

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

**Notes on the quarterly report – 30 September 2008**

**PART A : EXPLANATORY NOTES AS PER FRS 134**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 : Interim Financial Reporting and paragraph 9.22 and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial statements should be read in conjunction with the Group’s financial statements for the year ended 30 June 2008.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Freight Management Holdings Bhd (“FMH” or “Company”) and its subsidiary companies (“Group”).

The accounting principles, method of computation and bases used for this quarterly financial report are consistent with those previously adopted in the preparation of the annual financial statements for the year ended 30 June 2008.

**A2. Qualification of Annual Financial Statements**

The audit report of the Group’s most recent annual audited financial statements for the year ended 30 June 2008 was not qualified.

**A3. Seasonality or cyclical factors**

The Group’s business operation results were not materially affected by any major seasonal or cyclical factors.

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#### **A4. Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows**

There were no items of unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows during the period under review other than stated below :

As at 30 June 2008, the Group's land and building at Lot 8, Lingkaran Sultan Mohamed 2, Bandar Sultan Suleiman were presented as non-current asset held for sale in accordance with FRS 5. In view of the soft property market conditions, the management has decided that the property be occupied for own use. However, the management will dispose the property when there is a suitable offer to purchase the property.

Following from the aforementioned, the non-current asset held for sale has now been reclassified as property, plant and equipment in the balance sheet and is stated at its carrying amount before the asset was classified as held for sale. Accordingly, depreciation amounted to RM150,000 was provided, of which, has been reflected in the quarter results under review.

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

There were no changes in estimates of amounts reported in prior interim period or financial year that have material effect in the current quarter.

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

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

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

The gross interim dividend of 2.0 sen per share less tax at 26% amounting to RM1,801,370, in respect of financial year ended 30 June 2008 has been paid on 28 July 2008.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No : 380410-P)****Notes on the quarterly report – 30 September 2008****A8. Segment information**

By geographical location for the current financial year to date :

	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>Australia RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>					
External sales	54,809	5,675	5,103	-	65,587
Inter-segment sales	22	-	7	(29)	-
Total revenue	<u>54,831</u>	<u>5,675</u>	<u>5,110</u>	<u>(29)</u>	<u>65,587</u>
<b>Results</b>					
Segment results	4,217	944	50	-	5,211
Finance costs					(407)
Share of profit in an associate	(2)	-	-	-	(2)
Profit before tax					4,802
Tax expense					(1,093)
Profit for the financial year					<u>3,709</u>
<b>Assets</b>					
Segment assets	115,564	23,908	2,934	-	142,406
Investment in an associate	113	-	-	-	113
Unallocated assets					972
Total assets					<u>143,491</u>
<b>Liabilities</b>					
Segment liabilities	46,266	6,837	2,324	-	55,427
Unallocated liabilities					3,932
Total liabilities					<u>59,359</u>
<b>Other segment information</b>					
Capital expenditure	1,558	110	5	-	1,673
Depreciation	997	284	23	-	1,304
Amortisation	33	-	-	-	33
Other non-cash income	(573)	(17)	-	-	(590)
Other non-cash expenses other than depreciation and amortisation	356	-	1	-	357

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**A9. Valuation of property, plant and equipment**

There has been no valuation on any of the Group's property, plant and equipment during the current financial year to date.

**A10. Material events subsequent to the end of the interim period**

On 6 November 2008, Icon Line (Malaysia) Sdn Bhd, a wholly owned subsidiary has subscribed 22,050 shares of Rp100,000 each for a total cash consideration of Rp2,205,000,000 in PT. Icon Freight Indonesia, representing 49% of the issued and paid-up capital of PT. Icon Freight Indonesia.

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

There were no changes in the composition of the Group during the current quarter under review.

**A12. Contingent liabilities**

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

	<b>RM'000</b>
Bank guarantees in favour of third parties*	<u>2,252</u>

*\*Note : These are bank guarantees made in the ordinary course of business mainly in favour of vendors and the Pengarah Kastam of Malaysia in the relevant states in Malaysia.*

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**A13. Capital commitments**

**Contracted but not provided for :**

	<b>As at 30.09.08 RM'000</b>
Office equipment	40
Motor vehicle	59
Forklift	718
Prime movers	3,830
Barge	3,589
Trucks	<u>659</u>
	<u>8,895</u>

## **FREIGHT MANAGEMENT HOLDINGS BHD**

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

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

The Group revenue grew by RM11.6 million or 21.6% from RM54.0 million reported in Q1FY08 to RM65.6 million in the current reporting quarter. The increase was contributed by:-

Seafreight: RM5.66 million or 17.2%

Airfreight: RM0.65 million or 11.6%

Domestic Logistics : RM5.39 million or 44.4%

Tug & Barge : RM1.11 million or 24.2%

Negative growth was noted in Railfreight; revenue decline by RM1.17 million or 35.7%.

Strong growth reported in Domestic Logistics services was due to the introduction of haulage service since January 2008 as well as higher cargo movement in the warehouses. The increase in freight services has also contributed to higher revenue reported in Custom Brokerage service, which was reported under Domestic Logistic services.

Group profit before tax also grew from RM3.8 million in Q1FY08 to RM4.8 million in the current reporting quarter, an increase of RM1.0 million or 25.9%, due to higher sales and also improved gross profit margin from 21% to 22%. The Group profit after taxation after minority interest was RM3.4 million compared to RM2.9 million in Q1FY08, an increase of 17.0%

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

Compared to Q4FY08, the Group also registered a higher revenue growth of RM4.6 million or 7.5% from RM61.0 million. The Group profit before taxation increased by 18.1% from RM4.1 million to RM4.8 million while the Group profit after taxation ('PAT') increased marginally by 2.3% from RM3.3 million to RM3.4 million.

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**B3. Current year prospects**

The Group is aware of the current global financial crisis which may have a negative impact on global trade generally. The Group's business concentration is mainly on the inter-Asia and inter-Asean trade and is less exposed to the United States and Europe trade and hence was not adversely affected thus far. Notwithstanding the aforementioned, the Group is closely monitoring its performance and increasing its efforts to add value to customers' requirements. In view of the global development, the Group is cautiously optimistic in meeting this financial year's performance target of 12% to 15% as announced to Bursa Malaysia previously.

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

The Group has not provided any quarterly profit forecast and therefore no variance information is available for the quarter under review.

**B5. Tax expense**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current Year</b>	<b>Preceding Year</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>To Date</b>	<b>Corresponding</b>
	<b>30.09.2008</b>	<b>Quarter</b>	<b>30.09.2008</b>	<b>Quarter</b>
	<b>30.09.2007</b>	<b>30.09.2007</b>	<b>30.09.2007</b>	<b>30.09.2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>In respect of current period:</b>				
Income tax	972	829	972	829
Deferred tax	121	(17)	121	(17)
	<u>1,093</u>	<u>812</u>	<u>1,093</u>	<u>812</u>
<b>Under / (Over) provision in respect of prior year :</b>				
Income tax	-	-	-	-
Deferred tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,093</u>	<u>812</u>	<u>1,093</u>	<u>812</u>

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The effective tax rate is lower than the statutory tax rate due to the tax exemption enjoyed by subsidiaries in Singapore.

**B6. Unquoted investments and / or properties**

There were no sales of unquoted investments and / or properties during the current quarter and financial year to date.

**B7. Quoted and marketable investments**

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

**B8. Status of corporate proposal announced**

The Company is seeking shareholders' approval for the following proposals at the forthcoming Annual General Meeting on 25 November 2008:

- i) Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature; and
- ii) Proposed Renewal of Share Buy-Back Authority.

Further details pertaining to the proposals were set out in the circular to shareholders on 3 November 2008.



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The Group's borrowings as at the end of the reporting quarter are as follows:

	<b>RM'000</b>
<b>Payable within 12 months (secured)</b>	
Term loans	3,153
Hire purchase and leases	1,889
Bank overdrafts	5,827
Other borrowings	
	<u>10,869</u>
<b>Payable after 12 months (secured)</b>	
Term loans	15,662
Hire purchase and leases	6,106
	<u>21,768</u>
<b>Total borrowings</b>	<u><u>32,637</u></u>

All the above borrowings are denominated in Ringgit Malaysia except for the following which is denominated in foreign currency :-

	<b>RM'000</b>
<b>In Australian Dollar</b>	
Hire purchase and lease payable within 12 months	37
Hire purchase and lease payable after 12 months	172
Bank overdraft	274
<b>In Singapore Dollar</b>	
Term loans payable within 12 months	2,439
Term loans payable after 12 months	4,233
	<u>7,155</u>

**B10. Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk as at the date of this report.

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#### **B11. Change in material litigation**

Neither FMH nor any of its subsidiaries in the Group is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or any of its subsidiaries in the Group and the Board of Directors of FMH is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or any of its subsidiaries in the Group.

#### **B12. Dividend**

The proposed final dividend of 2.5 sen per share less Malaysian Income Tax at 25% in respect of the financial year ended 30 June 2008 has been approved by the shareholders at the Annual General Meeting on 25 November 2008.

The final dividend will be payable on 19 January 2009 to shareholders whose names appear in the Record of Depositors at the close of business on 31 December 2008.

#### **B13. Earnings per share**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current Year</b>	<b>Preceding Year</b>
	<b>Quarter</b>	<b>Corresponding Quarter</b>	<b>To Date</b>	<b>Corresponding Quarter</b>
	<b>30.09.2008</b>	<b>30.09.2007</b>	<b>30.09.2008</b>	<b>30.09.2007</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	<u>3,397</u>	<u>2,903</u>	<u>3,397</u>	<u>2,903</u>
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	<u>121,714</u>	<u>121,714</u>	<u>121,714</u>	<u>121,714</u>
Basic Earnings Per Share (sen)	2.79	2.39	2.79	2.39