

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

Notes on the quarterly report – 31 December 2009

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 2009.

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 2009.

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 2009 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 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 gross interim dividend of 2.0 sen per share less tax at 25% amounting to RM1,825,716 in respect of financial year ended 30 June 2009 has been paid on 15 July 2009.
- ii) The final dividend of 2.5 sen per share less tax at 25% amounting to RM2,282,142 in respect of financial year ended 30 June 2009 has been paid on 20 January 2010.

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A8. Segment information

By geographical location for the current financial year to date:

	Malaysia RM'000	Singapore RM'000	Australia RM'000	Indonesia RM'000	Thailand RM'000	Elimination RM'000	Total RM'000
Revenue							
External sales	96,777	13,310	7,796	5,392	1,139	-	124,414
Inter-segment sales	1,309	-	86	264	207	(1,866)	-
Total revenue	98,086	13,310	7,882	5,656	1,346	(1,866)	124,414
Results							
Segment results	7,988	2,288	297	957	26	-	11,556
Impairment loss on Goodwill							(23)
Profit from operations							11,533
Finance costs							(751)
Share of profit in an associate	41	-	-			-	41
Profit before tax							10,823
Tax expense							(1,908)
Profit for the financial year							8,915
Assets							
Segment assets	124,596	30,218	2,250	2,949	1,883	-	161,896
Investment in an associate	187	-	-	-	-	-	187
Unallocated assets							499
Total assets							162,582
Liabilities							
Segment liabilities	45,145	8,269	1,434	415	1,256	-	56,519
Unallocated liabilities							4,632
Total liabilities							61,151
Other segment information							
Capital expenditure	3,579	193	1	17	-	-	3,790
Depreciation	1,506	691	50	46	6	-	2,299
Amortisation	717	-	-	-	-	-	717
Other non-cash income	(425)	(24)	-	(17)	-	-	(466)
Other non-cash expenses other than depreciation and amortisation	402	-	7	-	-	-	409

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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

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

A11. Changes in the composition of the Group

On 2 July 2009, Icon Line (Malaysia) Sdn Bhd, a wholly owned subsidiary of the Company, acquired 24,500 shares of THB100 each in Icon Freight Service Co Ltd for a cash consideration of THB2,450,000, representing 49% of the issued and paid-up capital of Icon Freight Services Co Ltd.

On 8 December 2009, the Company acquired 1 shares of RM1 each in Symphony Express Sdn Bhd for a cash consideration of RM1, representing 50% of the issued and paid-up capital of Symphony Express Sdn Bhd.

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>2,862</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 :

	As at 31.12.09 RM'000
Barge	5,425
Prime movers	2,842
Trucks	<u>693</u>
	<u><u>8,960</u></u>

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

B1. Review of performance

The Group's revenue growth by RM5 million from RM60 million in 2QFY09 to RM65 million in the 2QFY10:-

Service Type	2QFY10 RM mil	2QFY09 RM mil	Increase/- Decrease RM mil	% change
Seafreight	37.7	36.2	1.5	4.1%
Railfreight	1.0	1.7	(0.7)	-41.2%
Airfreight	6.2	4.8	1.4	29.2%
Tug & Barge	6.4	5.8	0.6	10.3%
Warehouse & Distribution	2.6	2.9	(0.3)	-10.3%
Customs Brokerage	8.3	6.9	1.4	20.3%
Haulage	2.5	1.7	0.8	47.1%
Others Services	0.9	0.3	0.6	200.0%
TOTAL	65.6	60.3	5.3	8.8%

Compared with previous year similar quarter, all services registered growth with the exception of Railfreight and Warehouse & Distribution services. There had not been much improvement in demand for Railfreight following the problem of train delay due to locomotive shortage. The Group however is allocating more resources and efforts to develop this service as it is still deemed as a niche market for the Group. The marginal drop in revenue for Warehouse & Distribution was due to slower demand for warehouse activity during this period and is expected to pick up again in the coming quarters. Generally, all freight services of the Group enjoy reasonable growth due to an increase in demand for both import and export freight services.

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The Group achieved profit before tax of RM5.4 million in 2QFY10, an increase of RM0.9 million or 19.7% from RM4.5 million in 2QFY09. The contributing factor for the increase was profit generated from the increase of RM5 million revenue together with improved gross profit margin from 22% in 2QFY09 to 25% in the current reporting quarter. The Group also registered a higher profit after tax of RM4.6 million compared to RM3.4 million in 2QFY09, an increase of 35%. Profit after Tax after Minority Interest increased by RM0.9 million or 27%.

B2. Variation of results against preceding quarter

There Group reported a marginal improvement in the results for the reporting quarter as compared to the immediate preceding quarter. Profit before tax improved by 1% whereas Profit after tax after Minority Interest increased by 10%.

B3. Current year prospects

The logistics sector of the Malaysian economy has seen a decline in activity due to the global economic crisis in the first half of the year 2009. Amidst early indications that the industry is moving towards recovery, the management remains cautiously optimistic in view of the prevailing uncertainties. The Group will continue its ongoing aggressive marketing efforts to boost sales and the management is actively working towards sustaining the Group's lead position in its core business segments. Barring unforeseen circumstances, the Group is confident of some growth in the coming quarters of the financial year ended 30 June 2010.

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 2009****B5. Tax expense**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	31.12.2009	Quarter	31.12.2009	Quarter
	RM'000	31.12.2008	RM'000	31.12.2008
		RM'000		RM'000
In respect of current period:				
Income tax	768	916	1,765	1,888
Deferred tax	182	127	287	248
	<u>950</u>	<u>1,043</u>	<u>2,052</u>	<u>2,136</u>
Under / (Over) provision in respect of prior year :				
Income tax	(103)	76	(103)	76
Deferred tax	(37)	-	(41)	-
	<u>(140)</u>	<u>76</u>	<u>(144)</u>	<u>76</u>
Total	<u>810</u>	<u>1,119</u>	<u>1,908</u>	<u>2,212</u>

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.

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B8. Status of corporate proposal announced

The following proposals have been approved by the shareholders at the Annual General Meeting on 30 November 2009:

- i) Proposed Renewal of and Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature; and
- ii) Proposed Renewal of Share Buy-Back Authority.

B9. 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	4,322
Hire purchase and leases	3,368
Bankers' acceptances	980
Bank overdrafts	2,756
	<hr/> 11,426 <hr/>
Payable after 12 months (secured)	
Term loans	10,535
Hire purchase and leases	7,912
	<hr/> 18,447 <hr/>
Total borrowings	<hr/> <hr/> 29,873 <hr/> <hr/>

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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	62
Hire purchase and lease payable after 12 months	114
In Singapore Dollar	
Term loans payable within 12 months	3,295
Term loans payable after 12 months	3,021
Hire purchase and lease payable within 12 months	28
Hire purchase and lease payable after 12 months	88
In Indonesian Dollar	
Hire purchase and lease payable within 12 months	94
Hire purchase and lease payable after 12 months	31
	<hr/> <hr/> 6,733

B10. Off balance sheet financial instruments

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

B11. Change in material litigation

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

FREIGHT MANAGEMENT HOLDINGS BHD**(Company No: 380410-P)****Notes on the quarterly report – 31 December 2009****B12. Dividend**

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

B13. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding	Current Year	Preceding
	Quarter	Year	To Date	Year
	31.12.2009	Corresponding	31.12.2009	Corresponding
		Quarter		Quarter
		31.12.2008		31.12.2008
Profit attributable to ordinary equity holders of the parent (RM'000)	4,219	3,335	8,067	6,732
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	121,714	121,714	121,714	121,714
Basic Earnings Per Share (sen)	3.47	2.74	6.63	5.53