

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

**Notes on the quarterly report – 31 March 2016**

**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 2015.

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 2015.

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 2015.

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 2015 was not qualified.

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**A3. Seasonality or cyclical 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 915,033 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 RM887,582.

**A7. Dividend paid**

- i) 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.
- ii) The final single tier dividend of 3.5 sen per share amounting to RM6,059,336 in respect of financial year ended 30 June 2015 has been paid on 22 December 2015.

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### A8. Segment information

Operating segments for the current financial year to date:

	← Logistics →										
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	Sri Lanka	Marine Singapore	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>											
Total revenue	229,829	21,768	20,531	7,909	11,705	7,186	4,428	10,636	4,837	(10,200)	308,629
Inter-segment revenue	(2,328)	(317)	(1,479)	(1,018)	(365)	(284)	(16)	-	(4,393)	(10,200)	-
Revenue from external customers	227,501	21,451	19,052	6,891	11,340	6,902	4,412	10,636	444	-	308,629
<b>Results</b>											
Segment results	21,555	461	3,717	11	1,013	(264)	(39)	(2,208)	9,133	(10,424)	22,955
Finance costs	(2,726)	(19)	(32)	(2)	-	-	-	(326)	-	5	(3,100)
Share of profit/(loss) of associates	20	-	-	-	-	-	-	-	-	-	20
Share of profit of joint ventures	-	-	-	-	-	-	-	-	(15)	-	(15)
Profit before tax	18,849	442	3,685	9	1,013	(264)	(39)	(2,534)	9,118	(10,419)	19,860
Tax expense											(4,588)
Profit for the period											15,272
<b>Assets</b>											
Segment assets	345,058	8,015	9,910	2,386	3,417	2,886	735	34,679	49,805	(72,585)	384,306
Investments in associates	438	-	-	-	-	-	-	-	2,896	-	3,334
Investments in joint ventures	-	-	-	-	-	-	-	-	2,371	-	2,371
Deferred tax assets	-	-	189	-	-	378	-	-	-	-	567
Current tax assets	58	264	-	775	-	-	-	-	-	-	1,097
Total assets											391,675

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	← Logistics →							Marine			
	Malaysia	Australia	Indonesia	Thailand	Vietnam	India	Sri Lanka	Singapore	Others	Elimination	Total
	RM'000	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	197,655	3,762	2,969	3,796	1,960	2,447	697	10,955	11,478	(100,075)	135,644
Deferred tax liabilities	18,436	-	-	-	-	-	-	-	42	-	18,478
Current tax liabilities	1,633	-	557	-	283	-	-	-	43	-	2,516
Total liabilities											<u>156,638</u>
<b>Other segment information</b>											
Capital expenditure	58,393	27	313	6	289	4	27	840	15	-	59,914
Depreciation	8,449	114	180	51	68	-	10	2,263	94	-	11,129
Other non-cash income	(802)	-	(31)	(50)	(52)	-	-	(9)	-	-	(944)
Other non-cash expenses other than depreciation	1,538	4	9	9	109	78	5	24	12	-	1,788

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

The Group's property, plant and equipment other than land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses. Land and buildings are stated at valuation, which are the fair values at the date of revaluation.

**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 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 ('the Agreement') 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 RM1,600,000.

On 28 March 2016, the Company announced the incorporation of a wholly owned subsidiary, FM Hubwire Sdn Bhd ("FM Hubwire"), with an initial issued and paid up share capital of RM2.00 comprising two (2) ordinary shares of RM1.00 each. Subsequently, the company has on 15 Apr 2016 subscribe for an additional 649,998 ordinary shares of RM1.00 each, representing 65% of issued and paid up share capital of FM Hubwire at a total cash consideration of RM649,998.00. Upon the completion of the allotment of shares, FM Hubwire will be a 65% owned-subsiary of the Company.

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**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:-

	<b>RM'000</b>
Bank guarantees in favour of third parties*	<u>2,692</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 :**

	<b>As at</b>
	<b>31.03.16</b>
	<b>RM'000</b>
Construction of a warehouse cum office building	1,147
	<u>1,147</u>

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

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

The Group registered a revenue growth of RM1.6million or approximately 2% higher than 3QFY15. Details of changes in each service type are as follows:-

<b>Service Type</b>	<b>3QFY16</b>	<b>3QFY15</b>	<b>Increase/ Decrease RM mil</b>	<b>% change</b>
Seafreight	66.2	62.4	3.8	6%
Railfreight	0.2	0.3	-0.1	-33%
Airfreight	8.7	8.0	0.7	9%
Tug & Barge	3.1	4.5	-1.4	-31%
3PL & Warehousing	10.5	10.1	0.4	4%
Customs Brokerage	5.6	7.4	-1.8	-24%
Haulage	4.8	4.9	-0.1	-2%
Landfreight	4.2	4.1	0.1	2%
<b>TOTAL</b>	<b>103.3</b>	<b>101.7</b>	<b>1.6</b>	<b>2%</b>

Higher Revenue for this 3QFY16 was contributed mainly by Seafreight division followed by Airfreight, 3PL & Warehousing and Landfreight divisions, respectively. Rest of the other services has achieved lower revenue compared to 3QFY15.

The Group's Profit Before Tax increased to RM7.2mil from RM5.6mil as compared to 3QFY15 mainly due better margin achieved especially from our Seafreight division despite the losses incurred in our Tug & Barge division and share of losses in a Joint Venture in Tug & Barge business.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 31 March 2016****B2. Variation of results against preceding quarter**

<b>Service Type</b>	<b>3QFY16</b>	<b>2QFY16</b>	<b>Increase/- Decrease</b>	
			<b>RM mil</b>	<b>% change</b>
Seafreight	66.2	66.1	0.1	0%
Railfreight	0.2	0.2	0.0	0%
Airfreight	8.7	8.6	0.1	1%
Tug & Barge	3.1	3.7	-0.6	-16%
3PL & Warehousing	10.5	10.5	0.0	0%
Customs Brokerage	5.6	5.5	0.1	2%
Haulage	4.8	4.8	0.0	0%
Landfreight	4.2	3.9	0.3	8%
<b>TOTAL</b>	<b>103.3</b>	<b>103.3</b>	<b>0.0</b>	<b>0%</b>

The Group achieved revenue of RM103mil for both quarters under comparison. Considering the shorter month of February and the festive holidays in the reporting quarter, the Group's revenue fared better than the preceding quarter.

Profit Before Tax for the current quarter increased to RM7.2mil from RM5.6mil as compared to the preceding quarter. This is mainly due to higher margin achieved from Seafreight division.



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**B3. Current year prospects**

The Group expects to continue operating in a challenging, uncertain and competitive business environment for the remaining financial year. The Group shall continue with its efforts to manage its operation and cost efficiency. Seafreight division is envisaged to remain the main contributor to the Group's top and bottom line, while other divisions are expected to contribute positively

Based on the current economic and industry outlook, barring unforeseen circumstances, the Board of Directors is of the opinion that the business and performance of the Group is 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 – 31 March 2016****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>31.03.2016</b>	<b>31.03.2015</b>
	<b>31.03.2016</b>	<b>31.03.2015</b>	<b>31.03.2016</b>	<b>31.03.2015</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	1,418	719	3,625	2,677
Deferred tax	(77)	103	340	431
	<u>1,341</u>	<u>822</u>	<u>3,965</u>	<u>3,108</u>
<b>Under / (Over) provision in respect of prior years :</b>				
Income tax	(351)	(107)	(351)	(55)
Deferred tax	974	145	974	145
	<u>623</u>	<u>38</u>	<u>623</u>	<u>90</u>
<b>Total</b>	<u><u>1,964</u></u>	<u><u>860</u></u>	<u><u>4,588</u></u>	<u><u>3,198</u></u>

The current quarter effective tax rate is slightly higher than the statutory tax rate due to higher deferred taxation provision.

The cumulative year to date effective tax rate is lower than the statutory tax rate due to utilisation of investment tax allowance.

**B6. Status of corporate proposal announced**

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

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**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	13,108
Hire purchase and lease liabilities	2,026
Bank overdrafts	1,086
	<u>16,220</u>
<b>Payable after 12 months (secured)</b>	
Term loans	70,868
Hire purchase and lease liabilities	3,845
	<u>74,713</u>
	<u>90,933</u>
Total borrowings	<u>90,933</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	65
Hire purchase and lease liabilities payable after 12 months	297
<b>In Singapore Dollar</b>	
Term loans payable within 12 months	4,116
Term loans payable after 12 months	2,727
Hire purchase and lease liabilities payable within 12 months	149
Hire purchase and lease liabilities payable after 12 months	-
<b>In Indonesian Dollar</b>	
Hire purchase and lease liabilities payable within 12 months	231
Hire purchase and lease liabilities payable after 12 months	84
<b>In Thailand Dollar</b>	
Hire purchase and lease liabilities payable within 12 months	9
Hire purchase and lease liabilities payable after 12 months	-
	<u>7,678</u>

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**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 has declared a first interim single tier dividend of 1.5 sen per share, in respect of financial year ending 30 June 2016. The dividend will be paid on 28 July 2016 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 30 June 2016.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 31 March 2016****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>31.03.2016</b>	<b>31.03.2015</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
Profit attributable to equity holders of the parent (RM'000)	4,663	4,324	14,352	13,657
Weighted average number of ordinary shares in issue ('000)	172,999	170,761	172,999	170,761
Effect of exercise of warrants ('000)	173	122	102	70
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary shares('000)	173,172	170,883	173,101	170,831
Basic Earnings Per Ordinary Share (sen)	2.69	2.53	8.29	7.99

**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>31.03.2016</b>	<b>31.03.2015</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
Profit attributable to equity holders of the parent (RM'000)	4,663	4,324	14,352	13,657
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary shares ('000)	173,172	170,883	173,101	170,831
Effect of dilution in potential exercise of warrants ('000)	3,919	6,150	3,919	6,150
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)	177,091	177,033	177,020	176,981
Diluted Earnings Per Ordinary Share (sen)	2.63	2.44	8.11	7.72

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

	<b>As at 31.03.16 RM'000</b>	<b>As at 31.03.15 RM'000</b>
Total retained earnings of the Group:		
Realised	148,980	127,199
Unrealised *	(17,980)	(9,757)
Total share of retained earnings from associates:		
Realised	184	138
Unrealised	-	-
Total share of accumulated losses from joint ventures:-		
Realised	(798)	367
Unrealised	-	-
Less: Consolidation adjustments	<u>(33,643)</u>	<u>(32,530)</u>
Total Group retained earnings as per financial statements	<u><u>96,743</u></u>	<u><u>85,417</u></u>

\* Unrealised comprise of deferred tax liabilities 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.

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	<b>Current Year Quarter 31.03.16 RM'000</b>	<b>Current Year To Date 31.03.16 RM'000</b>
<b>Profit for the period is arrived at after charging/ (crediting):</b>		
Interest income	(75)	(225)
Gain on disposal of property, plant and equipment	(18)	(107)
Loss/(Gain) on foreign exchange	480	(534)
Depreciation of property, plant and equipment	3,778	11,229
Impairment loss and write off of trade receivables	618	1,557
Interest expense	<u>1,113</u>	<u>3,099</u>

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 March 2016.