

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 31 December 2012

PART A : EXPLANATORY NOTES AS PER FRS 134

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the year ended 30 June 2012.

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

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

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

A2. Qualification of Annual Financial Statements

The audit report of the Group’s most recent annual audited financial statements for the year ended 30 June 2012 was not qualified.

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

Notes on the quarterly report – 31 December 2012

A3. Seasonality or cyclicity factors

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

A4. Unusual Items

There are no unusual items affecting assets, liabilities, equity, net income or cash flows in the financial year to date.

A5. Changes in estimates

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

A6. Changes in debts and equity securities

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

A7. Dividend paid

- i) The interim single tier dividend of 1.5 sen per share amounting to RM2,434,283 in respect of financial year ended 30 June 2012 has been paid on 16 July 2012.
- ii) The final single tier dividend of 2.5 sen per share amounting to RM4,057,146 in respect of financial year ended 30 June 2012 has been paid on 18 December 2012.

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 31 December 2012

A8. Segment information

Operating segments for the current financial year to date:

	← Logistics →					→ Marine			
	Malaysia	Australia	Indonesia	Thailand	Vietnam	Singapore	Singapore	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
Total revenue	133,577	16,873	11,281	4,640	2,273	814	9,891	2,509	181,858
Inter-segment revenue	(1,487)	(30)	(325)	(716)	(108)	-	-	(2,509)	(5,175)
Revenue from external customers	132,090	16,843	10,956	3,924	2,165	814	9,891	-	176,683
Results									
Segment results	11,270	850	1,290	(347)	302	808	1,414	(2,230)	13,357
Finance costs	(868)	(8)	(3)	-	-	-	(46)	-	(925)
Share of profit in an associate	54	-	-	-	-	-	-	-	54
Profit before tax	10,456	842	1,287	(347)	302	808	1,368	(2,230)	12,486
Tax expense									(1,765)
Profit for the period									10,721
Assets									
Segment assets	171,900	5,173	4,609	1,258	1,089	2,356	27,996	8,688	223,069
Investment in an associate	2,753	-	-	-	-	-	-	-	2,753
Current tax assets	179	-	47	429	-	-	-	253	908
Total assets									226,730

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 31 December 2012

	← Logistics →						Marine	Others	Total
	Malaysia	Australia	Indonesia	Thailand	Vietnam	Singapore	Singapore		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities									
Segment liabilities	63,737	3,133	267	664	31	3	3,112	1,665	72,612
Deferred tax liability	7,647	-	-	-	-	-	-	-	7,647
Current tax liability	1,789	12	-	-	-	12	-	-	1,813
Total liabilities									<u>82,072</u>
Other segment information									
Capital expenditure	4,576	20	29	5	6	-	2	2	4,640
Depreciation	3,725	40	47	16	9	-	796	106	4,739
Other non-cash income	(265)	(17)	(2)	-	(1)	-	(3)	-	(288)
Other non-cash expenses other than depreciation	1,528	538	96	7	-	-	-	-	2,169

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

Notes on the quarterly report – 31 December 2012

A9. Valuation of property, plant and equipment

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

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

There were no material events subsequent to the end of the current quarter.

A11. Changes in the composition of the Group

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

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 31 December 2012

A12. Contingent liabilities

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

	RM'000
Bank guarantees in favour of third parties*	<u>2,170</u>

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

A13. Capital commitments

Contracted but not provided for :

	As at 31.12.12 RM'000
Warehouse equipment	372
Prime Movers, Trailers and Truck	6,766
Forklifts	<u>102</u>
	<u>7,240</u>

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 31 December 2012

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

B1. Review of performance

The Group registered a revenue growth of RM11.3 million or approximately 14% higher than 2QFY12. Details of changes in each service type are as follows:-

Service Type	2QFY13	2QFY12	Increase/- Decrease RM mil	% change
Seafreight	52.7	46.0	6.7	15%
Railfreight	1.0	0.5	0.5	100%
Airfreight	8.4	8.2	0.2	2%
Tug & Barge	5.1	4.6	0.5	11%
3PL & Warehousing	8.7	6.6	2.1	32%
Customs Brokerage	8.3	9.2	-0.9	-10%
Haulage	3.5	3.5	0.0	0%
Landfreight	4.3	2.1	2.2	105%
TOTAL	92.0	80.7	11.3	14%

The Group reported growth in all services except for Customs Brokerage and Haulage services. Seafreight achieved the highest increase in revenue while commendable rise in revenue was also registered in 3PL & Warehousing and Land Freight services.

As compared to 2QFY12, the Group's Profit before tax increased to RM6.5 million or 6.5%, however Net Profit achieved 15% higher at RM5.0 million in 2QFY13 due to lower statutory tax rate.

For the cumulative 1HFY13, the Group's recorded revenue of RM176.7 million, 9.2% growth as compared to 1HFY12. Net profit improved by 5.3% to RM9.8 million in 1HFY13.

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 31 December 2012

B2. Variation of results against preceding quarter

Service Type	2QFY13	1QFY13	Increase/- Decrease RM mil	% change
Seafreight	52.7	48.7	4.0	8%
Railfreight	1.0	1.0	0.0	0%
Airfreight	8.4	7.9	0.5	6%
Tug & Barge	5.1	4.7	0.4	9%
3PL & Warehousing	8.7	7.5	1.2	16%
Customs Brokerage	8.3	8.1	0.2	2%
Haulage	3.5	3.3	0.2	6%
Landfreight	4.3	3.4	0.9	26%
TOTAL	92.0	84.6	7.4	9%

Compared to the preceding quarter, revenue increased by 9% while Net Profit reported an increase of RM0.1 million or 1.7%

B3. Current year prospects

The Group's performance for 2QFY13 is very encouraging after a sluggish 1QFY13 performance. Nevertheless, the Group will leverage on its integrated network of agents to grow international freight services. There will be ongoing efforts to improve yields and to preserve margins through operational efficiency and costs control.

While the global economy remains uncertain in the foreseeable term, the Group remains cautious of our near term outlook. The Group is still targeting growth in FY2013.

B4. Variance of actual and forecast profit

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

FREIGHT MANAGEMENT HOLDINGS BHD**(Company No: 380410-P)****Notes on the quarterly report – 31 December 2012****B5. Tax expense**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year To	Preceding Year
	Quarter	Corresponding Quarter	Date	Corresponding Quarter
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	669	962	1,438	1,846
Deferred tax	339	400	499	584
	<u>1,008</u>	<u>1,362</u>	<u>1,937</u>	<u>2,430</u>
Under / (Over) provision in respect of prior year :				
Income tax	-	163	(172)	163
Deferred tax	-	(40)	-	(40)
	<u>-</u>	<u>123</u>	<u>(172)</u>	<u>123</u>
Total	<u><u>1,008</u></u>	<u><u>1,485</u></u>	<u><u>1,765</u></u>	<u><u>2,553</u></u>

The effective tax rate is lower than the statutory tax rate due to the tax exemption enjoyed by subsidiaries in Singapore and utilisation of investment tax allowance.

B6. Status of corporate proposal announced

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

FREIGHT MANAGEMENT HOLDINGS BHD**(Company No: 380410-P)****Notes on the quarterly report – 31 December 2012****B7. Group borrowings**

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

	RM'000
Payable within 12 months (secured)	
Term loans	6,441
Hire purchase and leases	1,938
Bank overdrafts	1,159
	<u>9,538</u>
Payable after 12 months (secured)	
Term loans	27,133
Hire purchase and leases	974
	<u>28,107</u>
Total borrowings	<u><u>37,645</u></u>

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

	RM'000
In Australian Dollar	
Hire purchase and lease payable within 12 months	66
Hire purchase and lease payable after 12 months	107
In Singapore Dollar	
Term loans payable within 12 months	695
Term loans payable after 12 months	290
Hire purchase and lease payable within 12 months	92
Hire purchase and lease payable after 12 months	324
In Indonesian Dollar	
Hire purchase and lease payable within 12 months	25
Hire purchase and lease payable after 12 months	12
	<u><u>1,611</u></u>

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

Notes on the quarterly report – 31 December 2012

B8. Change in material litigation

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

B9. Dividend

The board does not recommend any dividend for the current quarter under review.

B10. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	Corresponding Quarter
	31.12.2012	31.12.2012	31.12.2012	31.12.2011
Profit attributable to equity holders of the parent (RM'000)	<u>4,950</u>	<u>4,306</u>	<u>9,819</u>	<u>9,327</u>
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	<u>162,286</u>	<u>162,286</u>	<u>162,286</u>	<u>162,286</u>
Basic Earnings Per Share (sen)	3.05	2.65	6.05	5.75

FREIGHT MANAGEMENT HOLDINGS BHD**(Company No: 380410-P)****Notes on the quarterly report – 31 December 2012****B11. Realised and Unrealised Profits or Losses of the Group**

	As at 31.12.12 RM'000	As at 31.12.11 RM'000
Total retained profits of the Group:		
Realised	88,045	91,071
Unrealised *	(7,856)	(6,137)
Total share of retained profits from associated companies:		
Realised	205	152
Unrealised	-	-
Total share of retained profits from jointly controlled entities:		
Realised	-	-
Unrealised	-	-
Less: Consolidation adjustments	<u>(29,212)</u>	<u>(28,491)</u>
Total Group retained profits as per consolidated accounts	<u><u>51,182</u></u>	<u><u>56,595</u></u>

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

The disclosure of realised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

FREIGHT MANAGEMENT HOLDINGS BHD**(Company No: 380410-P)****Notes on the quarterly report – 31 December 2012****B12. Additional Disclosures on Profit for the period**

	Current Year Quarter 31.12.12 RM'000	Current Year To Date 31.12.12 RM'000
Profit for the period is arrived at after charging/ (crediting):		
Interest income	(80)	(180)
(Gain)/loss on disposal of property, plant and equipment	(1)	(44)
(Gain)/loss on foreign exchange	(20)	273
Depreciation of property, plant and equipment	2,389	4,739
Impairment loss and write off of trade receivables	1,278	1,953
Interest expense	399	925
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Other than the above, there were no gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for the current quarter and financial period ended 31 December 2012.