
Thai Baht	109	84	-	-
Singapore Dollar	54	32	-	-
Vietnamese Dong	220	149	-	-
US Dollar	2	1	-	-
Indian Rupee	1,017	853	-	-
	8,120	8,157	1	1

- (c) Sensitivity analysis of RM against foreign currencies at the end of the reporting period is not presented as there is no effect of the changes in the exchange rates due to they represent the functional currencies of the respective entities of the Group.

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14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

Company

- (a) The amounts owing by/(to) subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (b) The maturity profile of amounts owing to subsidiaries of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (c) Amounts owing by/(to) subsidiaries are denominated in RM.

15. AMOUNTS OWING BY/(TO) ASSOCIATES

Group and Company

- (a) The amounts owing by/(to) associates represent mainly advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (b) The maturity profile of amount owing to an associate of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (c) The currency exposure profiles of amounts owing by associates are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	510	339	-	-
Thai Baht	858	287	858	287
	1,368	626	858	287

- (d) Sensitivity analysis of RM against foreign currency at the end of the reporting period is not presented as the effect is immaterial to the Group.
- (e) Amount owing to an associate is denominated in RM.

16. AMOUNTS OWING BY/(TO) RELATED PARTIES

Group

- (a) The amounts owing by/(to) related parties represent trade transactions that have a credit term of 30 to 60 days (2016: 30 to 60 days) from date of invoices.
- (b) The maturity profile of amounts owing to related parties of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (c) The currency exposure profiles of amounts owing by related parties are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Ringgit Malaysia	623	1,075
Singapore Dollar	-	129
	623	1,204

- (d) Sensitivity analysis of RM against foreign currency at the end of the previous reporting period was not presented as the effect was immaterial to the Group.
- (e) Amounts owing to related parties are denominated in RM.

17. AMOUNTS OWING BY/(TO) JOINT VENTURES

Group and Company

- (a) The amounts owing by/(to) joint ventures represent trade transactions and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents, except for trade transactions that have a credit term of 30 to 60 days (2016: 30 to 60 days) from date of invoices.
- (b) The maturity profile of amount owing to a joint venture of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (c) The currency exposure profiles of amounts owing by joint ventures are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Singapore Dollar	107	103	107	103
US Dollar	5,582	3,772	5,125	3,554
	5,689	3,875	5,232	3,657

- (d) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Effects of 5% changes to RM against foreign currencies				
Profit after tax				
- US Dollar	200	138	195	135

The exposure to the other currency is not significant, hence the effect of the change in the exchange rates is not presented.

- (e) Amount owing to a joint venture is denominated in US Dollar. Sensitivity analysis of RM against foreign currency at the end of the reporting period is not presented as the effect is immaterial to the Group.

18. CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash in hand	923	354	-	-
Cash at bank	33,578	34,577	9,566	10,977
Fixed deposits with licensed banks	4,345	4,184	-	-
	38,846	39,115	9,566	10,977

- (a) The weighted average effective interest rate of deposits of the Group at the end of each reporting period is as follows:

	Group	
	2017	2016
Weighted average effective interest rate		
- Fixed rate	2.81%	2.98%

Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments are not affected by changes in interest rates.

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18. CASH AND BANK BALANCES (CONTINUED)

- (b) The fixed deposits of the Group as at 30 June 2017 have a maturity period of 6 days to 12 months (2016: 6 days to 12 months).
- (c) Included in the fixed deposits with licensed banks of the Group is an amount of RM3,411,000 (2016: RM3,303,000), which has been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 26 to the financial statements.
- (d) For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	34,501	34,931	9,566	10,977
Fixed deposits with licensed banks	4,345	4,184	-	-
	38,846	39,115	9,566	10,977
Less:				
Bank overdrafts - secured (Note 26)	(1,830)	(883)	-	-
Fixed deposits placed with a licensed bank with original maturity of more than three (3) months	(460)	(444)	-	-
Fixed deposits pledged to licensed banks	(3,411)	(3,303)	-	-
Add:				
Short term funds (Note 10(e))	15,451	6,020	-	-
	48,596	40,505	9,566	10,977

- (e) The currency exposure profiles of cash and bank balances are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	25,018	28,026	9,566	10,977
Singapore Dollar	443	798	-	-
US Dollar	7,727	5,910	-	-
Indonesian Rupiah	2,728	1,797	-	-
Thai Baht	291	217	-	-
Australian Dollar	1,064	1,316	-	-
Vietnamese Dong	891	895	-	-
Indian Rupee	352	55	-	-
Sri Lankan Rupee	318	93	-	-
Euro	14	8	-	-
	38,846	39,115	9,566	10,977

- (f) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2017 RM'000	2016 RM'000
Effects of 5% changes to RM against foreign currencies		
Profit after tax		
- US Dollar	195	193

The exposure to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

19. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid ordinary shares				
At beginning of the financial year	177,618	88,809	173,000	86,500
Issued pursuant to exercise of warrants	8,530	4,265	4,618	2,309
Transfer from share premium account pursuant to the new Companies Act 2016	-	11,216	-	-
At end of the financial year	186,148	104,290	177,618	88,809

- (a) During the financial year, the Company increased its issued and paid-up share capital by the issuance of 8,530,407 (2016: 4,618,618) new ordinary shares for cash via the exercise of 8,530,407 (2016: 4,618,618) warrants at an exercise price of RM0.97 per warrant on the basis of one (1) new ordinary share for every one (1) warrant exercised pursuant to the Deed Poll dated 6 January 2012.
- (b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (c) With the introduction of the new Companies Act 2016 (the "Act") effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished. Consequently, balance within the share premium account has been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the new Act. Notwithstanding this provision, the Company has elected to utilise its share premium account of RM11,215,484 for purposes stipulated in Section 618(3) of the new Act for a transitional period of 24 months from 31 January 2017.

19.1 Warrants

On 13 January 2012, the Company issued 24,342,857 free Warrants pursuant to the Deed Poll dated 6 January 2012 ("Deed Poll") on the basis of one (1) warrant for every five (5) existing ordinary shares held. The main features of the Warrants are as follows:

- (i) Each Warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price.
- (ii) The exercise price of each Warrant has been fixed at RM0.97.
- (iii) The expiry date of Warrants shall be on 8 January 2017, whereupon any warrant, which has not been exercised will lapse and cease thereafter to be valid for any purpose.
- (iv) The ordinary shares of RM0.50 each to be issued pursuant to the exercise of the Warrants will rank pari passu in all respect with the existing issued ordinary share of the Company.

During the current financial year, 8,530,407 (2016: 4,618,618) warrants had been exercised and the balances of warrants that remained unexercised were 480,126 (2016: 9,010,533) warrants. The remaining unexercised warrants had expired on 8 January 2017.

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20. RESERVES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-distributable:				
Share premium	-	7,207	-	7,207
Exchange translation reserve	7,569	5,467	-	-
Revaluation reserve	22,780	23,153	-	-
	30,349	35,827	-	7,207
Distributable:				
Retained earnings	112,380	100,022	15,280	15,148
	142,729	135,849	15,280	22,355

(a) Share premium

The share premium arose from the exercise of warrants. Share premium account has been transferred to share capital pursuant to the transitional provisions in Section 618(2) of the new Companies Act 2016.

(b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Revaluation reserve

The revaluation reserve arose from the revaluation of land and buildings.

21. HIRE PURCHASE AND LEASE LIABILITIES

	Group	
	2017 RM'000	2016 RM'000
Minimum hire purchase and lease payments:		
- not later than one (1) year	2,686	2,264
- later than one (1) year but not later than five (5) years	4,806	3,986
Total minimum hire purchase and lease payments	7,492	6,250
Less: Future interest charges	(675)	(524)
Present value of hire purchase and lease payments	6,817	5,726
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	2,357	2,004
Non-current liabilities:		
- later than one (1) year but not later than five (5) years	4,460	3,722
	6,817	5,726

(a) The hire purchase and lease liabilities are guaranteed by the Company.

(b) The weighted average effective interest rates of the hire purchase and lease liabilities of the Group as at the end of each reporting period are 5.65% (2016: 5.57%).

(c) Hire purchase and finance lease liabilities are fixed rate instruments. Sensitivity analysis at the end of the reporting period is not presented as change in interest rates would not affect profit or loss.

21. HIRE PURCHASE AND LEASE LIABILITIES (CONTINUED)

- (d) The carrying amounts of hire purchase and finance lease liabilities of the Group as at the reporting date that do not approximate their fair values are:

Group	2017		2016	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Hire purchase and lease liabilities	6,817	6,636	5,726	5,579

The fair values of hire purchase and finance lease liabilities are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of each reporting period.

The fair value of hire purchase and lease liabilities are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (e) The table below summaries the maturity profile of the hire purchase and lease liabilities of the Group at the end of each reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
	2017			
Hire purchase and lease liabilities	2,686	4,806	-	7,492
2016				
Hire purchase and lease liabilities	2,264	3,986	-	6,250

- (f) The maturity of hire purchase and lease liabilities of the Group is as follows:

	Group	
	2017 RM'000	2016 RM'000
Not later than one year	2,357	2,004
Later than 1 year and not later than 2 years	1,638	1,782
Later than 2 years and not later than 3 years	1,520	959
Later than 3 years and not later than 4 years	943	793
Later than 4 years and not later than 5 years	359	188
	6,817	5,726

- (g) The currency exposure profiles of hire purchase and lease liabilities are as follows:

	Group	
	2017 RM'000	2016 RM'000
Ringgit Malaysia	6,437	5,013
Australian Dollar	311	348
Indonesian Rupiah	69	260
Thai Baht	-	2
Singapore Dollar	-	103
	6,817	5,726

- (h) Sensitivity analysis of RM against foreign currencies at the end of the reporting period is not presented as there is no effect of the changes in the exchange rates due to they represent the functional currencies of the respective entities of the Group.

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22. TERM LOANS

	Group	
	2017 RM'000	2016 RM'000
Secured		
Term loan I	7,700	8,480
Term loan II	1,195	1,405
Term loan III	2,084	2,494
Term loan IV	1,595	1,885
Term loan V	2,738	3,304
Term loan VI	14,420	16,580
Term loan VII	3,105	3,686
Term loan VIII	33,007	37,003
Term loan IX	4,463	-
Term loan X	-	703
Term loan XI	-	1,047
Term loan XII	-	1,849
Term loan XIII	-	1,055
Term loan XIV	-	1,582
Total term loans	70,307	81,073
Term loans are repayable as follows:		
Current liabilities:		
- not later than one (1) year	10,495	13,298
Non-current liabilities:		
- later than one (1) year but not later than two (2) years	11,764	10,804
- later than two (2) years but not later than five (5) years	27,075	27,094
- later than five (5) years	20,973	29,877
	59,812	67,775
	70,307	81,073

- (a) Term loan I is repayable by 178 monthly instalments of RM65,000 plus one final instalment of RM30,000 and bears interest at 1.00% (2016: 1.00%) per annum above the effective cost of fund of the bank.

Term loan II is repayable by 113 monthly instalments of RM17,500 plus one final instalment of RM22,500 and bears interest at 1.00% (2016: 1.00%) per annum above the effective cost of fund of the bank.

The term loans I and II are secured by way of a charge over long-term leasehold land and building of a subsidiary as disclosed in Note 5 to the financial statements and are guaranteed by the Company.

- (b) Term loan III is repayable by 119 monthly instalments of RM34,167 plus one final instalment of RM34,127 and bears interest at 1.50% (2016: 1.50%) per annum above the effective cost of fund of the bank.

Term loan IV is repayable by 119 monthly instalments of RM24,167 plus one final instalment of RM24,127 and bears interest at 1.50% (2016: 1.50%) per annum above the effective cost of fund of the bank.

The term loans III and IV are secured by way of a charge over long-term leasehold land and building of a subsidiary as disclosed in Note 5 to the financial statements and are guaranteed by the Company.

- (c) Term loan V is repayable by 96 monthly instalments of RM47,100 plus one final instalment of RM53,500 and bears interest at 1.00% (2016: 1.00%) per annum above the effective cost of fund of the bank.

Term loan VI is repayable by 111 monthly instalments of RM180,000 plus one final instalment of RM20,000 and bears interest at 1.00% (2016: 1.00%) per annum above the effective cost of fund of the bank.

The term loans V and VI are secured by way of a charge over long-term leasehold land and building of a subsidiary as disclosed in Note 5 to the financial statements and are guaranteed by the Company.

22. TERM LOANS (CONTINUED)

- (d) Term loan VII is repayable by 89 monthly instalments of RM48,400 plus one final instalment of RM56,280 and bears interest at 1.00% (2016: 1.00%) per annum above the effective cost of fund of the bank.

The term loan VII is secured by way of a charge over long-term leasehold land and building of a subsidiary as disclosed in Note 5 to the financial statements and is guaranteed by the Company.

- (e) Term loan VIII is repayable by 119 monthly instalments of RM330,000 plus one final instalment of RM373,300 and bears interest at 1.00% (2016: 1.00%) per annum above the effective cost of fund of the bank.

The term loan VIII is secured by way of a charge over freehold land and building of a subsidiary as disclosed in Note 5 to the financial statements and is guaranteed by the Company.

- (f) Term loan IX is a revision term loan for Term loan X, XI, XII, XIII and XIV, repayable by 31 monthly instalments of SGD61,203, which is equivalent to RM187,954 and bears interest at 4.81% per annum.

The term loan IX is secured by way of a first mortgage over the tugboat and barges as disclosed in Note 5 to the financial statements and is guaranteed by one of the Directors of a subsidiary.

- (g) The interest rate profiles of the term loans as at end of each reporting period are as follows:

	Group	
	2017	2016
	RM'000	RM'000
- Fixed rate	4,463	1,750
- Floating rate	65,844	79,323

- (h) The weighted average effective interest rates of the term loans of the Group as at the end of each reporting period are ranging from 4.80% to 4.81% (2016: 4.89% to 5.75%).

- (i) The carrying amounts of term loans of the Group as at the reporting date that do not approximate their fair values are:

Group	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Term loans	4,463	4,146	1,750	1,708

The fair values of term loans are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending and borrowing at the end of each reporting period.

The fair value of term loans are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (j) The table below summaries the maturity profile of the term loans of the Group at the end of each reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one year	One to five years	Over five years	Total
	RM'000	RM'000	RM'000	RM'000
2017				
Term loans	14,102	45,928	22,649	82,679
2016				
Term loans	16,972	47,388	32,808	97,168

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22. TERM LOANS (CONTINUED)

(k) The maturity of term loans of the Group is as follows:

	Group	
	2017 RM'000	2016 RM'000
Not later than one year	10,495	13,298
Later than 1 year and not later than 2 years	11,764	10,804
Later than 2 years and not later than 3 years	9,179	9,110
Later than 3 years and not later than 4 years	8,992	8,992
Later than 4 years and not later than 5 years	8,904	8,992
Later than 5 years	20,973	29,877
	70,307	81,073

(l) The currency exposure profiles of term loans are as follows:

	Group	
	2017 RM'000	2016 RM'000
Ringgit Malaysia	65,844	74,837
Singapore Dollar	4,463	6,236
	70,307	81,073

(m) Sensitivity analysis of RM against foreign currency at the end of the reporting period is not presented as there is no effect of the changes in the exchange rate due to it represents the functional currency of the entity in the Group.

(n) Sensitivity analysis for fixed rate term loan as at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rate. Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group	
	2017 RM'000	2016 RM'000
Effects of 100bp changes to profit after tax		
Floating rate instruments	605	629

23. POST-EMPLOYMENT BENEFITS OBLIGATION

PT. FM Global Logistics ("PTFM"), a subsidiary of FM Global Logistics Ventures Sdn. Bhd. ("FMGLV"), operates a defined benefits plan for its employees. The employee benefits scheme was valued by an independent qualified actuary using the projected unit credit method.

PTFM provides its employees with the retirement, disability, death and voluntarily resignation benefits. In the previous financial year, PTFM had changed its funding arrangement with PT Asuransi Jiwa Manulife Indonesia whereby there was no separate asset used to fund these benefits. Therefore, PTFM uses the current income of employer to fund pension payment whenever it is required. The figures presented in the financial statements cover the potential excess of benefits stipulated under Labor Law in Indonesia over the balance in the Saving Plan.

23. POST-EMPLOYMENT BENEFITS OBLIGATION (CONTINUED)

(a) The amount recognised in the statements of financial position is analysed as follows:

	Group	
	2017 RM'000	2016 RM'000
Present value of defined benefits obligation	864	817

(b) The following table sets out the reconciliation of defined benefits plan:

	Group	
	2017 RM'000	2016 RM'000
Balance as at 1 July 2016/2015	817	734
Current service cost	108	139
Net interest cost	55	48
Plan asset termination	(178)	(453)
Included in profit or loss (Note 32)	(15)	(266)
Re-measurements		
Actuarial losses from:		
- Effect on changes in actuarial assumptions	24	62
- Experience adjustments	(7)	27
Included in other comprehensive income (Note 30(d))	17	89
Exchange differences	50	52
Benefits (paid)/refunded	(5)	208
Balance as at 30 June 2017/2016	864	817

(c) Movements in the present value of the defined benefits obligation in the current year are as follows:

	Group	
	2017 RM'000	2016 RM'000
Opening defined benefits obligation	817	956
Current service cost	108	(97)
Net interest cost	55	48
Plan asset termination	(178)	(453)
Re-measurement gains/(losses):		
- Actuarial gains and losses on benefits payments	(7)	27
- Actuarial gains and losses on changes in actuarial assumptions	24	62
Benefits (paid)/refunded	(5)	208
Foreign currencies translation	50	66
Closing defined benefits obligation	864	817

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23. POST-EMPLOYMENT BENEFITS OBLIGATION (CONTINUED)

(d) Movements in the fair value of the plan asset in the current year were as follows:

	Group	
	2017 RM'000	2016 RM'000
Opening fair value of plan asset	-	222
Expected return on plan asset	-	(236)
Re-measurement gains:		
- Foreign currencies translation	-	14
Closing fair value of plan asset	-	-

(e) The principal actuarial assumptions used in respect of the funded defined benefits plan of the Group are as follows:

	Group	
	2017 %	2016 %
Discount rate	7.7	8.1
Expected return on plan asset	-	8.1
Expected rate of wage increase	10.0	10.0

(f) The employee benefits of the Group are exposed to changes in discount rate, expected return on plan asset and expected rate of salary. However, the volatility of these changes is considered low, and hence, sensitivity analysis for employee benefits is not presented.

24. TRADE PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables	36,735	31,735	-	-
Other payables and accruals (Note 25)	20,313	17,654	708	588
Amounts owing to subsidiaries (Note 14)	-	-	3,370	3,356
Amount owing to an associate (Note 15)	5	-	-	-
Amounts owing to related parties (Note 16)	284	153	-	-
Amount owing to a joint venture (Note 17)	191	121	-	-
Hire purchase and lease liabilities (Note 21)	6,817	5,726	-	-
Term loans (Note 22)	70,307	81,073	-	-
Bank overdraft (Note 26)	1,830	883	-	-
Dividend payable	2,792	2,664	2,792	2,664
Total other financial liabilities	139,274	140,009	6,870	6,608

(a) Financial liabilities are classified as other financial liabilities, and measured at amortised cost using the effective interest method.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 7 to 90 days (2016: 7 to 90 days) from date of invoices.

(c) The maturity profile of the Group's trade payables at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.

24. TRADE PAYABLES (CONTINUED)

(d) The currency exposure profiles of trade payables are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Ringgit Malaysia	20,717	19,649
US Dollar	9,592	7,101
Australian Dollar	2,223	1,362
Singapore Dollar	471	741
Thai Baht	721	771
Indonesian Rupiah	1,509	1,009
Euro	642	450
British Pound	119	45
Hong Kong Dollar	20	19
Vietnamese Dong	306	236
Sri Lankan Rupee	15	27
Indian Rupee	223	251
Brunei Dollar	69	-
Others	108	74
	36,735	31,735

(e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Effects of 5% changes to RM against foreign currencies		
Profit after tax		
- US Dollar	240	167

The exposure to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Other payables	4,592	5,344	-	-
Accruals	15,721	12,310	708	588
	20,313	17,654	708	588

(a) The maturity profile of the Group's and of the Company's other payables and accruals at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.

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25. OTHER PAYABLES AND ACCRUALS (CONTINUED)

(b) The currency exposure profiles of other payables and accruals are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	15,679	13,589	708	588
Australian Dollar	1,544	1,491	-	-
Singapore Dollar	435	322	-	-
Indonesian Rupiah	1,239	1,056	-	-
Thai Baht	129	164	-	-
Vietnamese Dong	93	85	-	-
Indian Rupee	894	831	-	-
Sri Lankan Rupee	300	116	-	-
	20,313	17,654	708	588

(c) Sensitivity analysis of RM against foreign currencies at the end of the reporting period is not presented as the effect is immaterial to the Group.

26. BANK OVERDRAFTS - SECURED

(a) The bank overdrafts of the Group are secured by way of:

- (i) fixed deposits with licensed banks of the Group (Note 18);
- (ii) long-term leasehold land and buildings of the Group (Note 5); and
- (iii) fixed and floating charge over the assets of subsidiaries.

(b) The bank overdrafts are guaranteed by the Company.

(c) The maturity profile of the Group's bank overdrafts at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.

(d) The currency exposure profiles of bank overdrafts are as follows:

	Group	
	2017 RM'000	2016 RM'000
Singapore Dollar	663	-
Indian Rupee	1,167	883
	1,830	883

(e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period is not presented as there is no effect of the changes in the exchange rates due to it represents the functional currencies of the respective entities in the Group.

(f) The weighted average effective interest rate of the bank overdrafts of the Group as at the end of each reporting period is 8.65% (2016: 5.75%).

(g) Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period is not presented as the effect is immaterial to the Group.

27. REVENUE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Services rendered	461,295	413,771	-	-
Management fees	-	-	4,031	3,176
Dividend income	-	-	8,847	10,323
	461,295	413,771	12,878	13,499

(a) Services

Revenue from freight and forwarding is recognised in profit or loss when the services are rendered.

(b) Management fees

Management fees in respect of the rendering of management and consultation services to the subsidiaries are recognised on an accrual basis.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

28. FINANCE COSTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- bank overdrafts	128	18	-	-
- hire purchase and lease liabilities	371	340	-	-
- term loans	3,525	3,832	-	-
	4,024	4,190	-	-

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29. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
BDO Malaysia				
- statutory audit:				
- current year	198	187	60	55
- non-statutory:				
- current year	47	93	32	78
- under provision in prior year	8	-	8	-
BDO International				
- statutory audit:				
- current year	32	24	-	-
Other auditors				
- statutory audit:				
- current year	74	70	-	-
Bad debts written off	33	96	-	-
Directors' remuneration:				
- Fees:				
- payable by the Company	417	535	418	535
- payable by the subsidiaries	250	248	-	-
- Other emoluments:				
- paid by the Company	34	34	34	34
- paid by the subsidiaries	9,103	6,991	-	-
Realised loss on foreign currency transactions	880	-	-	-
Rental of hostel	32	43	-	-
Rental of office equipment	23	29	-	-
Rental of premises	2,847	2,261	-	-
Rental of warehouses	4,122	5,199	-	-
Rental of forklift	89	25	-	-
Unrealised loss on foreign currency transactions	1,232	723	-	-
And crediting:				
Bad debts recovered	-	1	-	-
Gain on disposal of:				
- property, plant and equipment	693	265	-	-
- short term fund	-	39	-	-
Gain on foreign currency transactions:				
- realised	-	1,335	-	-
- unrealised	-	-	354	170
Gross dividends from:				
- subsidiaries	-	-	8,847	10,323
- other investments	23	17	-	-
Interest income received from:				
- fixed deposits and repo	129	119	-	-
- current and savings accounts	242	156	133	111
- a trade receivable	644	146	-	-
Management fees received from subsidiaries	-	-	4,031	3,176
Rental income from:				
- third parties	4,878	3,951	-	-
- an associate	119	178	-	-

(a) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(b) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

30. TAX EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax expense based on profit for the financial year	9,057	5,229	32	-
Deferred tax (Note 11)	(932)	259	-	-
	8,125	5,488	32	-
(Over)/Under provision in prior years:				
- income tax	(78)	(330)	-	-
- deferred tax (Note 11)	(180)	971	-	-
	(258)	641	-	-
	7,867	6,129	32	-

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2016: twenty-four percent (24%)) of the estimated taxable profit for the fiscal year.
- (b) Tax expenses for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) The numerical reconciliation between the effective tax rate and the applicable tax rate of the Group and of the Company is as follows:

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Tax at Malaysian statutory tax rate	24.00	24.00	24.00	24.00
Tax effects in respect of:				
Non-allowable expenses	6.86	8.95	1.13	5.50
Non-taxable income	(1.49)	(1.01)	(22.88)	(30.18)
Crystallisation of deferred tax on revaluation reserve	(0.41)	(0.61)	-	-
Movements in deferred tax assets not recognised	0.42	0.25	(1.91)	0.68
Lower tax rate in foreign jurisdiction	(1.20)	(2.22)	-	-
Investment tax incentive	-	(7.12)	-	-
Tax exempt income	(0.09)	(0.09)	-	-
	28.09	22.15	0.34	-
(Over)/Under provision in prior years:				
- income tax	(0.27)	(1.32)	-	-
- deferred tax	(0.62)	3.92	-	-
Effective tax rate	27.20	24.75	0.34	-

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30. TAX EXPENSE (CONTINUED)

(d) Tax on each component of other comprehensive income is as follows:

	Group					
	Before tax RM'000	2017 Tax effect RM'000	After tax RM'000	Before tax RM'000	2016 Tax effect RM'000	After tax RM'000
Items that may be reclassified subsequently to profit or loss						
Foreign currency translations	2,941	-	2,941	2,490	-	2,490
Items that will not be reclassified subsequently to profit or loss						
Actuarial loss on defined benefits plan (Note 23)	(17)	4	(13)	(89)	22	(67)

31. DIVIDENDS

	Group and Company			
	Gross dividend per share sen	2017 Amount of dividend net of tax RM'000	Gross dividend per share sen	2016 Amount of dividend net of tax RM'000
In respect of the financial year ended 30 June 2016/2015				
- Second interim single tier dividend	3.5	6,325	3.5	6,060
In respect of the financial year ended 30 June 2017/2016				
- First interim single tier dividend	1.5	2,792	1.5	2,664
	5.0	9,117	5.0	8,724

31. DIVIDENDS (CONTINUED)

A second interim single tier dividend in respect of the financial year ended 30 June 2017 of 3.5 sen per ordinary share had been declared by the Directors on 23 August 2017. The financial statements for the current financial year do not reflect this dividend and it would be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2018.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 30 June 2017.

32. EMPLOYEE BENEFITS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries, wages and bonuses	58,199	50,583	34	34
Contributions to defined contribution plans	5,679	4,992	-	-
Social security contributions	659	511	-	-
Defined benefits plan (Note 23)	(15)	(266)	-	-
Other benefits	2,211	2,856	-	-
	66,733	58,676	34	34

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM9,137,000 (2016: RM7,025,000) and RM34,000 (2016: RM34,000) respectively.

33. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2017 '000	2016 '000
Profit attributable to equity holders of the parent (RM)	21,026	19,874
Weighted average number of ordinary shares in issue (unit)	177,618	173,000
Effect of exercise of warrants	5,196	493
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	182,814	173,493
Basic earnings per ordinary share (sen)	11.50	11.45

NOTES TO THE FINANCIAL STATEMENTS

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33. EARNINGS PER SHARE (CONTINUED)

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2017	2016
	'000	'000
Profit attributable to equity holders of the parent (RM)	21,026	19,874
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share (unit)	182,814	173,493
Effect of dilution in exercise of warrants	-	2,576
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	182,814	176,069
Diluted earnings per ordinary share (sen)	11.50	11.29

34. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

The relationships and identities between the Group and its other related parties are as follows:

Related parties	Relationships
Nankai Global Logistics (M) Sdn. Bhd. (f.k.a. FM Forwarding Sdn. Bhd.)	Related by control of key management personnel
Advance Logistics Sdn. Bhd.	Related by control of key management personnel
1 st Cornerstone Investment Pte. Ltd.	Related by a common director of a subsidiary, namely Tay Nguang Yeow Andrew
FM Distribution Sdn. Bhd.	An associate of a subsidiary, namely FM Global Logistics (M) Sdn. Bhd.

34. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Identities of related parties (continued)

The relationships and identities between the Group and its other related parties are as follows (continued):

Related parties	Relationships
FM Global Logistics (Phil.), Inc.	A joint venture of a subsidiary, namely FM Global Logistics Ventures Sdn. Bhd.
Hubwire Sdn. Bhd.	An associate of a subsidiary, namely FM Global Logistics Ventures Sdn. Bhd.

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Freight charges received/receivable from:				
- FM Global Logistics (Phil.), Inc.	2,944	792	-	-
- 1 st Cornerstone Investment Pte. Ltd.	3,926	1,281	-	-
Freight charges paid/payable to:				
- Nankai Global Logistics (M) Sdn. Bhd. (f.k.a. FM Forwarding Sdn. Bhd.)	1,233	1,975	-	-
- Advance Logistics Sdn. Bhd.	459	575	-	-
- FM Global Logistics (Phil.), Inc.	551	644	-	-
Rental income received/receivable from:				
- FM Distribution Sdn. Bhd.	119	178	-	-
Warehouse services received/receivable from:				
- FM Distribution Sdn. Bhd.	9	9	-	-
Rights to participate in hub business acquired from:				
- Hubwire Sdn. Bhd.	-	250	-	-
Dividend paid/payable to a Director of a subsidiary	200	200	-	-
Administrative expenses paid/payable to a subsidiary	-	-	2,400	2,400
Gross dividends received from subsidiaries	-	-	8,847	10,323
Management fees received from subsidiaries	-	-	4,031	3,176

NOTES TO THE FINANCIAL STATEMENTS

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34. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions (continued)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year (continued):

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2017 is disclosed in Notes 14, 15, 16 and 17 to the financial statements respectively.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fees	667	783	418	535
Short term employee benefits	8,300	6,391	34	34
Contributions to defined contribution plans	837	634	-	-
	9,804	7,808	452	569

35. COMMITMENTS

(a) Operating lease commitments

(i) The Group as lessee

The Group had entered into non-cancellable lease agreements resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

The lease terms do not contain restrictions on the activities of the Group concerning dividends or additional debt. The Group has aggregate future minimum lease commitment as at the end of each reporting period as follows:

	2017	Group 2016
	RM'000	RM'000
Not later than one (1) year	4,097	4,303
Later than one (1) year but not later than five (5) years	1,045	3,421
	5,142	7,724

The currency exposure profiles of operating lease commitments - the Group as lessee are as follows:

	2017	Group 2016
	RM'000	RM'000
Ringgit Malaysia	2,966	5,928
Singapore Dollar	50	48
Thai Baht	101	172
Vietnamese Dong	549	395
Indonesian Rupiah	209	42
Australian Dollar	1,267	1,139
	5,142	7,724

NOTES TO THE FINANCIAL STATEMENTS

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35. COMMITMENTS (CONTINUED)

(a) Operating lease commitments (continued)

(ii) The Group as lessor

The Group has entered into non-cancellable lease arrangements on properties for terms of between one (1) to three (3) years and renewable at the end of the lease period.

The Group has aggregate future minimum lease receivables as at the end of each reporting period as follows:

	Group	
	2017	2016
	RM'000	RM'000
Not later than one (1) year	4,546	4,873
Later than one (1) year but not later than five (5) years	1,008	5,428
	5,554	10,301

(b) Capital commitments

	Group	
	2017	2016
	RM'000	RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
- contracted but not provided for	2,602	322

36. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2017	2016
	RM'000	RM'000
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries, limit up to RM130,324,000 (2016: RM149,464,000)	69,977	81,403

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

36. CONTINGENT LIABILITIES - UNSECURED (CONTINUED)

At the end of each reporting period, the Group assess whether its recognised insurance liabilities are adequate, if any, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The Directors are of the view that the likelihood of the financial institutions calling upon the corporate guarantees is remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries for banking facilities are negligible.

37. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as going concern whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in financial year ended 30 June 2016.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2017 and 30 June 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables and post-employment benefits obligation, less cash and bank balances. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables	36,735	31,735	-	-
Other payables and accruals	20,313	17,654	708	588
Amounts owing to subsidiaries	-	-	3,370	3,356
Amount owing to an associate	5	-	-	-
Amounts owing to related parties	284	153	-	-
Amount owing to a joint venture	191	121	-	-
Hire purchase and lease liabilities	6,817	5,726	-	-
Term loans	70,307	81,073	-	-
Bank overdrafts - secured	1,830	883	-	-
Dividend payable	2,792	2,664	2,792	2,664
Post-employment benefits obligation	864	817	-	-
Total liabilities	140,138	140,826	6,870	6,608
Less: Cash and bank balances	(38,846)	(39,115)	(9,566)	(10,977)
Net debt/(cash)	101,292	101,711	(2,696)	(4,369)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

37. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Capital management (continued)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total capital	247,019	224,658	119,570	111,164
Net debt/(cash)	101,292	101,711	(2,696)	(4,369)
Total	348,311	326,369	116,874	106,795
Gearing ratio	29%	31%	-	-

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of not less than or equals to twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 30 June 2017.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and market risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major licensed financial institutions and reputable multinational organisations. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit. The average credit period is two (2) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The credit risk profiles have been disclosed in Note 12 to the financial statements.

37. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group. In addition, the Group strives to maintain available banking facilities at a reasonable level to meet its business needs.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 14, 15, 16, 17, 21, 22, 24, 25 and 26 to the financial statements respectively.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The primary interest rate risk of the Group relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The fixed-rate deposits and borrowings of the Group are exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate borrowings of the Group are exposed to a risk of change in cash flows due to changes in interest rates. The Group does not use derivative financial instruments to hedge this risk.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 18, 21, 22 and 26 to the financial statements respectively.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than functional currencies of the operating entities. The Company did not have any foreign currency exposure on its transactions.

It is not the policy of the Group to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows on transactions denominated in foreign currency as transactions denominated in foreign currency are minimal.

The Group is also exposed to foreign currency risk in respect of its overseas investments. The Group and the Company do not hedge this exposure with foreign currency borrowings.

The sensitivity analysis for foreign currency risk has been disclosed in Notes 12, 17, 18 and 24 to the financial statements respectively.

(v) Market risk

Market risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risks arising from quoted investments held by the Group. Quoted equity instrument outside Malaysia is listed on the Tokyo Stock Exchange, which is held for strategic rather than trading purpose. Short term funds are unit trust funds quoted in Malaysia. These instruments are classified as financial assets designated at fair value through profit or loss.

At the end of each reporting period, the maximum exposure of the Group to market risk is represented by the total carrying amount of these financial assets recognised in the statements of financial position, which amounted to RM16,255,000 (2016: RM6,824,000). There has been no change to the exposure of the Group to market risk or the manner in which the risk is managed and measured.

The sensitivity analysis of market risk has been disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 25 July 2016, FM Global Logistics Ventures Sdn. Bhd. ("FMGLV"), a wholly-owned subsidiary of the Company, acquired a total of 900,000 ordinary shares of VND6,000 each in FM Global Logistics Company Limited ("FM Vietnam") for a purchase consideration of VND5,400,000,000 (RM1,001,406). This has resulted in an increase in equity interest in FM Vietnam from 51.0% in the previous financial period to 95.1% as at the end of the reporting period.
- (b) On 26 August 2017, the Company announced that it had subscribed for 500,000 Redeemable Convertible Preference Shares of RM1.00 each in FM Hubwire Sdn. Bhd. for a total consideration of RM500,000, pursuant to the terms and conditions as stipulated in the Shareholders' Agreement dated 31 March 2017.

Subsequently on 1 December 2016, the Company had further subscribed for an additional 500,000 Redeemable Convertible Preference Shares of RM1.00 in FM Hubwire Sdn. Bhd. for a total consideration of RM500,000.

- (c) On 9 May 2017, FMGLV, a wholly-owned subsidiary of the Company acquired a total of 5,850 ordinary shares of IDR100,000 each in PT. FM Global Logistics ("PTFM"), representing 13% of the total issued and paid-up share capital of PTFM from existing shareholders for a purchase consideration of IDR2,421,900,000 (RM781,000). Consequently, FMGLV now holds 62% equity interest in PTFM.

Subsequently on 22 June 2017, PTFM has increased its issued and paid-up share capital from IDR4,500,000,000 to IDR5,000,000,000 by way of issuance of 5,000 new ordinary shares of IDR100,000 each. FMGLV had further subscribed 3,100 ordinary shares of IDR100,000 each in PTFM, representing 62% of the additional issued and paid-up share capital of PTFM for a purchase consideration of IDR310,000,000 (RM100,000).

The remaining 2,900 ordinary shares of IDR100,000 each were subscribed by the non-controlling interest for cash consideration of IDR290,000,000 (RM61,290).

- (d) On 8 May 2017, the Company announced that it had acquired 1 ordinary shares of RM1.00 each of the issued and paid-up share capital of Parcel To Post Services Sdn. Bhd. ("PTPS"), for a cash consideration of RM1.00. Subsequently on 5 June 2017, the Company had further subscribed for an additional 999,999 Ordinary Shares of RM1.00 each for a cash consideration of RM999,999, representing 100% of the issued and paid-up share capital of PTPS.

The principal activity of PTPS is provision of parcel services. The above incorporation and subscription of ordinary shares of PTPS did not have any material financial effect to the Group.

39. COMPANIES ACT 2016

Companies Act 2016 ("CA2016") was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016 to replace the Companies Act, 1965. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism had appointed 31 January 2017 as the date on which CA2016 came into operation except for Section 241 and Division 8 of Part III of CA2016.

Consequently, the Group and the Company effected the following changes as at 31 January 2017:

- (a) Authorised share capital has been removed;
- (b) Par or nominal value of ordinary shares have been removed; and
- (c) Balance in the share premium account has been transferred into the share capital account.

40. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**40.1 New MFRSs adopted during the financial year**

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to 2012-2014 Cycle</i>	1 January 2016

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company, other than the adoption of Amendments to MFRS 101 Disclosure Initiative, which resulted in the following:

- (a) Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented.
- (b) Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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40. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)

40.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS9 as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatment</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

41. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of each reporting period may be analysed as follows:

	2017		2016	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries:				
- Realised	165,005	14,926	151,388	14,978
- Unrealised	(17,836)	354	(18,524)	170
	147,169	15,280	132,864	15,148
Total share of (accumulated losses)/ retained earnings from associates:				
- Realised	(44)	-	50	-
Total share of accumulated losses from joint ventures:				
- Realised	(2,350)	-	(1,604)	-
Less: Consolidation adjustments	(32,395)	-	(31,288)	-
Total retained earnings	112,380	15,280	100,022	15,148

ANALYSIS OF SHAREHOLDINGS

AS AT 03 OCTOBER 2017

LIST OF DIRECTORS WITH REGISTERED SHAREHOLDINGS

No.	Name of Director	No. of Shares Held Through Own Name	No. of Shares Held Through Nominees	Total Shareholdings	Percentage (%)
1.	DATUK DR. HJ. NOORDIN BIN HJ. ABD. RAZAK	-	-	-	-
2.	CHEW CHONG KEAT	44,791,743	-	44,791,743	24.06
3.	YANG HENG LAM - CIMSEC NOMINEES (TEMPATAN) SDN. BHD. - CIMSEC NOMINEES (TEMPATAN) SDN. BHD.	19,675,280 30,008	1,830,000 12,602,271	34,137,559	18.34
4.	GAN SIEW YONG	8,098,536	-	8,098,536	4.35
5.	ONG LOOI CHAI	2,266,747 13,142	-	2,279,889	1.23
6.	AARON SIM KWEE LEIN	-	-	-	-
7.	KHUA KIAN KEONG	-	-	-	-
8.	CHUA TIONG HOCK	-	-	-	-
TOTAL		74,875,456	14,432,271	89,307,727	47.98

ANALYSIS OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Holdings	%
1 - 99	195	10.21	6,831	-
100 - 1,000	443	23.21	176,576	0.09
1,001 - 10,000	867	45.42	4,352,335	2.34
10,001 - 100,000	340	17.81	10,530,876	5.66
100,001 - 9,307,421 *	58	3.04	44,448,301	23.88
9,307,422 AND ABOVE **	2	0.10	37,325,800	20.05
DIRECTORS' SHAREHOLDING	4	0.21	89,307,727	47.98
TOTAL	1,909	100.00	186,148,446	100.00

Notes : * - Less than 5% of issued holdings
** - 5% and above of issued holdings

LIST OF TOP 5% AND ABOVE

No.	Name	Holdings	%
1.	CHEW CHONG KEAT	44,791,743	24.06
2.	SINGAPORE ENTERPRISE PRIVATE LIMITED	37,325,800	20.05
3.	YANG HENG LAM	19,675,280	10.57
4.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR YANG HENG LAM (PB)	12,602,271	6.77
TOTAL		114,395,094	61.45

DISTRIBUTION TABLE ACCORDING TO CATEGORY OF SHAREHOLDERS

Category of Shareholders	No. of holders		No. of shares		Foreign		% Malaysian		Foreign
	Bumiputera	Non-Bumi	Bumiputera	Non-Bumi	Bumiputera	Non-Bumi	Bumiputera	Non-Bumi	
1. Individual	142	1,386	365,504	99,077,044	192,316	0.20	53.22	0.10	
2. Body Corporate	2	-	43,200	-	-	0.02	-	-	
Banks/Finance Companies	-	-	-	-	-	-	-	-	
Investments trusts/Foundation/Charities	1	12	133	349,670	37,325,800	-	0.19	20.05	
Other types of Companies	-	-	-	-	-	-	-	-	
3. Government Agencies / Institutions	187	147	22,921,394	8,117,656	17,755,729	12.32	4.36	9.54	
4. Nominees	-	-	-	-	-	-	-	-	
5. Others	-	-	-	-	-	-	-	-	
Total	332	1,545	23,330,231	107,544,370	55,273,845	12.54	57.77	29.69	

ANALYSIS OF SHAREHOLDINGS AS AT 03 OCTOBER 2017

LIST OF TOP 30 HOLDERS

No.	Name	Holdings	%
1.	CHEW CHONG KEAT	44,791,743	24.06
2.	SINGAPORE ENTERPRISE PRIVATE LIMITED	37,325,800	20.05
3.	YANG HENG LAM	19,675,280	10.57
4.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR YANG HENG LAM (PB)	12,602,271	6.77
5.	CITIGROUP NOMINEES (ASING) SDN. BHD. JP MORGAN SEC LLC FOR FPA HAWKEYE FUND, LLC (FPA GLB OPP FD)	8,114,120	4.36
6.	GAN SIEW YONG	8,098,536	4.35
7.	CARTABAN NOMINEES (ASING) SDN. BHD. SSBT FUND F9EX FOR FIDELITY	5,500,000	2.95
8.	RHB NOMINEES (TEMPATAN) SDN. BHD. OSK TECHNOLOGY VENTURES SDN. BHD.	3,118,100	1.68
9.	SEE KOK HING	2,924,380	1.57
10.	ONG LOOI CHAI	2,266,747	1.22
11.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YOONG FUI KIEN	2,005,453	1.08
12.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI (8095789)	2,000,000	1.07
13.	FOO SOOK WAN	1,936,469	1.04
14.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR YANG HENG LAM (PBCL-OG-0321)	1,830,000	0.98
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG TET FUI (8054679)	1,511,100	0.81
16.	TANG GEONG KOANG	1,226,233	0.66
17.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR UTILICO EMERGING MARKET LIMITED	1,206,360	0.65
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	1,150,026	0.62
19.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CREDIT SUISSE (SG-BR-TST-ASING)	1,050,000	0.56

LIST OF TOP 30 HOLDERS (CONTINUED)

No.	Name	Holdings	%
20.	LIM KUAN GIN	1,000,000	0.54
21.	NIOW SOO BEE	785,982	0.42
22.	RHB NOMINEES (ASING) SDN. BHD. LIN, KUANG	766,666	0.41
23.	CHEW PHEK YING	698,333	0.38
24.	YVONNE KALATHINI A/P M. VIJAYARAJ	613,333	0.33
25.	MALAYSIA NOMINEES (TEMPATAN) SDN. BHD. GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	553,033	0.30
26.	RHB NOMINEES (ASING) SDN. BHD. NAIGAI TRANS LINE LTD	547,617	0.29
27.	RHB NOMINEES (TEMPATAN) SDN. BHD. AMARA INVESTMENT MANAGEMENT SDN. BHD. FOR WONG YEE HUI	520,000	0.28
28.	YEOW SOON GUAT	458,199	0.25
29.	SUSY DING	410,000	0.22
30.	GOH CHONG WENG	350,000	0.19

PUBLIC SPREAD HOLDINGS

Category of Shareholders	No. of Shareholders	%	No. of Shares	%
DIRECTORS	4	0.21	89,307,727	47.98
SUBSTANTIAL SHAREHOLDERS HOLDINGS OF 5% AND ABOVE	1	0.05	37,325,800	20.05
SHAREHOLDERS HOLDINGS OF LESS THAN 100 SHARES	195	10.22	6,831	0.00
PUBLIC SHAREHOLDERS	1,709	89.52	59,508,088	31.97
TOTAL	1,909	100.00	186,148,446	100.00

LIST OF PROPERTIES AS AT 30 JUNE 2017

Postal address/Location	Description	Existing use	Land Area (square feet)	Tenure of land (years)	Approximate age of building	Date Acquisition	Net book value as at 30.06.17 RM'000
Geran No. 2893, Lot 1841 Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang Pulau Mutiara. Postal Address: No 4453, Jalan Bagan Luar, 12000 Butterworth, Pulau Pinang Pulau Mutiara.	Three (3) storey terrace shophouse	Office	1,019	Freehold	42 years	22 October 1994	503
Geran No 2892, Lot 1840, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang Pulau Mutiara. Postal Address: No 4454, Jalan Bagan Luar, 12000 Butterworth, Pulau Pinang Pulau Mutiara.	Three (3) storey terrace shophouse	Office	1,021	Freehold	42 years	25 June 2002	492
Master Title: H.S (D) 49488 and 49489, PT 49974 and 49975, Mukim Klang, Daerah Klang, Selangor Darul Ehsan. Postal Address: No 78-2A, 2 nd Floor, Jalan Sg. Chandong 15, Pulau Indah, 42100 Port Klang, Selangor Darul Ehsan.	Office Unit	Vacant	Nil	99 years ending on 11 March 2095	17 years	23 September 1998	21
Master Title: H.S (D) 49488 and 49489, PT 49974 and 49975, Mukim Klang, Daerah Klang, Selangor Darul Ehsan. Postal Address: No. 78-2B, 2 nd Floor, Jalan Sg. Chandong 15, Pulau Indah, 42100 Port Klang, Selangor Darul Ehsan.	Office Unit	Vacant	Nil	99 years ending on 11 March 2095	17 years	23 September 1998	19

LIST OF PROPERTIES AS AT 30 JUNE 2017

Postal address/Location	Description	Existing use	Land Area (square feet)	Tenure of land (years)	Approximate age of building	Date Acquisition	Net book value as at 30.06.17 RM'000
H.S (D) 116412, PT 239, Mukim Bandar Sultan Sulaiman, Daerah Klang, Selangor Darul Ehsan. Postal Address: Lot 37, Jalan Lebu Sultan, Mohamed 1, Kawasan Perindustrian Bandar, Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.	Industrial land Warehouse cum 2-storey office building	Warehouse and Office	653,400	99 years ending on 30 June 2105	11 years	16 September 2005	26,797 (Land) 51,128 (Building)
H.S (D) 116367, PT 183 Mukim Bandar Sultan Sulaiman, Daerah Klang, Selangor Darul Ehsan. Postal Address: Lot 24, Jalan Lebu Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.	Industrial land Warehouse cum 2-storey office building	Warehouse and Office	148,815	99 years ending on 30 June 2105	24 years	17 January 2011	10,266 (Land) 13,854 (Building)
H.S (D) 37855, PT 478 Mukim 6, Daerah Seberang Perai Tengah, Pulau Pinang Pulau Mutiara. Postal Address: No 1077, Lorong Perusahaan Maju 1 Kawasan Perusahaan F4, 13600 Perai, Pulau Pinang Pulau Mutiara.	Industrial land Warehouse cum 2-storey office building	Warehouse and Office	92,424	60 years ending on 30 October 2052	22 years	11 April 2012	3,032 (Land) 5,968 (Building)
H.S (D) 261818, Lot No. PT598 Pekan Hicom, Daerah Petaling, Selangor Darul Ehsan. Postal Address: Lot 5, Persiaran Sabak Bernam, Section 26 (Hicom), 40000 Shah Alam, Selangor Darul Ehsan.	Industrial land Warehouse cum 2-storey office building	Warehouse and Office	372,000	Freehold	28 years	27 August 2015	41,981 (Land) 9,189 (Building)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting of the Company will be held at **Topas Room, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan** on **Wednesday, 29 November 2017** at **10:00 a.m.** for the following purposes:-

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon. (Please refer to Note No. 2)
2. To approve the payment of Directors' Fee amounting to RM417,600.00 in respect of the financial year ended 30 June 2017. **(ORDINARY RESOLUTION 1)**
3. To approve the payment of Directors' benefits amounting to RM80,000.00 for the period from 1 January 2017 until the next Annual General Meeting. **(ORDINARY RESOLUTION 2)**
4. To re-elect the following Directors retiring in accordance with Article 109 of the Constitution of the Company:-
 - (a) Mr. Yang Heng Lam **(ORDINARY RESOLUTION 3)**
 - (b) Mr. Ong Looi Chai **(ORDINARY RESOLUTION 4)**
5. To re-appoint Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak, who retires at the conclusion of this Twenty-First Annual General Meeting, as Director of the Company. **(ORDINARY RESOLUTION 5)**
(Please refer to Note 3)
6. To consider and if thought fit, to pass the following resolution:-

"THAT Messrs Crowe Horwath, be hereby appointed as Auditors of the Company in place of the outgoing Auditors, Messrs BDO, and to hold office until the conclusion of the next Annual General Meeting of the Company and that authority be and is hereby given to the Directors of the Company to determine their remuneration."

(ORDINARY RESOLUTION 6)
(Please refer to Note 4)

AS SPECIAL BUSINESS:-

To consider and if thought fit, to pass the following resolutions:-

7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"**THAT**, approval be and is hereby given for the Proposed Renewal of Shareholders' Mandate for the Freight Management Holdings Bhd Group of Companies to enter into the categories of recurrent related party transactions of a revenue or trading nature falling within the nature of transactions set out in Section 2.4 under Part A of the Circular to Shareholders dated 31 October 2017 ("the Circular"), with the related parties falling within the classes of persons set out in Section 2.4 under Part A of the Circular, such transactions are necessary for the Group's day-to-day operations and carried out in the ordinary course of business, on terms which are not more favourable to the related parties than those generally available to the public and are not detriment of the minority shareholders.

AS SPECIAL BUSINESS (CONTINUED):-

To consider and if thought fit, to pass the following resolutions (continued):-

7. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (continued)**

THAT the authority conferred by such mandate shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340 of the Companies Act 2016 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to this Ordinary Resolution."

(ORDINARY RESOLUTION 7)

8. **Proposed Renewal of Authority for Share Buy-Back by the Company**

"THAT subject to the Companies Act 2016, (as may be amended, modified or re-enacted from time to time), the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary share in the Company ("Proposed Renewal Share Buy-Back Authority") as may be determined by the Board from time to time on the Bursa Securities upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company provided the aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the total number of issued share of the Company quote on Bursa Securities and an amount not exceeding the total retained profits and share premium of the Company of RM15,282,009 and RM11,215,484 respectively based on the latest audited financial statements of the Company as at 30 June 2017, be allocated by the Company for the Proposed Renewal Share Buy-Back Authority.

THAT such authority shall commence upon the passing of this resolution and shall remain in force until the conclusion of the next Annual General Meeting if the Company unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting.

THAT authority be and is hereby given to the Directors of the Company to decide in their discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or cancel them and/or resell the treasury shares or distribute them as share dividend and/or subsequently cancel them.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS (CONTINUED):-

To consider and if thought fit, to pass the following resolutions (continued):-

8. **Proposed Renewal of Authority for Share Buy-Back by the Company (continued)**

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary (including the appointment of stockbroking firm and the opening and maintaining of a Central Depository Account designated as a Share Buy-Back Account) and to enter into any agreements and arrangements with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the directors may deem fit and expedient in the interest of the Company."

(ORDINARY RESOLUTION 8)

9. **Authority to Issue Shares**

"THAT subject always to the Companies Act 2016, Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot not more than ten percent (10%) of the total number of issued shares of the Company at any time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expirations of the approval hereof."

(ORDINARY RESOLUTION 9)

10. **Retention of Independent Directors in accordance with Practice 4.2 of the Malaysian Code on Corporate Governance**

"THAT the following Independent Directors who have served in the Company for more than nine years be hereby retained as Independent Directors and to hold office until the next Annual General Meeting:-

- (a) Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak
- (b) Mr. Aaron Sim Kwee Lein

(ORDINARY RESOLUTION 10)

(ORDINARY RESOLUTION 11)

11. To transact any other business that may be properly transacted at an annual general meeting of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

By Order of the Board

LIM HOOI MOOI (MAICSA 0799764)
WONG WAI FOONG (MAICSA 7001358)
Company Secretaries

Kuala Lumpur
31 October 2017

NOTICE OF ANNUAL GENERAL MEETING

NOTES

1. Appointment of Proxy

- For the purpose of determining who shall be entitled to attend this meeting pursuant to Article 62 of the Company's Constitution and Section 34(1) of the Central Depositories Act, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 23 November 2017 and only Depositors whose names appear on such Record of Depositors shall be entitled to attend the said meeting.
- A member of the Company entitled to attend and vote at the meeting may appoint not more than two (2) proxies to attend and vote in his stead. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member who is an exempt authorised nominee which holds ordinary shares for multiple beneficial owners in one securities account ("omnibus account") may appoint unlimited number of proxies in respect of each omnibus account it holds. Where a member or an authorised nominee appoints two (2) proxies or an exempt authorised nominee appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not to be a member of the Company.
- The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or the hand of its attorney duly authorised.
- The instrument of proxy must be deposited at the Registered Office of the Company situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof and in default, the instrument of proxy shall not be treated as valid.

EXPLANATORY NOTES ON ORDINARY BUSINESS

2. Agenda No. 1

This item is meant for discussion only. The provisions of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item is not put forward for voting.

3. Ordinary Resolution No. 5

Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak, who was appointed at the Twentieth Annual General Meeting held on 29 November 2016 and shall retire at the conclusion of this Twenty-First Annual General Meeting of the Company. Based on the Nomination Committee's recommendation, the Board recommended the re-appointment of Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak as Director to the shareholders for consideration at this Twenty-First Annual General Meeting. Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak had abstained from the deliberations and voting pertaining to the above recommendation.

4. Ordinary Resolution No. 6

The Company has received a letter dated 24 October 2017 from its major shareholder, Mr. Chew Chong Keat, nominating Messrs Crowe Horwath, as Auditors of the Company in place of the outgoing Auditors, Messrs BDO.

The proposed change of Auditors is in line with good corporate governance of revisiting the appointment of the Company's Auditors from time to time.

The Board and Audit Committee had considered Messrs Crowe Horwath's profile, resources, experience, fee and engagement proposal as well as the size and complexity of the Group's operations and recommended the nomination of Messrs Crowe Horwath as Auditors of the Company.

Messrs Crowe Horwath has given their consent to act as Auditors of the Company and their appointment is subject to the approval of the shareholders at the forthcoming Annual General Meeting. If approved, they shall hold office until the conclusion of the next Annual General Meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS

5. Ordinary Resolution No. 7

The proposed Ordinary Resolution 7 is to seek renewal of Shareholders' Mandate to allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature and to enable the Company to comply with Paragraph 10.09, Part E of the Listing Requirement for the Main Market of Bursa Malaysia Securities Berhad. The mandate will take effect from the date of the passing of the Ordinary Resolution until the next Annual General Meeting of the Company.

6. Ordinary Resolution No. 8

The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the total number of issued share of the Company quote on Bursa Securities ("Proposed Renewal of Share Buy-Back Authority") by utilising the fund allocated which shall not exceed the total retained profits of the Company. Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Circular to Shareholders of the Company dated 31 October 2017 which is despatched together with the Company's 2017 Annual Report.

7. Ordinary Resolution No. 9

Proposed Ordinary Resolution 9 is for the purpose of granting a renewal of a general mandate ("General Mandate") and if passed, will empower the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of share issued pursuant to this General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

This is a renewal of the mandate obtained from the members at the last Annual General Meeting held on 29 November 2016. The Company did not utilise the mandate that was approved last year.

The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

8. Ordinary Resolutions No. 10 and 11

The proposed Resolutions No. 10 and No. 11 is to seek shareholders' approval on the retention of Directors who have served as Independent Directors for more than nine years in the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

There is no person seeking election as Director of the Company at this Annual General Meeting.



FREIGHT MANAGEMENT HOLDINGS BHD 380410-P
(Incorporated in Malaysia)

PROXY FORM

I/We, _____ I.C. No./Co. Registration No. _____

of _____

being a member/members of **Freight Management Holdings Bhd**, do hereby appoint _____

_____ (I.C. No.) _____

and/or failing him/her _____ (I.C. No.) _____

or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us and on our behalf at the Twenty-First Annual General Meeting of the Company to be held at **Topas Room, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan** on **Wednesday, 29 November 2017** at **10.00 a.m.** and at any adjournment thereof.

AGENDA 1

To receive the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 30 June 2017.

My/our proxy is to vote as indicated below:-

AGENDA 2-10

Ordinary Resolutions	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Ordinary Resolution 9		
Ordinary Resolution 10		
Ordinary Resolution 11		

Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

Dated this _____ day of _____ 2017

No. of shares held	CDS Account No.

Signature of Shareholder

For appointment of two proxies, percentage of shareholdings to be represented by the proxies

	No. of Shares	Percentage	
Proxy 1			%
Proxy 2			%
		100	%

Notes:-

1. For the purpose of determining who shall be entitled to attend this meeting pursuant to Article 62 of the Company's Constitution and Section 34(1) of the Central Depositories Act, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 23 November 2017 and only Depositors whose names appear on such Record of Depositors shall be entitled to attend the said meeting.
2. A member of the Company entitled to attend and vote at the meeting may appoint not more than two (2) proxies to attend and vote in his stead. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member who is an exempt authorised nominee which holds ordinary shares for multiple beneficial owners in one securities account ("omnibus account") may appoint unlimited number of proxies in respect of each omnibus account it holds. Where a member or an authorised nominee appoints two (2) proxies or an exempt authorised nominee appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not to be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or the hand of its attorney duly authorised.
4. The instrument of proxy must be deposited at the Registered Office of the Company situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof and in default, the instrument of proxy shall not be treated as valid.

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Affix Stamp

The Company Secretary

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

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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**FREIGHT
MANAGEMENT
GROUP
DIRECTORY**

FREIGHT MANAGEMENT GROUP DIRECTORY

No	Area	Address	Tel	Fax
MALAYSIA				
7.	IPOH	FM GLOBAL LOGISTICS (M) SDN. BHD. (Company No. 85740-U) 1B (2nd Floor), Persiaran Greentown 9, Greentown Business Centre , 30450 Ipoh, Perak Darul Ridzuan. General Email Address : fmipoh@fmgloballogistics.com Email : enquiry-my@fmgloballogistics.com	+605-242 1611 +605-242 1600	+605-255 1446 +605-255 1380
8.	MELAKA	FM GLOBAL LOGISTICS (M) SDN. BHD. (Company No. 85740-U) No. 1-2, Jalan PPMP 1, Pusat Perniagaan Malim Permai, 75250 Hang Tuah Jaya, Malim, Melaka Bandar Bersejarah. General Email Address : cs_mel@fmgloballogistics.com	+606-336 8888	+606-336 7777
9.	KUANTAN	FM GLOBAL LOGISTICS (M) SDN. BHD. (Company No. 85740-U) A-43, Tingkat 1, Lorong Balok Perdana 3/1 Balok Perdana, 26100 Kuantan, Pahang Darul Makmur. General Email Address : azha@fmgloballogistics.com	+609-584 0359 +609-584 0459	+609-584 0159
THAILAND FM GLOBAL LOGISTICS CO. LTD				
1.	BANGKOK	Richmond Building, Richmon Building 11 st Floor 75/25 Soi Sukhumvit 26, Klongton, Klongtoey, Bangkok. 10110 Thailand. Email : enquiry-th@fmgloballogistics.com	+66-2 661 2400-6	+66-2 661 2407-8
2.	SADAO	149 Kanchanawarini Road Samnakkham, Sadao, Songkhla, 90320 Thailand.	+66-74 802-089	
INDONESIA PT. FM GLOBAL LOGISTICS				
1.	JAKARTA	Rukan Artha Gading Niaga Blok H No. 11 Jln Bulevar Artha Gading, Kelapa Gading 14240, Jakarta Utara, Indonesia. Email : enquiry-id@fmgloballogistics.com	+62-21 4585 6727 +62-21 4585 0905	+62-21 4585 0906
2.	CIKARANG	Ruko Metro Boulevard Blok B No. 15, Jln. Niaga Raya, Cikarang Baru, Bekasi, Kawasan Industri Jababeka tahap 2, Indonesia.	+62-21 3314 9701 +62-21 8934 869	+62-21 8983 6776

FREIGHT MANAGEMENT GROUP DIRECTORY

No	Area	Address	Tel	Fax
INDONESIA				
PT. FM GLOBAL LOGISTICS				
3.	BANDUNG	Metro Trade Centre Blok H-58, Jl. Soekarno Hatta No. 590, Bandung 40286, Indonesia.	+62-22 753 6478	+62-22 756 5687
4.	MEDAN (BELAWAN)	Jln. Bambu Il Ujung NO. 30-A Medan, Indonesia.	+62-61 664 4272	+62-61 664 4273
5.	SURABAYA	Jl. Kedungdoro no. 50AD, Surabaya 60251, Indonesia.	+62-31 531 5751	+62-31 531 0257
VIETNAM				
FM GLOBAL LOGISTICS COMPANY LIMITED				
1.	HO CHI MINH	Unit 1205, 12 th Floor, Citilight Tower, 45 Vo Thi Sau Street, Dakao Ward, District 1 Ho Chi Minh City, Vietnam. Email : enquiry-vn@fmgloballogistics.com	+848-3823 8628	+848-3823 7868
2.	HAIPHONG	Unit 702B, 7 th Floor, TD Business Centre, Lot 20A, Le Hong Phong St., Ngo Quyen Dist, Hai Phong City, Vietnam.	+84 31 3722168	+84 31 3722998
3.	HANOI	Unit 1403, 14 th Floor, Han Viet Tower, 203, Minh Khai Street, Min Khai Ward, Hai Ba Trung District, Hanoi City, Vietnam.	+8424 3633 0488	+8424 3633 0489
SINGAPORE				
TCH MARINE PTE. LTD.				
1.	SINGAPORE	6001 Beach Road #19 - 11A, Golden Mile Tower, Singapore 199589. Email : tchtay@singnet.com.sg	+65-6294 7787	+65-6294 8483
INDIA				
FM GLOBAL LOGISTICS (INDIA) PVT. LTD.				
1.	CHENNAI	Empee Tower, 59 Harris Road Egmore, Chennai 600002, Tamil Nadu, India. Email : enquiry-in@fmgloballogistics.com	+91 44 3010 3800	+91 44 2433 2045
2.	CALCUTTA	Ballygunge Park Tower, 67B Ballygunge Circular Road, "B" Block , 9 th Floor, Flat B-25, Kolkata - 700019, India.	+033 2290 2968	+033 4006 9127

FREIGHT MANAGEMENT GROUP DIRECTORY

No	Area	Address	Tel	Fax
INDIA				
FM GLOBAL LOGISTICS (INDIA) PVT. LTD.				
3.	MUMBAI	311-312, Sahar Plaza, Midas 3 rd Floor, Adheri Kurla Road, Adheri East, Mumbai 400059, India.	+9198 6769 8310	+022-3371 7019
AUSTRALIA				
FM GLOBAL LOGISTICS PTY LTD.				
1.	FREMANTLE	32 Forsyth Street (Access Via Hines Rd), O'Connor WA 6163. Email : Brad@fmgloballogistics.com	+61 08 9314 2004	+61 08 9314 6004
2.	MELBOURNE	Ground Floor, 737 Burnwood Road, Hawthorn VIC3122.	+61 03 8862 5481	+61 03 8862 6601
3.	ADELAIDE	306 St Vincent Street, Port Adelaide SA 5015.	+61 43 2443 248	
SRI LANKA				
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UAE				
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Region - Country/(Port)

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Dhaka

BRUNEI

Muara

CHINA

Dalian, Huangpu
Ningbo, Qingdao
Shanghai, Shekou
Xiamen, Xingang
Yantai, Nanjing
Nansha, Nantong
Sanshui, Shenzhen
Tianjin, Zhanjiang
Zhongshan
Fuqing, Guoming
Lianhuashan
Zhangjiagang

CAMBODIA

Sihanoukville
Phnom Penh

HONGKONG

Hongkong

INDIA

Calcutta, Chennai
Mumbai, New Delhi
Nhava Sheva
Bangalore, Cochin

INDONESIA

Belawan, Jakarta
Surabaya, Batam
Island
Pontianak

JAPAN

Hakata, Kobe, Maji
Nagoya, Osaka,
Shimizu
Tokyo, Yokohama

KOREA

Busan
Incheon

PAKISTAN

Karachi

PHILIPPINES

Manila
Cebu

SINGAPORE

Singapore

SRI LANKA

Colombo

TAIWAN

Kaohsiung,
Keelung, Taipei
Taichung

THAILAND

Bangkok
Lat Krabang
Laem Chabang

VIETNAM

Ho Chi Minh
Hanoi, Tanchang
Haiphong

AUSTRALIA

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Freemantle, Sydney
Melbourne, Tasmania

NEW ZEALAND

Auckland, Timaru
Lyttelton, Wellington
Tuaranga, Napier
New Plymouth
Port Chalmers

EUROPE

FRANCE

LeHavre, Paris
Marseille

GERMANY

Hamburg

SWITZERLAND

Basel, Geneva

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Rotterdam

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Leixoes

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Genoa, Venice
Milan, Trieste

BELGIUM

Antwerp

TURKEY

Mersin
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UNITED KINGDOM

Felixtowe
Liverpool
London
Dublin
Southampton
Grangemouth
Thamesport

GEORGIA

Poti

RUSSIA

St Petersburg

MIDDLE EAST

KUWAIT

Kuwait

BAHRAIN

Bahrain

QATAR

Doha

EGYPT

Alexandria
Sokhna Port

OMAN

Muscat

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Ad Damman
Jeddah, Riyadh

U. ARAB EMIRATES

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AFRICA & THE WEST INDIES

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Lad Nairobi

SOUTH AFRICA

Durban, Cape Town
Johannesburg

CAMEROON

Douala

GAMBIA

Benjul

GHANA

Tema

SWAZILAND

Matsapha

BOTSWANA

Gaborone

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Port Moresby

FUJI ISLAND

Suva, Lautoka

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CANADA

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