

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

**Notes on the quarterly report – 30 June 2015**

**PART A : EXPLANATORY NOTES AS PER MFRS 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 2014.

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 year ended 30 June 2014.

The accounting policies and method of computation adopted by the Group in the preparation of the consolidated interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 30 June 2014.

The Group has adopted the MFRSs, amendments and interpretations effective for annual periods beginning on or after 1 January 2014 and 1 July 2014 where applicable to the Group. The initial adoption of these applicable MFRS, amendments and interpretations do not have any material impact on the financial statements 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 2014 was not qualified.

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

**Notes on the quarterly report – 30 June 2015**

**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 except for the issuance of 2,238,164 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 RM2,171,019.

**A7. Dividend paid**

- i) The interim single tier dividend of 1.5 sen per share amounting to RM2,561,332 in respect of financial year ended 30 June 2014 has been paid on 14 July 2014.

## **FREIGHT MANAGEMENT HOLDINGS BHD**

**(Company No: 380410-P)**

### **Notes on the quarterly report – 30 June 2015**

- ii) The final single tier dividend of 3.0 sen per share amounting to RM5,978,296 in respect of financial year ended 30 June 2014 has been paid on 22 December 2014.
  
- iii) The interim single tier dividend of 1.5 sen per share amounting to RM2,594,994 in respect of financial year ended 30 June 2015 has been paid on 28 July 2015.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 June 2015****A8. Segment information**

Operating segments for the current financial year to date:

	<b>←——— Logistics ———→</b>									<b>Total RM'000</b>
	<b>Malaysia RM'000</b>	<b>Australia RM'000</b>	<b>Indonesia RM'000</b>	<b>Thailand RM'000</b>	<b>Vietnam RM'000</b>	<b>India RM'000</b>	<b>Sri Lanka RM'000</b>	<b>Marine Singapore RM'000</b>	<b>Others RM'000</b>	
<b>Revenue</b>										
Total revenue	317,947	33,368	21,794	10,935	11,624	9,017	1,980	19,636	10,887	437,188
Inter-segment revenue	(3,099)	(311)	(1,424)	(1,087)	(346)	(194)	(21)	-	(10,435)	(16,917)
Revenue from external customers	<u>314,848</u>	<u>33,057</u>	<u>20,370</u>	<u>9,848</u>	<u>11,278</u>	<u>8,823</u>	<u>1,959</u>	<u>19,636</u>	<u>452</u>	<u>420,271</u>
<b>Results</b>										
Segment results	25,082	2,391	2,684	399	1,174	(158)	(70)	654	(4,219)	27,937
Finance costs	(2,400)	(26)	(51)	(4)	-	-	-	(506)	-	(2,987)
Share of profit/(loss) of associates	16	-	-	-	-	-	-	-	(1)	15
Share of loss of joint ventures	-	-	-	-	-	-	-	-	(721)	(721)
Profit before tax	<u>22,698</u>	<u>2,365</u>	<u>2,633</u>	<u>395</u>	<u>1,174</u>	<u>(158)</u>	<u>(70)</u>	<u>148</u>	<u>(4,941)</u>	<u>24,244</u>
Tax expense										(4,255)
Profit for the period										<u>19,989</u>
<b>Assets</b>										
Segment assets	263,966	7,600	7,572	2,155	2,691	2,155	495	37,874	20,926	345,434
Investments in associates	418	-	-	-	-	-	-	-	2,896	3,314
Investments in joint ventures	-	-	-	-	-	-	-	-	2,386	2,386
Deferred tax assets	-	-	185	-	-	380	-	-	-	565
Current tax assets	143	-	-	584	-	-	-	-	-	727
Total assets										<u>352,426</u>

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 June 2015**

	←————— Logistics —————→									
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	Sri Lanka	Marine Singapore	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Liabilities</b>										
Segment liabilities	84,051	3,477	2,935	1,117	819	690	289	11,372	5,393	110,143
Deferred tax liabilities	17,111	-	-	-	-	-	-	-	51	17,162
Current tax liabilities	1,008	16	103	-	164	-	-	-	34	1,325
Total liabilities										<u>128,630</u>
<b>Other segment information</b>										
Capital expenditure	26,377	315	90	9	49	45	56	2,914	281	30,136
Depreciation	10,318	74	209	76	58	23	13	2,619	153	13,543
Other non-cash income	(608)	(152)	(52)	-	(3)	-	-	-	(494)	(1,309)
Other non-cash expenses other than depreciation	2,283	139	12	24	144	127	3	10	-	2,742

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

**Notes on the quarterly report – 30 June 2015**

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

The Group changed its accounting policy for its leasehold land, freehold land and buildings from the cost model to the revaluation model. MFRS 108 sets out the rules for accounting for changes in accounting policy, but makes a specific exception for a change in policy to measure property, plant and equipment at a revalued amount for the first time. This exception only applies if the Group does not have a fair value as deemed cost or previous revalued amount before. As the Group previously adopted the cost model, there would be no restatement of comparative. Therefore, this change is not accounted for retrospectively.

The Group's property, plant and equipment other than leasehold land, freehold land and buildings are stated at cost model.

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

On 6 July 2015, FM Global Logistics Ventures Sdn Bhd, a wholly-owned subsidiary of FMHB has entered into a Subscription and Shareholders' Agreement for the subscription of 258,352 new ordinary shares of RM1.00 each in Hubwire Sdn Bhd ("HSB"), a company incorporated under the Companies Act, 1965, for cash consideration of RM1,600,000.00. The business activities of HSB comprise multi-channel information technology ("IT") retail management and IT solution, e-commerce and other related business in Malaysia and Asia Pacific.

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

- a) On 11 February 2015, a wholly-owned subsidiary, FM Global Logistics Ventures Sdn. Bhd. ("FMGLV") announced the incorporation of a wholly-owned subsidiary, FM Global Korea Corporation ("FMGKC") in Korea, whose principal activity was that of general trading, was incorporated with an initial issued and paid up share capital of KRW 200,000,000.00 (equivalent to approximately RM 656,800) comprising 20,000 shares of KRW 10,000 each;

## **FREIGHT MANAGEMENT HOLDINGS BHD**

**(Company No: 380410-P)**

### **Notes on the quarterly report – 30 June 2015**

- b) On 26 November 2014, FMGLV entered into a joint venture agreement with Amass Freight International Co. Ltd., a company incorporated in the People Republic of China (“AFICL”) to jointly set up a limited liability company within the Jebel Ali Free Trade Zone in United Arab Emirates on a 50:50 basis. The joint-venture company had received a trading licence by Jebel Ali Free Zone Authority under the name of Amass Middle East FZCO (“AME”) in Dubai. The principal activity of AME is investment holding, trading and provision of logistics services. AME has an authorised and issued paid up share capital of AED 1,000,000.00 (equivalent to approximately RM 517,500) comprising 10 shares of AED100,000.00 each. On 23 March 2015, FMGLV had subscribed to 50% of the paid up capital of AME; and
- c) On 1 April 2015, a wholly-owned subsidiary, FM Global Logistics Ventures Sdn. Bhd. (“FMGLV”) subscribed for an additional 255,000 ordinary shares of THB 10 each in FM Global Logistics Co., Ltd, (“FMGLC”). With the completion of the subscription, FMGLC is a wholly-owned subsidiary of FMGLC.

#### **A12. Contingent liabilities**

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

Bank guarantees in favour of third parties*	<b>RM'000</b> <u>2,554</u>
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*\*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.*

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

**Notes on the quarterly report – 30 June 2015**

**A13. Capital commitments**

**Contracted but not provided for :**

	<b>As at 30.06.15 RM'000</b>
Construction of a warehouse cum office building	2,955
Prime movers	3,126
Warehouse equipment	367
Trucks	333
Software	118
	<hr/>
	<b>6,899</b> <hr/>



## **FREIGHT MANAGEMENT HOLDINGS BHD**

**(Company No: 380410-P)**

**Notes on the quarterly report – 30 June 2015**

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

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

The Group registered a revenue growth of RM4.2 million or approximately 4% higher than 4QFY15. Details of changes in each service type are as follows:-

<b>Service Type</b>	<b>4QFY15</b>	<b>4QFY14</b>	<b>Increase/ Decrease RM mil</b>	<b>% change</b>
Seafreight	68.2	60.5	7.7	13%
Railfreight	0.2	0.3	-0.1	-33%
Airfreight	8.5	7.4	1.1	15%
Tug & Barge	4.7	5.0	-0.3	-6%
3PL & Warehousing	11.0	10.8	0.2	2%
Customs Brokerage	6.0	8.9	-2.9	-33%
Haulage	5.3	5.4	-0.1	-2%
Landfreight	4.2	5.6	-1.4	-25%
<b>TOTAL</b>	<b>108.1</b>	<b>103.9</b>	<b>4.2</b>	<b>4%</b>

Revenue growth for the quarter was contributed mainly by the Sea Freight and Air Freight divisions, which recorded an increase of 13% or RM7.7 mil and 15% or RM1.1 mil, respectively. 3PL & Warehousing also recorded an increase of 2% in revenue. However, the divisions Tug & Barge, Customs Brokerage, Haulage and Land Freight recorded decrease in revenue. This was mainly due to the maintenance work on certain of the barges and also due to dip in these service activities with the current challenging environment.

Overall, the Profit before Tax margin was lower as compared to 4QFY14 due to higher finance costs from the financing and depreciation charges of the new warehouses and Tugboat, lower margin contributions from the re-alignment and on-going restructuring of the Air-Freight division and higher operating expenses from new operational overseas subsidiaries and joint venture companies.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 June 2015****B2. Variation of results against preceding quarter**

<b>Service Type</b>	<b>4QFY15</b>	<b>3QFY15</b>	<b>Increase/- Decrease</b>	
			<b>RM mil</b>	<b>% change</b>
Seafreight	68.2	62.4	5.8	9%
Railfreight	0.2	0.3	-0.1	-33%
Airfreight	8.5	8.0	0.5	6%
Tug & Barge	4.7	4.5	0.2	4%
3PL & Warehousing	11.0	10.1	0.9	9%
Customs Brokerage	6.0	7.4	-1.4	-19%
Haulage	5.3	4.9	0.4	8%
Landfreight	4.2	4.1	0.1	2%
<b>TOTAL</b>	<b>108.1</b>	<b>101.7</b>	<b>6.4</b>	<b>6%</b>

Revenue as compared to the preceding quarter, 4QFY15, registered a moderate growth of 6%. As compared to the preceding quarter, the Group recorded higher revenue of RM6.4 mil compared to 3QFY15 mainly due to continuous increase in revenue in the core seafreight services. The improvement and recovery from the restructuring of Airfreight and 3PL & Warehousing as a result of the completion of the Warehouse renovation and also cessation of a 3PL in previous year also contributes to the higher revenue growth.

Profit Before Tax for the current quarter increased from RM5.6 mil to RM6.1 mil as compared to the preceding quarter mainly due to higher revenue as mentioned above and higher depreciation charges and operating expenses.

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

**Notes on the quarterly report – 30 June 2015**

**B3. Current year prospects**

The Board noted the challenging and competitive business environment in FY15 in view of the uncertainties in the world economy that affected the overall performance of the Group for FY15. For the financial year ending 30 June 2016, the Group expects its core Seafreight division to continue to contribute strongly, whilst other services are expected to be profitable. Long term strategic investments and joint ventures both locally and in the region, will continue to underpin the Group future growth. Going forward, the Group will continue seeking new business opportunities, and to improve further its operational efficiency and cost management effectiveness.

Based on the current economic outlook and our plans for the Group and barring any unforeseen circumstances, the Board of Directors is of the opinion that the business and performance of the Group are expected to remain positive for the financial year ending 30 June 2016.

**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 – 30 June 2015****B5. Tax expense**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current Year To Date</b>	<b>Preceding Year</b>
	<b>Quarter</b>	<b>Corresponding Quarter</b>	<b>Quarter</b>	<b>Corresponding Quarter</b>
	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>30.06.2015</b>	<b>30.06.2014</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	1,473	1,421	4,150	4,788
Deferred tax	(498)	(35)	(67)	226
	<u>975</u>	<u>1,386</u>	<u>4,083</u>	<u>5,014</u>
<b>Under provision in respect of prior years :</b>				
Income tax	82	254	27	244
Deferred tax	-	-	145	5
	<u>82</u>	<u>254</u>	<u>172</u>	<u>249</u>
<b>Total</b>	<u><u>1,057</u></u>	<u><u>1,640</u></u>	<u><u>4,255</u></u>	<u><u>5,263</u></u>

The effective tax rate is lower than the statutory tax rate due to the tax exemption enjoyed by a subsidiary 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 – 30 June 2015**

**B7. Group borrowings**

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	9,442
Hire purchase and lease liabilities	1,602
Bank overdrafts	1,226
	<u>12,270</u>
<b>Payable after 12 months (secured)</b>	
Term loans	43,382
Hire purchase and lease liabilities	3,369
	<u>46,751</u>
<b>Total borrowings</b>	<u><u>59,021</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 liabilities payable within 12 months	61
Hire purchase and lease liabilities payable after 12 months	337
<b>In Singapore Dollar</b>	
Term loans payable within 12 months	3,719
Term loans payable after 12 months	5,508
Hire purchase and lease liabilities payable within 12 months	113
Hire purchase and lease liabilities payable after 12 months	87
<b>In Indonesian Dollar</b>	
Hire purchase and lease liabilities payable within 12 months	210
Hire purchase and lease liabilities payable after 12 months	123
<b>In Thailand Dollar</b>	
Hire purchase and lease liabilities payable within 12 months	27
Hire purchase and lease liabilities payable after 12 months	2
	<u><u>10,187</u></u>

## **FREIGHT MANAGEMENT HOLDINGS BHD**

**(Company No: 380410-P)**

### **Notes on the quarterly report – 30 June 2015**

#### **B8. Change in material litigation**

Neither FMHB 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 FMHB 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 of Directors recommend for the approval of shareholders a final single tier dividend of 3.5 sen per share, in respect of financial year ended 30 June 2015.

The book of closure and Payment Date in respect of the aforesaid dividend will be determined by the Directors at later date.

The proposed final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting to be held on a date to be announced later.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 June 2015****B10. Earnings per share****Basic**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>Year</b>	<b>Year</b>	<b>Year To</b>	<b>Year</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>Date</b>	<b>Corresponding</b>
	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
Profit attributable to equity holders of the parent (RM'000)	6,448	8,170	20,105	24,006
Weighted average number of ordinary shares in issue ('000)	170,761	167,786	170,761	167,786
Effect of exercise of warrants ('000)	213	32	377	2,624
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary shares('000)	170,974	167,818	171,138	170,410
Basic Earnings Per Ordinary Share (sen)	3.77	4.87	11.75	14.09

**Diluted**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>Year</b>	<b>Year</b>	<b>Year To</b>	<b>Year</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>Date</b>	<b>Corresponding</b>
	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
Profit attributable to equity holders of the parent (RM'000)	6,448	8,170	20,105	24,006
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary shares ('000)	170,974	167,818	171,138	170,410
Effect of dilution in potential exercise of warrants ('000)	(644)	196	5,506	6,530
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)	170,330	168,014	176,644	176,940
Diluted Earnings Per Ordinary Share (sen)	3.79	4.86	11.38	13.57

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

**Notes on the quarterly report – 30 June 2015**

**B11. Realised and Unrealised Profits or Losses of the Group**

	<b>As at 30.06.15 RM'000</b>	<b>As at 30.06.14 RM'000</b>
Total retained earnings of the Group:		
Realised	139,181	118,647
Unrealised *	(17,190)	(9,492)
Total share of retained earnings from associates:		
Realised	163	148
Unrealised	-	-
Total share of accumulated losses from joint ventures:-		
Realised	(783)	(62)
Unrealised	-	-
Less: Consolidation adjustments	<u>(32,921)</u>	<u>(31,503)</u>
Total Group retained earnings as per financial statements	<u><u>88,450</u></u>	<u><u>77,738</u></u>

\* Unrealised comprise of deferred tax liabilities, deferred tax assets and unrealised foreign exchange losses.

The disclosure of the 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 – 30 June 2015**

**B12. Additional Disclosures on Profit for the period**

	<b>Current Year Quarter 30.06.15 RM'000</b>	<b>Current Year To Date 30.06.15 RM'000</b>
<b>Profit for the period is arrived at after charging/ (crediting):</b>		
Interest income	(81)	(368)
Gain on disposal of property, plant and equipment	(58)	(135)
(loss)/Gain on foreign exchange	13	(615)
Gain on disposal on other investment	(389)	(389)
Fair value gain on other investment	(349)	(349)
Depreciation of property, plant and equipment	3,984	13,543
Impairment loss and write off of trade receivables	461	1,596
Impairment loss on property, plant and equipment	69	69
Interest expense	833	2,987

Other than the above, there were no gain or loss on derivatives and exceptional items for the current quarter and financial period ended 30 June 2015.