

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

**Notes on the quarterly report – 30 June 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 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.

**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 except for the issuance of 4,618,618 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 RM4,480,059.

**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.
- iii) The interim single tier dividend of 1.5 sen per share amounting to RM2,664,273 in respect of financial year ended 30 June 2016 has been paid on 28 July 2016.



## FREIGHT MANAGEMENT HOLDINGS BHD

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	← 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>Liabilities</b>												
Segment liabilities	202,209	3,548	7,527	3,098	2,780	2,374	737	12,222	19,543	(113,211)	140,827	
Deferred tax liabilities	18,370	-	-	-	-	-	-	-	158	-	18,528	
Current tax liabilities	2,792	-	130	-	136	-	-	-	-	-	3,058	
Total liabilities											<u>162,413</u>	
<b>Other segment information</b>												
Capital expenditure	59,543	36	358	10	304	45	34	1,288	15	-	61,632	
Depreciation	11,425	101	249	67	99	59	15	2,906	124	-	15,045	
Amortization of Intangible assets	-	-	-	-	-	-	-	-	26	-	26	
Other non-cash income	(1,138)	(91)	(19)	-	(58)	-	-	(84)	(243)	-	(1,633)	
Other non-cash expenses other than depreciation	1,908	62	10	33	129	314	12	60	-	-	2,528	

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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 April 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. 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>2,651</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 30.06.16 RM'000</b>
Warehouse renovation	282
Warehouse equipment	40
	<u>322</u>

## **FREIGHT MANAGEMENT HOLDINGS BHD**

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### **Notes on the quarterly report – 30 June 2016**

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

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

The Group registered a decrease in revenue of RM3.0million or approximately 3% lower than 4QFY15. Details of changes in each service type are as follows:-

<b>Service Type</b>	<b>4QFY16</b>	<b>4QFY15</b>	<b>Increase/ Decrease RM mil</b>	<b>% change</b>
Seafreight	66.9	68.2	-1.3	-2%
Railfreight	0.1	0.2	-0.1	-50%
Airfreight	9.6	8.5	1.1	13%
Tug & Barge	3.2	4.7	-1.5	-32%
3PL & Warehousing	9.9	11.0	-1.1	-10%
Customs Brokerage	5.8	6.0	-0.2	-3%
Haulage	5.2	5.3	-0.1	-2%
Landfreight	4.4	4.2	0.2	5%
<b>TOTAL</b>	<b>105.1</b>	<b>108.1</b>	<b>-3.0</b>	<b>-3%</b>

Airfreight and Landfreight are the divisions that recorded a higher revenue in 4QFY16 while rest of the other services especially the Tug & Barge Division have achieved lower revenue compared to 4QFY15.

The Group's Profit Before Tax decreased to RM4.90 mil from RM6.08 mil as compared to 4QFY15 mainly due to losses incurred in our Tug & Barge division and share of losses and its impairment of assets in a Joint Venture in Tug & Barge business despite achieving better margin from other divisions such as Seafreight, Airfreight and Landfreight divisions.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 June 2016****B2. Variation of results against preceding quarter**

<b>Service Type</b>	<b>4QFY16</b>	<b>3QFY16</b>	<b>Increase/- Decrease</b>	
			<b>RM mil</b>	<b>% change</b>
Seafreight	66.9	66.2	0.7	1%
Railfreight	0.1	0.2	-0.1	-50%
Airfreight	9.6	8.7	0.9	10%
Tug & Barge	3.2	3.1	0.1	3%
3PL & Warehousing	9.9	10.5	-0.6	-6%
Customs Brokerage	5.8	5.6	0.2	4%
Haulage	5.2	4.8	0.4	8%
Landfreight	4.4	4.2	0.2	5%
<b>TOTAL</b>	<b>105.1</b>	<b>103.3</b>	<b>1.8</b>	<b>2%</b>

Revenue as compared to the preceding quarter, 3QFY16, registered a moderate growth of 2%. As compared to the preceding quarter, the Group recorded higher revenue mainly due to increase in revenue in the seafreight, airfreight and also landfreight services. However the revenue growth is impacted due to the slower activities in the Tug & Barge division.

Profit Before Tax for the current quarter decreased from RM7.21 mil to RM4.90 mil as compared to the preceding quarter mainly due to reasons as mentioned in Note B1.



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**B3. Current year prospects**

The Board noted the challenging and competitive business environment experienced in FY16 due to the uncertainties in the world economy had affected the overall performance of the Group. For the financial year ending 30 June 2017, the Group expects its freight divisions especially Seafreight, Airfreight and Landfreight to continue to contribute positively. Long term strategic investments and joint ventures both locally and in the region, will contribute to the Group's future growth. Going forward, the Group will continue seeking new business opportunities. The Group shall continue with its efforts to manage its operational and cost efficiency.

Barring any 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 2017.

**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 2016****B5. Tax expense**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>Quarter</b>	<b>Year</b>	<b>Year To</b>	<b>Year</b>
	<b>30.06.2016</b>	<b>Corresponding</b>	<b>Date</b>	<b>Corresponding</b>
	<b>30.06.2015</b>	<b>Quarter</b>	<b>30.06.2016</b>	<b>Quarter</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	1,638	1,473	5,263	4,150
Deferred tax	(85)	(498)	255	(67)
	<u>1,553</u>	<u>975</u>	<u>5,518</u>	<u>4,083</u>
<b>Under / (Over) provision in respect of prior years :</b>				
Income tax	-	82	(351)	27
Deferred tax	(12)	-	962	145
	<u>(12)</u>	<u>82</u>	<u>611</u>	<u>172</u>
<b>Total</b>	<u><u>1,541</u></u>	<u><u>1,057</u></u>	<u><u>6,129</u></u>	<u><u>4,255</u></u>

The cumulative year to date effective tax rate is slightly higher than the statutory tax rate due to fully utilisation of investment tax allowance during the financial year.

**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 2016****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	13,298
Hire purchase and lease liabilities	2,004
Bank overdrafts	883
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	16,185
<b>Payable after 12 months (secured)</b>	
Term loans	67,775
Hire purchase and lease liabilities	3,722
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	71,497
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Total borrowings	<hr/> <hr/> 87,682

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	67
Hire purchase and lease liabilities payable after 12 months	281
<b>In Singapore Dollar</b>	
Overdraft payable within 12 months	883
Term loans payable within 12 months	4,306
Term loans payable after 12 months	1,930
Hire purchase and lease liabilities payable within 12 months	103
Hire purchase and lease liabilities payable after 12 months	-
<b>In Indonesian Dollar</b>	
Hire purchase and lease liabilities payable within 12 months	190
Hire purchase and lease liabilities payable after 12 months	70
<b>In Thailand Dollar</b>	
Hire purchase and lease liabilities payable within 12 months	2
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	7,832
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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 second interim single tier dividend of 3.5 sen per share, in respect of financial year ended 30 June 2016. The dividend will be paid on 22 November 2016 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 1 November 2016.

**FREIGHT MANAGEMENT HOLDINGS BHD****(Company No: 380410-P)****Notes on the quarterly report – 30 June 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>30.06.2016</b>	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
Profit attributable to equity holders of the parent (RM'000)	5,522	6,448	19,874	20,105
Weighted average number of ordinary shares in issue ('000)	172,999	170,761	172,999	170,761
Effect of exercise of warrants ('000)	932	213	493	377
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary shares('000)	173,931	170,974	173,492	171,138
Basic Earnings Per Ordinary Share (sen)	3.17	3.77	11.45	11.75

**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>30.06.2016</b>	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
Profit attributable to equity holders of the parent (RM'000)	5,522	6,448	19,874	20,105
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary shares ('000)	173,931	170,974	173,492	171,138
Effect of dilution in potential exercise of warrants ('000)	2,576	5,506	2,576	5,506
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)	176,507	176,480	176,068	176,644
Diluted Earnings Per Ordinary Share (sen)	3.13	3.65	11.29	11.38

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

	<b>As at 30.06.16 RM'000</b>	<b>As at 30.06.15 RM'000</b>
Total retained earnings of the Group:		
Realised	152,854	139,181
Unrealised *	(18,522)	(17,190)
Total share of retained earnings from associates:		
Realised	50	163
Total share of accumulated losses from joint ventures:-		
Realised	(1,604)	(783)
Less: Consolidation adjustments	<u>(32,700)</u>	<u>(32,895)</u>
Total Group retained earnings as per financial statements	<u>100,080</u>	<u>88,425</u>

\* Unrealised comprise of deferred tax assets, 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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**B12. Additional Disclosures on Profit for the period**

	<b>Current Year Quarter 30.06.16 RM'000</b>	<b>Current Year To Date 30.06.16 RM'000</b>
<b>Profit for the period is arrived at after charging/ (crediting):</b>		
Interest income	(110)	(335)
Gain on disposal of property, plant and equipment	(158)	(265)
Gain on foreign exchange	(29)	(563)
Bad debts recovered	-	(1)
Reversal of impairment losses on trade receivables	(249)	(996)
Depreciation of property, plant and equipment	3,816	15,045
Amortisation of intangible asset	26	26
Impairment loss and write off of trade receivables	(130)	1,427
Interest expense	1,091	4,190

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 30 June 2016.