



FREIGHT MANAGEMENT HOLDINGS BHD 380410-P



05

Global Progression



Annual Report 2005

Annual Report 2005 >>> Freight Management Holdings Bhd 380410-P

FREIGHT MANAGEMENT HOLDINGS BHD 380410-P

Wisma Freight Management, Lot 8, Lingkaran Sultan Mohammad 2,

Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan, Malaysia

Tel : 603 - 3176 1111 Fax : 603 - 3176 8634 Website : www.fmmalaysia.com.my



Content

- 1** Financial Highlights / **2** Notice of Annual General Meeting
- 6** Statement Accompanying Notice of Annual General Meeting / **7** Corporate Structure
- 8** Corporate Information / **9** Board of Directors / **10** Directors' Profile
- 12** Chairman's Statement / **17** Audit Committee Report / **20** Statement on Corporate Governance
- 24** Statement on Internal Control / **26** Additional Compliance Information
- 29** Statement on Directors' Responsibilities / **31** Financial Statements
- 78** Analysis of Shareholdings / **81** List of Properties / Proxy Form

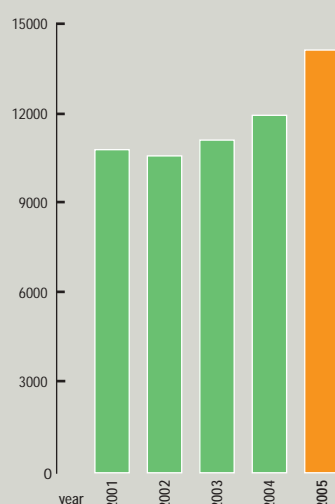
Financial Highlights

The table below sets out a summary of proforma consolidated results of the FM Group for the past five (5) years, based on the audited financial statements of FMH and its subsidiaries prepared on the assumptions that the current structure of the Group has been in existence throughout the five (5) financial years ended 30 June 2001 to 30 June 2005.

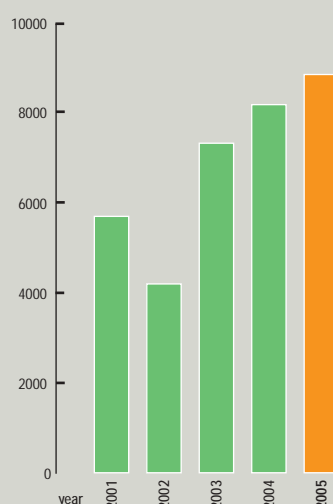
RM'000	2005	2004	2003	2002	2001
Revenue	141,270	119,491	111,142	105,637	107,740
Profit Before Tax	8,819	8,166	7,301	4,189	5,683
Profit After Tax	6,625	5,819	5,129	2,071	4,153
No. of shares in issue ('000)	85,200	85,200	85,200	85,200	85,200
Net EPS (sen)	*7.78	6.83	6.02	2.43	4.87

* EPS for financial year ended 30 June 2005 is computed without reclassifying pre-acquisition profits for a consistent comparison of the Group's performance.

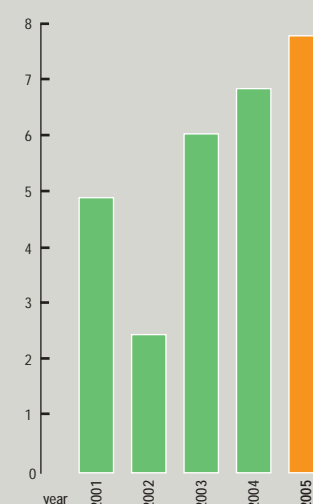
Revenue (RM '000)



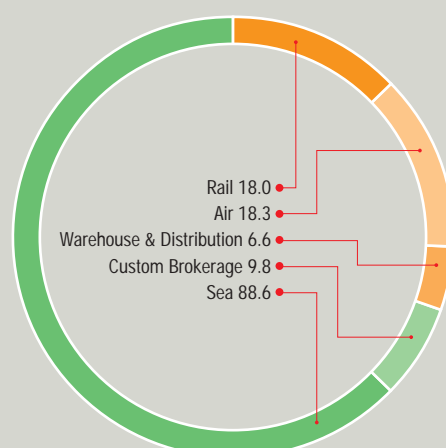
Profit Before Tax (RM '000)



Net EPS (sen)



2005 Revenue by Segment (RM 'Million)



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT TOURNAMENT ROOM, KUALA LUMPUR GOLF & COUNTRY CLUB, NO. 10 JALAN 1/70D, OFF JALAN BUKIT KIARA, 60000 KUALA LUMPUR ON WEDNESDAY, 23 NOVEMBER 2005 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:

1. To receive and adopt the Audited Financial Statements for the year ended 30 June 2005 and the Reports of the Directors and the Auditors thereon. **Resolution 1**
2. To approve the payment of Directors' Fees amounting to RM95,000 in respect of the financial year ended 30 June 2005. **Resolution 2**
3. To re-elect the following Directors retiring in accordance with Article 109 of the Articles of Association of the Company:
 - (a) Mr. Yang Heng Lam **Resolution 3**
 - (b) Madam Gan Siew Yong **Resolution 4**
4. To approve the payment of a final dividend of 2 sen per share less income tax at 28% for the year ended 30 June 2005. **Resolution 5**
5. To re-appoint BDO Binder as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 6**

As Special Business

To consider and if thought fit, to pass the following resolutions:

6. **Ordinary Resolution - Proposed Shareholders' Ratification for Recurrent Related Party Transactions of a Revenue or Trading Nature entered into with the Related Parties**

Resolution 7

"**THAT** any such transactions entered / to be entered into from the date of listing of Freight Management Holdings Bhd on Bursa Malaysia Securities Berhad i.e. 3 February 2005 as set out in Section 3.2 of the Circular to Shareholders of the Company dated 24 October 2005 with those related parties as disclosed in Section 3.2 which were necessary for day-to-day operations and which were carried out in the ordinary course of business at arms' length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of minority shareholders of the Company for the period from the Company's listing date on 3 February 2005 until 23 November 2005, be hereby approved and ratified."
7. **Ordinary Resolution - Proposed Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature**

Resolution 7

"**THAT**, subject to the Companies Act, 1965 ("Act"), the Memorandum & Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("FM Group") to enter into the type of arrangements and / or transactions as stated in Section 3.3 of the Circular to Shareholders dated 24 October 2005, involving the interests of Directors, Major Shareholders or persons connected to the Directors and / or Major Shareholders ("Related Parties") of the Group provided that such arrangements and / or transactions are:

 - (a) recurrent transactions of a revenue or trading nature;
 - (b) necessary for the Group's day-to-day operations;
 - (c) carried out in the ordinary course of business on terms which are not more favourable to the Related Parties than those generally available to the public; and
 - (d) not to the detriment of the Company's minority shareholders;

("Shareholders' Mandate")

AND THAT such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority will lapse unless such authority is renewed by a resolution passed at the next AGM; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (excluding such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders of the Company at a general meeting;

Whichever is the earliest;

AND THAT the Directors of the Company be authorized to act and to take all such steps and do all such things (including executing all such documents as may be required) as they may consider expedient or necessary to implement, finalise and give full effect to the Shareholders' Mandate."

Resolution 8

8. **Ordinary Resolution -
Proposed Share Buy-Back by the Company**

"THAT subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 1965, the provisions of the Company's Articles of Association and the requirements of Bursa Malaysia Securities Berhad, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy-back and / or hold from time to time and at anytime such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Board of Directors from time to time as they may deem fit and expedient in the interests of the Company ("the Proposed Share Buy-Back) provided that:-

- (a) the maximum number of FMH Shares which may be purchased and / or held by the Company pursuant to the Proposed Share Buy-Back shall not exceed ten percent (10%) of the total issued and paid-up ordinary share capital of the Company at any point of time; and
- (b) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of retained profits and/or the share premium account of the Company and based on the latest audited financial statements made up to 30 June 2005 the Retained Profits and Share Premium Account of the Company stood at RM1,946,439 and RM4,075,506 respectively.

THAT the shares purchased by the Company pursuant to the Proposed Share Buy-Back be dealt with in all or any of the following manner:

- (i) the shares so purchased maybe cancelled; and / or
- (ii) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and / or resold on the market of Bursa Malaysia Securities Berhad and / or subsequently cancelled; and / or
- (iii) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

THAT such authority shall commence upon the passing of this resolution, until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held unless revoked or varied by Ordinary Resolution of the shareholders of the Company in a general meeting so as not to prejudice the completion of a purchase made before such expiry date.

AND THAT the Directors of the Company be and are authorised to take all steps as are necessary or expedient to implement or to give effect the Proposed Share Buy-Back (including the appointment of stockbroker firm and the opening and maintenance of a Central Depository Account designated as a Share Buy-Back Account) with full powers to amend and / or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental / regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Securities and all other relevant governmental / regulatory authorities."

Resolution 9

**9. Ordinary Resolution -
Authority to Allot and Issue Shares Pursuant to the Employee Share Option Scheme**

"THAT pursuant to the Freight Management Holdings Bhd's Employee Share Option Scheme ("the Scheme") which was approved by the members vide a Members' Circular Resolution dated 22 June 2004, approval be and is hereby given to the Directors to offer and grant options to eligible employees and eligible Directors of the Company and its subsidiary companies ("the Group") and pursuant to Section 132D of the Companies act, 1965 to allot and issue such number of new ordinary shares of RM0.50 each in the capital of the Company from time to time in accordance with the Bye-Laws of the Scheme."

Resolution 10

**10. Ordinary Resolution -
Authority to Allot and Issue shares pursuant to Section 132D of the Companies Act, 1965**

"THAT pursuant to Section 132D of the Companies Act, 1965 and approvals from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and other relevant authorities, where approval is necessary, authority be and is hereby given to the Directors to allot and issue shares in the Company at any time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares to be issued shall not exceed 10% of the issued share capital of the Company for the time being AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 11

11. To transact any other business of the Company of which due notice shall have been given.

By Order of the Board

LIM HOOI MOOI
TAN ENK PURN
Joint Company Secretaries

Kuala Lumpur
24 October 2005

CLOSURE OF BOOKS

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Annual General Meeting, a final dividend of 2 sen per share less income tax at 28%, will be payable on 20 December 2005 to shareholders whose names appear in the Record of Depositors at the close of business on 6 December 2005.

A Depositor shall qualify for entitlement only in respect of:

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 6 December 2005 in respect of ordinary shares;
- b) Shares bought of Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

NOTES

1. A member of the Company entitled to attend and vote at the meeting may appoint not more than two (2) proxies to attend and vote instead of him. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or the hand of its attorney duly authorised.
4. The instrument of proxy must be deposited at the Company's Registered Office at Suite 13A-2 Menara Uni.Asia, 1008 Jalan Sultan Ismail, 50250 Kuala Lumpur not later than forty-eight hours before the time appointed for holding the meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

(a) Ordinary Resolution 7 & 8

The proposed Ordinary Resolutions 7 & 8 seeking Shareholders' Ratification and Shareholders' Mandate respectively to allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature are to enable the Company to comply with Paragraph 10.09, Part E of Bursa Malaysia Securities Berhad Listing Requirements. The mandate will take effect from the date of the passing of the Ordinary Resolutions until the next Annual General Meeting of the Company.

(b) Ordinary Resolution 9

The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percentage (10%) of the issued and paid up share capital of the Company ("Proposed Share Buy-Back") by utilizing the funds allocated which shall not exceed the total retained profits and share premium account of the Company. Further information on the Proposed Share Buy-Back is set out in the Circular to Shareholders of the Company dated 24 October 2005 which is dispatched together with the Company's 2005 Annual Report.

(c) Ordinary Resolution 10

The proposed Ordinary Resolution No. 10 is to empower the Directors to allot and issue ordinary shares from the unissued share capital of the Company pursuant to Freight Management Holdings Bhd's Employee Share Option Scheme.

(d) Ordinary Resolution 11

The proposed Ordinary Resolution No. 10, if passed, will avoid any delay and cost involved in convening a general meeting and will empower the Directors to allot and issue up to 10% of the issued share capital of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

(e) Statement Accompanying Notice of Annual General Meeting

A statement accompanying this notice which contains additional information as required under Appendix 8A of Bursa Malaysia Listing Requirements is found on page 6 of the Annual Report dated 17 October 2005.

Statement Accompanying **Notice of Annual General Meeting**

1. DIRECTORS STANDING FOR RE-ELECTION

The Directors retiring by rotation and standing for re-election pursuant to Article 109 of the Articles of Association of the Company are:

- (a) Mr. Yang Heng Lam
- (b) Madam Gan Siew Yong

The profiles of the above-named Directors are set out in the section entitled "Profile of Directors" on pages 10 to 11.

6

2. DATE, TIME AND VENUE OF THE ANNUAL GENERAL MEETING

The Ninth Annual General Meeting of the Company will be held as follows:

Date : Wednesday, 23 November 2005

Time : 10.00 a.m.

Venue : Tournament Room, Kuala Lumpur Golf & Country Club
No. 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur

3. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

The details of attendance of Directors at Board of Directors' Meetings are set out in the section of Corporate Governance Statement on page 20 of the Annual Report.

Corporate Structure

AS AT 10 OCTOBER 2005



FREIGHT MANAGEMENT HOLDINGS BHD



— Subsidiary Company
— Associated Company

Corporate Information



BOARD OF DIRECTORS

Datuk Dr. Haji Noordin bin Haji Ab Razak (*Chairman/Independent Non-Executive Director*)
Chew Chong Keat (*Group Managing Director*)
Yang Heng Lam (*Executive Director*)
Gan Siew Yong (*Executive Director*)
Aaron Sim Kwee Lein (*Independent Non-Executive Director*)

AUDIT COMMITTEE

**Datuk Dr. Haji Noordin bin
Haji Ab Razak**
Chairman of Audit Committee
(*Independent Non-Executive Director*)

Yang Heng Lam
Member of Audit Committee
(*Executive Director*)

Aaron Sim Kwee Lein
Member of Audit Committee
(*Independent Non-Executive Director*)

REMUNERATION & NOMINATION COMMITTEE

**Datuk Dr. Haji Noordin bin
Haji Ab Razak**
Chairman

Aaron Sim Kwee Lein
Member

ESOS COMMITTEE

Chew Chong Keat
Chairman

Yang Heng Lam
Member

Gan Siew Yong
Member

Gan Siew Geok
Member

REGISTERED OFFICE

Suite 13A-2
Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: +603 2697 7611
Fax: +603 2697 7311

HEAD / MANAGEMENT OFFICE

Wisma Freight Management
Lot 8, Lingkaran Sultan Mohamad 2
Bandar Sultan Suleiman
42000 Port Klang
Selangor, Malaysia
Tel: +603 3176 1111
Fax: +603 3176 2188
Website: www.fmmalaysia.com.my
Email: gen@fmmalaysia.com.my



Board of Directors

FROM LEFT TO RIGHT

Yang Heng Lam (*Executive Director*), **Gan Siew Yong** (*Executive Director*)
Datuk Dr. Haji Noordin bin Haji Ab Razak (*Chairman/Independent Non-Executive Director*)
Chew Chong Keat (*Group Managing Director*), **Aaron Sim Kwee Lein** (*Independent Non-Executive Director*)

PRINCIPAL BANKERS

EON Bank Berhad
 HSBC Bank Malaysia Bhd
 OCBC Bank (Malaysia) Bhd
 United Overseas Bank (Malaysia) Bhd

AUDITORS

BDO Binder
 (Firm No.: AF 0206)
 12th Floor Menara Uni.Asia
 1008 Jalan Sultan Ismail
 50250 Kuala Lumpur
 Malaysia

SOLICITORS

Wong Lu Peen & Tunku Alina
 Advocate & Solicitors

REGISTRAR

Symphony Share Registrars Sdn Bhd
 Level 26, Menara Multi-Purpose
 Capital Square
 No 8, Jalan Munshi Abdullah
 50100 Kuala Lumpur
 Tel : +603 2721 2222
 Fax : +603 2721 2530

COMPANY SECRETARIES

Lim Hooi Mooi (f) (MAICSA 0799764)
 Tan Enk Purn (MAICSA 7045521)

STOCK EXCHANGE LISTING

Second Board
 Bursa Malaysia Securities Berhad

Directors' Profile

DATUK DR. HAJI NOORDIN BIN HAJI AB RAZAK

CHAIRMAN/
INDEPENDENT NON-EXECUTIVE
DIRECTOR

Datuk Dr. Haji Noordin bin Haji Ab Razak, aged 60, is the Chairman and an Independent Non-Executive Director of the Group. He is also the Chairman of the Audit Committee, Remuneration Committee and Nomination Committee. He obtained his degree in Bachelor of Arts in Sociology and Master of Arts in Sociology from the University of Malaya in 1971 and 1989 respectively. He later obtained his Doctor of Philosophy ("PhD") from the Pacific Western University of USA in 1991. He is a fellow member of the British Institute of Management and a member of the Institute Management Consultant Malaysia. He is also a fellow member of the Institute Sultan Iskandar of Urban Habitat and Highrise.

He commenced his career as an Education Officer with the Ministry of Education in 1965. In 1972, he left the Ministry of Education to join the City Hall of Kuala Lumpur as Assistant Secretary. He was promoted to the position of Director General of City Hall of Kuala Lumpur in 1989 and assumed the post until his retirement in 2000. Besides contributing to more than 27 years in the socio-economic development, strategic planning and development of Kuala Lumpur, he also served in the Board of Directors of Urban Development Agency, PGK Sdn Bhd, Stadium Negara and Badan Seni Lukis Negara between 1988 and 2000.

He is presently involved primarily in non-governmental organisations, where he is the Chairman of various organisations such as University Malaya Alumni Association, Institut Pemikiran Kreatif Malaysia (INSPEK) and Malaysian Red Crescent of Kuala Lumpur. He also sits as council member of National Association for the Prevention of Drug Abuse (PEMADAM) and Institute of Islamic Understanding Malaysia (IKIM).

He is also a director of Kejora Harta Bhd.

CHEW CHONG KEAT GROUP MANAGING DIRECTOR

Chew Chong Keat, aged 44, is the Managing Director of the Group. He is the Chairman of the ESOS Committee. He is one of the co-founders of the Group and was instrumental in expanding the Group from a small sea freight services provider with 2 international independent agents to support its LCL consolidation business in 1988 to a multimodal international freight services provider covering sea, rail and air with established offices along the major ports and towns on the west coast of Malaysia and a network of more than 50 international independent agents in 30 countries worldwide. He has more than 18 years of experience in the provision of freight services and logistics. In 1984, he graduated from the University of Manchester, United Kingdom with a Bachelor degree in Economics. He also holds a Diploma in Business Education Council National and Diploma of Competence in Freight Forwarding from the International Federation of Freight Forwarders ("FIATA").

GAN SIEW YONG EXECUTIVE DIRECTOR

Gan Siew Yong, aged 43, is the Executive Director of the Group, responsible for export services. She is a member of the ESOS Committee. She is one of the co-founders of the Group and has been with FM Group since 1988. She completed her Higher School Certificate in 1981 and has since been involved in the freight forwarding industry.

She commenced her career as a secondary school teacher in 1982 and in 1985 she joined Roda Maju Sdn Bhd as Transportation Coordinator. In 1988, she joined Freight Management (M) Sdn Bhd as the Customer Service Manager, responsible for the overall customers' freight service requirements for both FCL and LCL consolidation. In April 1993, she was appointed as a director of Freight Management (M) Sdn Bhd. She is responsible for the overall export related services of FM Group, including sea freight and in particular, LCL consolidation.

She is also responsible for the negotiation of rates and securing container space with the shipping lines. She has been entrusted with the responsibility of expanding the Group's LCL consolidation business since 1993 when Port Klang was designated as a FCZ. Together with the strong support from her customer service team of more than 25 personnel, Ms Gan has been instrumental in the establishment of the Group's LCL consolidation business which has direct links to other independent agents located at various ports worldwide such as Tokyo and Hong Kong.

YANG HENG LAM **EXECUTIVE DIRECTOR**

Yang Heng Lam, aged 42, is the Executive Director responsible for import services and sales. He is a member of the Audit Committee and the ESOS Committee of the Group. He completed his Sijil Tinggi Pelajaran Malaysia in 1982 and has since been involved in the freight forwarding industry.

He commenced his career with East Asia Line Sdn Bhd as an Operational Executive handling all matters in the operation department in 1987. He was subsequently promoted to take charge of the marketing department prior to joining Freight Management (M) Sdn Bhd. His primary responsibility was to oversee the sales department besides develop new markets. He also assisted the Managing Director of the company to develop an international network of business alliances.

In 1989, he joined Freight Management (M) Sdn Bhd. Mr Yang has been instrumental in securing and maintaining major customers for the FM Group. His other responsibilities include nurturing and expanding the supporting services of FM Group, such as customs brokerage, warehousing and distribution.

AARON SIM KWEE LEIN **INDEPENDENT NON-EXECUTIVE DIRECTOR**

Aaron Sim Kwee Lein, aged 39, is an Independent Non-Executive Director of FMH. He is a Fellow Member of the Chartered Association of Certified Accountants (ACCA), a Chartered Accountant of the Malaysian Institute of Accountants and a Chartered Member of the Institute of Internal Auditors Malaysia. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

He commenced his career with an international accounting firm and gained professional exposure in stock-broking, trading, manufacturing and construction concerns. Thereafter, he joined a listed company on the Main Board of Bursa Securities, as an Internal Auditor where he was engaged in audit work of stock-broking, manufacturing, retail and distribution concerns. In addition, he was also involved in due diligence, operational rationalisation and strategic planning work of corporate acquisitions. Subsequently, he was the Finance & Administrative Manager in food retail franchise chain companies before becoming the Deputy General Manager of Corporate Strategies of a glove manufacturing company. He is currently the Principal Consultant with Omni Biz Consulting, offering business and financial advisory services

ADDITIONAL INFORMATION

FAMILY RELATIONSHIPS

Gan Siew Yong is the spouse of Chew Chong Keat.

DIRECTORSHIP OF PUBLIC COMPANIES

None of the Directors has any directorships in other public listed companies except for Datuk Dr. Haji Noordin bin Haji Ab Razak who sits on the Board of Kejora Harta Bhd.

CONVICTIONS

None of the Directors has convictions of offence within the past 10 years other than traffic offences.

Chairman's **Statement**

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE COMPANY AND GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005.

DATUK DR. HAJI NOORDIN BIN HAJI AB RAZAK
Chairman





CORPORATE EXERCISE

Freight Management Holdings Bhd ("FMH") and its group of companies recorded a significant milestone in its corporate history with the successful listing of Freight Management Holdings Bhd on the Second Board of Bursa Malaysia Securities Berhad on 3rd February 2005. The Company made a public issue of 37.22 million new ordinary shares of RM0.50 each at an issue price of RM0.65 per ordinary shares and raised RM24.19 million for the Group.

The public issue of FMH's Initial Public Offering was oversubscribed by 39.47 times. The 6.0 million shares available for public subscription attracted a total of 36,937 applications for 242.79 million shares with a value of RM157.82 million. It was indeed an overwhelming achievement and tremendous demonstration of public confidence in the Company.



PERFORMANCE REVIEW

For the financial year ended 30 June 2005, the Group performed above expectation, achieving a consolidated pre-tax profit of RM8.8 million, on the back of RM141.3 million in revenue, based on the full year proforma results. Profit after tax (before pre-acquisition profit) amounted to RM6.6 million, which exceeded the profit after tax (before pre-acquisition profit) forecast of RM6.2 million. Net earnings per share for the year amounted to 7.8 sen per share.

The Group's strong performance can be attributed to our robust business model which generates multiple income streams. Sea freight services remain the main contributor to the Group's turnover, reporting a total revenue of RM89 million, which represents 62% contribution. Airfreight and Rail freight contributed RM18 million each in terms of revenue, while warehouse, distribution and customers brokerage contributed RM16 million.





On the international front, the Group established its first overseas office in Western Australia via a joint venture agreement with Sheriff (WA) Pty Ltd to establish a joint venture company known as Icon Freight Services Pty Ltd. This joint venture is undertaken by our wholly own subsidiary company, Icon Line (Malaysia) Sdn Bhd, which subscribed to 55% of the total paid-up share capital of AUD150,000 in Icon Freight Services Pty Ltd. We are confident that we will be able to provide freight and logistics services to exporters and importers including those in the mining industry from this part of Australia.

DIVIDENDS

I am pleased to inform shareholders that an interim gross dividend of 2.0 sen had been declared and paid on 8th August 2005.

In view of the good financial performance, the Board of Directors of FMH has proposed a gross final dividend of 2.0 sen per share less tax at 28% in respect of financial year ended 30 June 2005. This, together with the gross interim dividend of 2.0 sen per share paid in August 2005, would amount to a full year's gross dividend of 4.0 sen per share, which exceeds the gross dividend forecast of 1.0 sen per share in the listing Prospectus.



FUTURE PROSPECTS

Barring unforeseen circumstances, the Board is confident that the Group's growth prospect and profitability for 2006 is in tandem with the economic vibrancy of Malaysia.

The Group is embarking on its strategy in the coming year to maximize each LCL (less than a container load) container to achieve higher profit margin and economies of scale. The Group is also looking to grow its LCL seafreight services to more ports in China, particularly Shanghai, Xingang, Qingdao and Xiamen as well as increasing the frequency of shipment per port.

As a multimodal freight services provider covering air, rail and sea, the Group is continuing to expand and leverage on its sales team to cross sell its services. The Board believes that the volume handled by the Group will grow steadily for sea, rail and air to establish FM Group as the dominant player in the market, providing a one stop total freight services solutions for our customers.

Moving forward, the Board will constantly be on the look out for business opportunities and potential ventures which are synergistic and complimentary to the Group to enhance the shareholders' value.

ACKNOWLEDGEMENT

On behalf of the Directors, I would like to express my heartfelt gratitude and appreciation to our shareholders, customers, business associates, bankers and various government agencies for their continued support. To all our management and staff, we thank you for your contribution, commitment and loyalty towards the Group.

And finally, I would also like to thank my fellow Directors for their invaluable advice and guidance to the Board.

DATUK DR. HAJI NOORDIN BIN HAJI AB RAZAK
Chairman



Audit Committee Report

MEMBERS

The Audit Committee was established on 3 December 2004. The present members and their respective designation are as follows:

Chairman : Datuk Dr. Haji Noordin Bin Haji Ab Razak
(Independent Non-Executive Director)

Members : Aaron Sim Kwee Lein
(Independent Non-Executive Director)

Yang Heng Lam
(Executive Director)

TERMS OF REFERENCE

1. Composition of Audit Committee

The Audit Committee shall be appointed by the Directors from among their members (pursuant to a resolution of the Board of Director) and shall comprise no fewer than three (3) members of whom the majority shall be independent directors.

At least one member of the Audit Committee:

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience and;
 - a) he must have passed the examinations specified in Part 1 of the First Schedule of the Accountant's Act 1967; or
 - b) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountant's Act 1967.

The members of the Audit Committee shall elect a chairman from among their members who shall be an independent director.

2. Functions of the Audit Committee

The Audit Committee shall among others, discharge the following functions:-

- Review the following and report the same to the Board of Directors;
 - (a) with the external auditors, the audit plan;
 - (b) with the external auditors, his evaluation of the system of internal controls;
 - (c) with the external auditors, his audit report;
 - (d) the assistance provided by employees to the external auditors;
 - (e) the adequacy of the scope, functions and resources of the internal audit functions and the necessary authority the internal auditor has to carry out the work;

- (f) the internal audit program, processes, the results of the internal audit program, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) quarterly results and year-end financial statements, prior to the approval by the Board focusing particularly on:-
 - i) changes in the implementation of major accounting policy changes;
 - ii) significant and unusual events;
 - iii) the going-concern assumptions;
 - iv) compliance with accounting standards and other legal requirements;
 - (h) any related party transactions and the conflict of interest situation including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (i) any letters of resignation from the external auditors;
 - (j) Whether there is any reason and supported by grounds, to believe that the external auditors is not suitable for re-appointment;
- Recommend the nomination of a person or persons as external auditors;
 - Review and verify the allocation of options under the Company's share scheme for employees ("ESOS") to ensure consistent compliance with the criteria as set in the scheme by the ESOS Committee ; and
 - Report promptly to Bursa Malaysia Securities Berhad on any matter the Audit Committee had reported to the Board of Directors, which was not satisfactorily resolved and / or resulted in a breach of the Bursa Malaysia Securities Berhad Listing Requirements.

3. Rights of the Audit Committee

For the performance of its duties, the Audit Committee shall:-

- have authority to investigate any matter within its terms of reference;
- have the resources which are required to perform its duties;
- have direct communication channels with the external auditors and the persons carrying out the internal audit function;
- be able to obtain independent professional or other advice at a cost to be approved by the Board of Directors;
- be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Audit Committee, whenever deemed necessary;

4. Procedure of the Audit Committee

The Audit Committee shall regulate its own procedures as follows:

- the Audit Committee shall hold at least 4 meetings each financial year;
- a member of the Audit Committee may at any time summon a meeting of the Audit Committee;
- notice calling for a meeting of the Audit Committee shall be given to all its members at least 7 Days before the meeting or at shorter notice as the Audit Committee shall determine;
- the quorum necessary for the transaction of business at an Audit Committee meeting shall be two, the majority of members present must be independent directors;
- questions arising at any Audit Committee meeting shall be decided by the majority votes of its members present. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote;

- minutes of each Audit Committee meeting shall be kept by the Secretary of the Audit Committee;
- the Company Secretary shall be the Secretary of the Audit Committee and the Secretary's duties amongst others shall include:-
 - (a) the custody, production and availability of inspection of such minutes;
 - (b) the maintenance of particulars required for the preparation of the Audit Committee Report.

ACTIVITIES DURING THE FINANCIAL PERIOD

The Company was listed on 3 February 2005 and from the date of listing to the financial year ended 30 June 2005 two (2) meetings of the Audit Committee were held. These meetings were attended in full by all the members of the Audit Committee.

At each of these Audit Committee's meetings, the financial controller was invited to brief the Audit Committee on specific issues. The reviews of the Group's quarterly and year-to-date unaudited financial statements were held before submission to the Board for consideration and approval. During the respective Board meetings, the Chairman of the Audit Committee briefed the Board on issues raised in respect of the financial statements and the recommendations of the Committee thereon.

INTERNAL AUDIT FUNCTION

The Audit Committee is aware that an independent adequately resourced internal audit function is essential to ensure the implementation of a sound internal control system. The principal role of the internal audit is to undertake such systematic reviews of the internal control systems within the Group so as to provide reasonable assurance that such systems are adequate and functioning as intended. Its responsibilities include provision of independent and objective reports on the state of internal control of the various operating units within the Group to the Audit Committee so that remedial actions can be taken in relation to weaknesses noted in the systems and controls of the respective operating units. Accordingly, the Company appointed an external professional consultancy firm, Cheng & Co Management Consultancy Sdn Bhd on 24 June 2005 to initiate the internal audit function.

Statement on Corporate Governance

The Board of Directors ("the Board") of Freight Management Holdings Bhd ("FMH") is committed to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to enhance shareholders' value and the financial performance of the Group.

The Board is pleased to report on the state of compliance of the Group in relation to the principles and best practices as set out in the Malaysian Code of Corporate Governance ("the Code").

1. THE BOARD OF DIRECTORS

Board Responsibilities

The Group acknowledges the important role played by the Board in the stewardship of its direction and operations, and ultimately enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction and overall well-being. The Board is normally involved in matters concerning the Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of financial and operating performance of the Group.

Board Meeting

The Board plans to meet at least four times a year and has a formal schedule of matters reserved for it. Additional meetings will be held as and when necessary. Since FMH's listing on Bursa Malaysia on 3 February 2005, two meetings were held in which the Board deliberated upon and considered various issues including the Group's financial results, performance of the Group's business, business plan and policies and strategic issues affecting the Group's business.

Details of attendance of the Directors at Board Meetings held during the financial year are as follows:-

Total	Number of Meetings	Number of Meetings Attended
Datuk Dr. Haji Noordin Bin Haji Ab Razak	2	2
Chew Chong Keat	2	2
Yang Heng Lam	2	2
Gan Siew Yong	2	2
Aaron Sim Kwee Lein	2	2

Board Balance

The Board currently consists of five (5) members comprising of an Independent Non-Executive Chairman, three Executive Directors and an Independent Non-Executive Director. The current composition of the Board is consistent with the principles and best practice recommended under the Code and the Listing Requirements.

The Board is of the opinion that the current composition of the Board fairly reflects the investment of minority shareholders. The independent directors are individuals of calibre, credibility and have the necessary skills and experiences to provide independent and unbiased view and advice on the strategy, performance, resources and standards of conduct of the Group. In addition, due to active participation of all the Directors, no individual or small group of individuals dominate the Board's decision making process.

Supply of Information

Board papers are provided to the Board members in sufficient time prior to a Board meeting to enable the Directors to review and consider the agenda items to be discussed at the Board meeting. The Board reports, among others, include the following:

- Minutes of meetings of all Committees of the Board
- Quarterly performance report of the Group
- Business plans and budgets
- Updates on statutory regulations and requirements affecting the Group
- Relevant market information for decision making

In addition, there is a schedule of matters reserved specifically for the Board's decision including the approval of the annual company plans, major acquisitions or disposal of a business or assets and changes to management and control structure of the Group, namely, key policies and authority limits.

All Directors have access to the advice and services of the Company Secretary.

Appointment to The Board

The Nomination Committee shall nominate or consider candidates nominated for appointment to the Board and Board Committees. The Board shall review and deliberate on the candidates proposed prior to approving the appointment of board member.

Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme to comply with the Bursa Malaysia Listing Requirements.

Audit Committees

To enhance business and operational efficiency, the Board has delegated specific responsibilities to the Audit Committee. The Board has established the Audit Committee on 3 December 2004. The report of the Audit Committee is set on pages 17 to 19 of this Annual Report.

Nomination Committee

The Nomination Committee ("NC") was established on 24 February 2005 and comprises of the following members who are exclusively non-executive independent directors:

Datuk Dr. Haji Noordin bin Haji Ab Razak (Chairman of the Committee)
Aaron Sim Kwee Lein (Member of the Committee)

The NC is empowered by the Board to bring to the Board recommendations on the appointment of new Directors and to review the Board structure, size and composition as well as those of Board Committees.

The duties and functions of the Nomination Committee encompass the following:-

- Recommend to the Board, candidates nominated by shareholders or the Board for directorships to be filled;
- Recommend to the Board, directors to fill seats on board committees;
- Review annually the required skills and experience and other qualities and core competencies non-executive directors should bring to the Board; and
- Assess annually the effectiveness of the Board as a whole and the contribution of each individual director.

The decision on new appointment of directors rests with the Board after considering the recommendation of the Nomination Committee.

In the financial year under review, the Committee did not meet. The conduct of the annual review on the Directors' core competencies, contribution and effectiveness will be done in the next financial year.

2. DIRECTORS REMUNERATION

The Remuneration Committee was established on 24 February 2005 to assist the Board in determining and developing a remuneration policy for Directors. The members of the Remuneration Committee are:-

Datuk Dr. Haji Noordin bin Haji Ab Razak (Chairman of the Committee)
Aaron Sim Kwee Lein (Member of the Committee)

The role of the Remuneration Committee, in accordance with its Term of Reference, include

- the annual review of the various types of components of remuneration such as fees, allowances, basic salary, bonus and other benefits in kind for directors;
- ensuring that a transparent and formal procedure is established in the assessment of the level of compensation that would be sufficient to attract and keep good calibre directors;
- ensuring that the remuneration package is linked to performance, responsibility level and is comparable with market norm.

The Remuneration Committee is authorized by the Board to draw from outside advice as and when necessary in forming its recommendations to the Board on the remuneration of the Executive Directors. The remuneration of the non-executive Directors are determined by the Board as a whole with individual Directors abstaining from deliberation on his remuneration.

In the financial year under review, the Committee did not meet.

Details of the remuneration packages for the Directors of the Group for the financial year ended 30 June 2005 are as follows:-

	Executive Directors RM	Non-Executive Directors RM
Fees*	6,000	4,000
Salaries & other emoluments	60,000	35,000

* Subject to the approval of shareholders.

The number of Directors of the Company whose income falls within the following bands is set out as follows:-

	Number of Directors	
	Executive	Non-Executive
RM50,000 and below	3	2

3. SHAREHOLDERS

The Board recognizes the importance of maintaining active communication with its shareholders and timely dissemination of information concerning the Group's business performance. Announcements on various disclosures and the quarterly financial reports are made to the Bursa Malaysia Securities Berhad.

Annual General Meeting

The Annual General Meeting ("AGM") represents the principal forum for dialogue with its shareholders. FMH will hold its first AGM, since its listing, at Tournament Room, Kuala Lumpur Golf & Country Club, No. 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 23 November 2005 at 10.00 a.m.

4. ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and the quarterly announcements to shareholders, the Board has taken reasonable steps to ensure the financial statements are true and fair reflection of the Group's position and prospects. This also applies to circulars to shareholders and other documents that are submitted to the authorities and regulators. The Directors' responsibility statement is set out on page 29 of this Annual Report.

Internal Control

Information on the Group's system of internal control is presented in the Statement on Internal Control set out on pages 24 to 25 of this Annual Report

Relation with Auditors

The role of the Audit Committee in relation to the external auditors is disclosed in the Audit Committee Report set out on pages 17 to 19 of this annual report. The Company maintains a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the approved accounting standards in Malaysia.

Statement on Internal Control

THE BOARD OF DIRECTORS IS PLEASED TO COMMENT ON THE STATE OF INTERNAL CONTROL OF THE GROUP FOR THE YEAR ENDED 30 JUNE 2005 IN LINE WITH THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's system of internal control and for reviewing its effectiveness whilst the role of management is to implement the Board's policies on risk and control. Due to the inherent limitations in any system of internal control, the system of internal control is designed to manage rather than eliminate all risks that may impede the achievement of the Group's business objectives. Accordingly, in pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Board maintains an on-going commitment to strengthen the Group's internal control environment and processes as well as its risk management framework. To this end, on 24 June 2005, the Board has engaged a professional service provider firm to assist the Group in the development of the Group's key risk profile and a risk management framework that is responsive to changes in the business and operating environment.

Apart from the above mentioned exercise, the on-going Board and management meeting discuss, deliberate and address risks which are associated with strategic, financial and operational issues as part of the decision making processes. This is the manner adopted by the Group for identifying and managing risks prior to the implementation of a structured risk management framework as mentioned above.

INTERNAL CONTROL MECHANISM

The responsibility for reviewing the adequacy and integrity of the internal control system has been delegated by the Board to the Audit Committee which was established on 3 December 2004. The Audit Committee, in turn, assess the adequacy and integrity of the internal control system through independent reviews conducted on reports it receives from external auditors, the outsourced internal audit function and management.

As part of the process, the external auditors provide assurance in the form of their annual statutory audit of the financial statements of the Group. Further, any areas of improvement identified during the course of the statutory audit by the external auditors are being brought to the attention of the Audit Committee through Audit Review Memorandum, and this process will be maintained in the future.

The Group had on 24 June 2005, outsourced its internal audit function to an independent professional service provider firm to assist the Audit Committee as well as the Board of Directors in discharging their responsibilities by providing an independent, objective assurance and advisory services that add value and improve the operations in the following areas:

- ensuring existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- ensuring adequacy and effectiveness of internal control systems for safeguarding of assets, providing consistent, accurate financial and operational data;

- promoting risk awareness and the value and nature of an effective internal control system;
- ensuring compliance with laws, regulations, corporate policies and procedures; and
- assisting management in accomplishing its objectives by adopting a systematic and disciplined audit approach to evaluating and improving the effectiveness of risk management, control and governance processes within the companies' operations.

KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system are described below:

- Organisation structure with clearly defined delegation of responsibilities to the Board;
- Regular meetings are held at operational and management levels to identify and resolve business, financial, operational and management issues;
- The main subsidiary company was accredited MS ISO 9001:2000 since year 1996. Documented internal procedures and standard operating procedures have been put in place and surveillance audits are conducted twice a year by assessors of the ISO certification body to ensure that the system is adequately implemented;
- Documented guidelines on operating procedures have been put in place for relevant departments;
- Regular information are provided by the management to the Board on financial performance and key business indicators;
- Monthly monitoring of results by the management through financial reports such as profit & loss, balance sheet and trial balance;
- Regular internal audit visits and other specific assignments, if the need arises, assigned by the Audit Committee and/or Board who monitors compliance with procedures and assesses the integrity of financial information provided; and
- Audit Committee holds regular meetings with management on the actions taken on internal control issues identified through reports prepared by the internal auditors, external auditors and/or management.

SUMMARY

During the year under review, the Board is not aware of any issues which would result in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report. Notwithstanding this, the Board will continue to take adequate measures to strengthen the control environment in which the Group operates.

Statement made in accordance with the resolution of the Board of Directors dated 17 October 2005.

Additional Compliance Information

1. UTILISATION OF PROCEEDS

A Public Issue of 37,219,240 new ordinary shares of RM0.50 each at an issue price of RM0.65 per ordinary share payable in full upon application was allotted on 25 January 2005.

The Public Issue have raised a total gross proceeds of RM24,192,506 ("IPO Proceeds") for the Group pursuant to the listing of the Company on the Second Board of Bursa Securities. As at the date of this report, the IPO Proceeds were utilized as follows:-

	Gross Proceeds RM '000	Amount Utilised RM '000	Balance RM '000
Acquisition of land	6,961	6,961	-
Construction of warehouse	7,200	210	6,990
Acquisition of computer software and hardware	1,635	703	932
Acquisition of additional containers	1,822	827	995
Listing expenses	1,500	1,500	-
Working capital	5,074	2,676	2,398
	24,192	12,877	11,315

2. SHARE BUYBACK

There were no share buybacks by the Company during the financial year.

3. OPTIONS, WARRANT OR CONVERTIBLE SECURITIES

Save as disclosed below, there were no options, warrants or convertible securities issued by the Company during the financial year:-

On 28 January 2005, the Company granted options for 4,678,000 shares pursuant to its Employees' Share Option Scheme at an exercise price of RM0.65 per share to the eligible employees. None of the options were exercised during the financial year ended 30 June 2005.

4. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year

5. RECURRENT RELATED PARTY TRANSACTIONS

All recurrent related party transactions entered into by the Group during the financial year are disclosed in Note 31 of the financial statement in pages 72 of this annual report.

6. IMPOSITION OF SANCTIONS / PENALTIES

There were no sanctions and / or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies during the financial year.

7. NON-AUDIT FEES

The amount of non-audit fees paid and payable to the external auditors during the financial year ended 30 June 2005 was RM200,000 which mainly is attributable to the professional charges in relation to the listing exercise of the Company.

8. VARIATIONS IN RESULTS

There were no material deviations between the Group's audited profit after tax for the financial year ended 30 June 2005 and the forecasted profit after tax as set out in the Prospectus dated 31 December 2004.

9. PROFIT GUARANTEE

During the financial year, there were no profit guarantees given by the Company of its subsidiaries.

10. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company and its subsidiaries which involve Directors' or Substantial Shareholders' interests either still subsisting at the end of the financial year ended 30 June 2005 or entered into since the end of the previous financial year:-

- (a) Sale and Purchase Agreement dated 22 May 2004 between Chew Chong Keat, Yang Heng Lam, Gan Siew Yong ("Vendors") and FMH in respect of the Acquisition of FMM as set out in Section 6.3(b)(i) for a purchase consideration of RM17,774,783 ("Purchase Price") apportioned between the Vendors in the proportions set out in the agreement and is satisfied by the issue to the Vendors in the proportions set out in the agreement of 35,549,566 Shares issued at par, credited as fully paid up and equivalent to the Purchase Price. The acquisition was completed on 30 November 2004;
- (b) Sale and Purchase Agreement dated 22 May 2004 between Cheong Tak Hua, Law Kok Voon, Syed Ahamed b. Abdul Majeed, Gunasekaran a/l Marimuthoo, FMM ("Vendors") and FMH in respect of the Acquisitions from Minority Shareholders and the Transfer of Equity Interests for the shares in ALSB as set out in Sections 6.3(c) and 6.3(d)(ii) for an aggregate purchase consideration of RM513,112 ("Purchase Price") apportioned between the Vendors in the manner as set out in the agreement and is satisfied by the issue to the Vendors in the proportions set out in the agreement of 502,850 Shares issued at par, credited as fully paid up and the payment of the sum of RM261,687 to the Vendors in the proportions set out in the agreement. The acquisition was completed on 30 November 2004;
- (c) Sale and Purchase Agreement dated 22 May 2004 between Wong Lee Choo, FMM ("Vendors") and FMH in respect of the Acquisitions from Minority Shareholders and the Transfer of Equity Interests for the shares in FM(Ipoh) as set out in Sections 6.3(c) and 6.3(d)(ii) for an aggregate purchase consideration of RM1,407,960 ("Purchase Price") apportioned between the Vendors in the manner as set out in the agreement and is satisfied by the issue to the Vendors in the proportions set out in the agreement of 281,592 Shares issued at par, credited as fully paid up and the payment of the sum of RM1,267,164 to the Vendors in the proportions set out in the agreement. The acquisition was completed on 30 November 2004;

- (d) Sale and Purchase Agreement dated 22 May 2004 between Ong Looi Chai, FMM ("Vendors") and FMH in respect of the Acquisitions from Minority Shareholders and the Transfer of Equity Interests for the shares in FM(Penang) as set out in Sections 6.3(c) and 6.3(d)(ii) for an aggregate purchase consideration of RM3,073,499 ("Purchase Price") apportioned between the Vendors in the manner as set out in the agreement and which shall be satisfied by the issue to the Vendors in the proportions set out in the agreement of 922,050 Shares issued at par, credited as fully paid up and the payment of the sum of RM2,612,474 to the Vendors in the proportions set out in the agreement. The acquisition was completed on 30 November 2004;
- (e) Sale and Purchase Agreement dated 22 May 2004 between Goh Chong Weng, Teh Swee Sim, FMM ("Vendors") and FMH in respect of the Acquisitions from Minority Shareholders and the Transfer of Equity Interests for the shares in FMHWL as set out in Sections 6.3(c) and 6.3(d)(ii) for an aggregate purchase consideration of RM3,092,642 ("Purchase Price") apportioned between the Vendors in the manner as set out in the agreement and which shall be satisfied by the issue to the Vendors in the proportions set out in the agreement of 1,855,586 Shares issued at par, credited as fully paid up and the payment of the sum of RM2,164,849 to the Vendors in the proportions set out in the agreement. The acquisition was completed on 30 November 2004;
- (f) Sale and Purchase Agreement dated 22 May 2004 between FM(Penang) and FMM in respect of the Transfer of FMWL(Penang) for the shares in FMWL(Penang) as set out in Section 6.3(d)(i) for a cash consideration of RM552,199. The acquisition was completed on 25 November 2004; and
- (g) Sale and Purchase Agreement dated 11 August 2004 between Mewah-Oils Sdn Bhd ("Mewah-Oils") and FMM in respect of the sale by Mewah-Oils of all that piece of land known as Lot 37, Jalan Lebu 1, Kawasan Perusahaan Bandar Sultan Sulaiman, 42000 Selangor Darul Ehsan to FMM on an "as is where is basis" with vacant possession for a purchase consideration of RM11,107,800.

11. REVALUATION POLICY

No revaluation was carried out by the Group or the Company on landed properties during the financial year. The Group and the Company do not adopt a policy of regular revaluation on its landed properties as such exercises would only be carried out when deemed appropriate by the directors.

Statement on Directors' Responsibilities

The Directors are responsible for ensuring that the financial statements of the Company and Group are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Ensured that applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 have been followed; and
- Considered the going concern basis used as being appropriate.

The Directors are also responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Company and of the Group to enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and of the Group and to prevent and detect fraud and other irregularities.

A green-tinted conceptual image. The top half shows the hull of a ship, with a dark section featuring two white diagonal stripes. The hull is secured with numerous large, dark, rounded rivets. Below the ship's hull, a railway track with wooden sleepers and gravel ballast extends from the bottom left towards the center. The background consists of a cloudy sky. The entire image has a monochromatic green color scheme.

**YOUR
CONNECTION
TO THE
WORLD!**



Financial Statement

32	Directors' Report
39	Statement by Directors
39	Statutory Declaration
40	Report of the Auditors
41	Balance Sheets
42	Income Statements
43	Statement of Changes in Equity
44	Cash Flow Statements
46	Notes to the Financial Statements

Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the new subsidiary companies acquired are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the financial year	3,604,920	3,190,502

DIVIDENDS

Dividends paid since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 30 June 2005:	
Ordinary interim dividend of 2.0 sen per share, less tax, paid on 8 August 2005	1,226,880

The Directors proposed a final gross dividend on ordinary shares of 2.0 sen per share, less tax, amounting to RM1,226,880 in respect of the financial year ended 30 June 2005 subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

In conjunction with the listing and quotation of the entire issued and fully paid-up share capital of the Company on the Second Board of the Bursa Malaysia Securities, the Company had undertaken the following:

- On 26 November 2004, the Company had sub-divided its 100,000 authorised ordinary shares of RM1.00 each to 200,000 ordinary shares of RM0.50 each by sub-dividing every one (1) of its existing ordinary shares of RM1.00 each into two (2) ordinary shares of RM0.50 each. Accordingly, its three (3) existing paid up ordinary shares of RM1.00 each had been split into six (6) new ordinary shares of RM0.50 each.
- On 26 November 2004, the Company increased its authorised share capital from RM100,000 to RM100,000,000 by the creation of an additional 199,800,000 ordinary shares of RM0.50 each.
- On 30 November 2004, the issued and paid-up share capital of the Company was increased by way of issue of 35,549,566 ordinary shares of RM0.50 each at par for the acquisition of 100% of the issued and paid-up ordinary share capital of Freight Management (M) Sdn. Bhd. for a purchase consideration of RM17,774,783.

ISSUE OF SHARES AND DEBENTURES (CONT'D)

- (d) On 1 December 2004, the issued and paid-up share capital of the Company was increased by way of issue of 3,562,078 ordinary shares of RM0.50 each at par for the acquisition of the following equity interest for total purchase consideration of RM1,781,039.
- (i) 49% of the issued and paid-up ordinary share capital of Advance Logistar Sdn. Bhd.;
 - (ii) 10% of the issued and paid-up ordinary share capital of Freight Management (Ipoh) Sdn. Bhd.;
 - (iii) 15% of the issued and paid-up ordinary share capital of Freight Management (Penang) Sdn. Bhd.; and
 - (iv) 30% of the issued and paid-up ordinary share capital of FM-Hellmann Worldwide Logistics Sdn. Bhd.
- (e) On 2 December 2004, the issued and paid-up share capital of the Company was increased by way of issue of 8,869,110 ordinary shares of RM0.50 each for the capitalisation of advances of RM4,434,555 owed by Freight Management (M) Sdn. Bhd. to its Directors on the basis of 1 new share for every RM0.50 of the amount outstanding.
- (f) On 20 January 2005, the Company made a public issue of 37,219,240 ordinary shares of RM0.50 each at an issue price of RM0.65 per ordinary share.

The above mentioned shares rank pari-passu in all respects with the then existing ordinary shares of the Company.

There was no issue of debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") of the Company was approved by its shareholders at an Extraordinary General Meeting held on 26 November 2004 and came into effect on 28 January 2005. The ESOS shall be in force for a period of 5 years until 27 January 2010 ("the option period"). The main features of the ESOS are as follows:

- (a) The ESOS is made available to eligible Directors and employees are those who are confirmed employees of the Group for at least six months as at the date of offer;
- (b) The maximum number of options to be offered under the ESOS shall not exceed 15% of the Company's issued and paid-up share capital at any point in time during the duration of the ESOS or such additional number that may be permitted by the relevant authorities during the duration of the ESOS;
- (c) The options granted shall be capable of being exercised by notice in writing to the Company on such day or within such time period as may be determined by the ESOS Committee. The periods where option are exercisable as decided by the ESOS Committee are in the months of June and December only;
- (d) The exercise price of the options shall not be less than the issue price for the issue shares (for options granted prior to the listing of the Company on the Second Board of Bursa Malaysia Securities) or shall be based on the five-days weighted average market price of the shares at the time the options are granted with a discount of not more than 10% if deemed appropriate by the ESOS Committee (for options that are granted after listing);
- (e) Upon exercise of the options, the shares issued rank pari-passu with the then existing issued ordinary shares of the Company except that the shares so issued will not be entitled to any dividend, rights, allotment or other distribution declared, made or paid to the shareholders unless the shares so allotted have been credited into the relevant securities accounts of the shareholders maintained by the Depository before the entitlement date and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise;

Directors' Report

(Cont'd)

EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

- (f) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any share issue of any other company in the Group;
- (g) An eligible Director who is a non-executive director shall not sell, transfer or assign the shares obtained through the exercise of the options offered to him within one (1) year; and
- (h) The maximum percentage of options exercisable in each year is 20%, rounded to the nearest board lot of the entitlement.

The details of the options over ordinary shares of the Company are as follows:

Date of offer	Option price RM	--- Number of options over ordinary shares of RM0.50 each ---				
		Balance as at 1.7.2004	Granted during the year	Accepted during the year	Exercised during the year	Balance as at 30.6.2005
28 January 2005	0.65	-	4,981,000	4,678,000	-	4,678,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the full list of option holders and their holdings except for eligible employees with allocation of 200,000 options and above, which are as follows:

Name of option holders	Option price RM	Balance as at 1.7.2004	--- Number of options over ordinary shares of RM0.50 each ---			Balance as at 30.6.2005
			Granted and accepted during the year	Exercised during the year		
Chew Chong Keat	0.65	-	200,000	-		200,000
Yang Heng Lam	0.65	-	200,000	-		200,000
Gan Siew Yong	0.65	-	200,000	-		200,000
Ong Looi Chai	0.65	-	200,000	-		200,000
Teh Swee Sim	0.65	-	200,000	-		200,000

DIRECTORS

The Directors who held office since the date of the last report are:

Datuk Dr. Haji Noordin bin Haji Ab Razak (appointed on 22 July 2004)
 Chew Chong Keat
 Yang Heng Lam
 Gan Siew Yong
 Aaron Sim Kwee Lein (appointed on 3 December 2004)

In accordance with Article 109 of the Company's Articles of Association, Yang Heng Lam and Gan Siew Yong retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interest in the ordinary shares of the Company during the financial year ended 30 June 2005 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, were as follows:

Shares in the Company	Balance as at date of 1.7.2004	Share split	----- Number of ordinary shares -----			Balance as at 30.6.2005
			Bought		Sold	
<u>Direct interests</u>						
Chew Chong Keat	1	1	24,801,866		-	24,801,868
Gan Siew Yong	1	1	3,703,080		-	3,703,082
Yang Heng Lam	1	1	16,195,770		-	16,195,772
Datuk Dr. Haji Noordin bin Haji Ab Razak	-	-	3,408,000	(820,000)		2,588,000

By virtue of Section 6A of the Companies Act, 1965, Chew Chong Keat and Yang Heng Lam are also deemed to have interest in the shares of all the subsidiary companies to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year held any interest in the shares of the Company and its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted to eligible Directors under the Company's ESOS.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

Directors' Report

(Cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY: (CONT'D)

(I) AS AT THE END OF THE FINANCIAL YEAR (cont'd)

- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.
- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The Company had on 3 February 2005 been admitted to the Official List of Bursa Malaysia Securities Berhad and listed on the Second Board on Bursa Malaysia Securities. Pursuant to the listing exercise, the Company undertook a flotation scheme which was approved by its shareholders at an Extraordinary General Meeting held on 26 November 2004. The flotation scheme had been approved by Securities Commission and Ministry of International Trade and Industry on 8 November 2004 and 22 July 2004 respectively. The flotation scheme involved the following:

(a) Share split

The Company undertook a share split which involved a change in the par value of ordinary shares from RM1.00 into RM0.50 each, by way of sub-division of the par value for each existing ordinary share of RM1.00.

(b) Acquisitions

- (i) Acquisition of 100% equity interest in Freight Management (Malaysia) Sdn. Bhd. from Directors comprising 2 million ordinary shares of RM1.00 each for a purchase consideration of RM17,774,783 satisfied by the issuance of 35,549,566 new ordinary shares at par.
- (ii) Acquisition of 100% equity interest in Icon Line (Malaysia) Sdn. Bhd. from Freight Management (M) Sdn. Bhd. and Directors comprising 40,000 ordinary shares of RM1.00 each for a cash consideration of RM1.00.
- (iii) Acquisition of remaining equity interest in subsidiary companies of Freight Management (M) Sdn. Bhd. namely Advance Logistar Sdn. Bhd., Freight Management (Penang) Sdn. Bhd., Freight Management (Ipoh) Sdn. Bhd. and FM-Hellmann Worldwide Logistics Sdn. Bhd. for a total purchase consideration of RM1,781,039 satisfied by the issuance of 3,562,078 new ordinary shares at par.

(c) Transfers

- (i) Freight Management (Penang) Sdn. Bhd. transferred its 30% equity shareholding in FM Worldwide Logistics (Penang) Sdn. Bhd. comprising 75,000 ordinary shares of RM1.00 each to Freight Management (M) Sdn. Bhd. for a cash consideration of RM165,660. The purchase consideration constitutes an intercompany debt between Freight Management (Penang) Sdn. Bhd. and Freight Management (M) Sdn. Bhd.
- (ii) Then, Freight Management (M) Sdn. Bhd. transferred its entire equity interest in its subsidiary companies, namely Advance Logistar Sdn. Bhd., Citra Multimodal Services Sdn. Bhd., Freight Management (Ipoh) Sdn. Bhd., Freight Management (Melaka) Sdn. Bhd., Freight Management (Penang) Sdn. Bhd., FM-Hellmann Worldwide Logistics Sdn. Bhd., FM Worldwide Logistics (Penang) Sdn. Bhd. and Perspektif Gemilang Sdn. Bhd. to the Company for a total cash consideration of RM9,300,094. The total purchase consideration constitutes an intercompany debt between Freight Management (M) Sdn. Bhd. and the Company.
- (d) Capitalisation of debts of RM4,434,555 owed by Freight Management (M) Sdn. Bhd. to its Directors into new ordinary shares on the basis of 1 new share for every RM0.50 debt.
- (e) Public issue of 37,219,240 ordinary shares at a par value of RM0.50 each at an issue price of RM0.65 each.
- (f) Listing of and quotation for the entire issued and paid-up share capital of the Company of RM42,600,000 comprising 85,200,000 ordinary shares of RM0.50 each, on the Second Board of Bursa Malaysia Securities.

Directors' Report

(Cont'd)

EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 14 July 2005, the Company through a wholly owned subsidiary company, Icon Line (Malaysia) Sdn. Bhd., entered into a joint venture agreement with Sheriff (WA) Pty Ltd, the trustee for JJ Bulare Trust to set up a joint venture in Australia via the establishment of a joint venture company to be known as Icon Freight Services Pty Ltd ("JVCo").

The intended activity of the JVCo is to provide integrated freight (air, sea and land) and logistic services. JVCo will have an authorised and paid up share capital of AUD\$150,000 and the capital will be contributed as follows:

- (i) 55% from Icon Line (Malaysia) Sdn. Bhd. equivalent to AUD\$82,500; and
- (ii) 45% from Sheriff (WA) Pty Ltd equivalent to AUD\$67,500.

AUDITORS

The auditors, BDO Binder, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

.....
Chew Chong Keat
Director

.....
Yang Heng Lam
Director

Port Klang
17 October 2005

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 41 to 77 have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:

- (i) the state of affairs of the Group and of the Company as at 30 June 2005 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group and of the Company for the financial year ended 30 June 2005.

On behalf of the Board,

.....
Chew Chong Keat
Director

.....
Yang Heng Lam
Director
Port Klang
17 October 2005

Statutory Declaration

I, Chew Chong Keat, being the Director primarily responsible for the financial management of Freight Management Holdings Bhd., do solemnly and sincerely declare that the financial statements set out on pages 41 to 77 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly) Chew Chong Keat
declared by the abovenamed at)
Kuala Lumpur)
this 17 October 2005)

Before me:
P. SETHURAMAN
W-217
COMMISSIONER FOR OATHS

Report of The Auditors

TO THE MEMBERS OF FREIGHT MANAGEMENT HOLDINGS BHD

We have audited the financial statements set out on pages 41 to 77.

These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 30 June 2005 and of its results and cash flows for the financial year then ended;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiary companies that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

BDO Binder

AF: 0206

Chartered Accountants

James Chan Kuan Chee

2271/10/05 (J)

Partner

Kuala Lumpur

17 October 2005

Balance Sheets

AS AT 30 JUNE 2005

	NOTE	Group 2005 RM	Company 2005 RM	2004 RM
ASSETS EMPLOYED				
PROPERTY, PLANT AND EQUIPMENT	6	15,359,307	-	-
INVESTMENT IN SUBSIDIARY COMPANIES	7	-	28,855,917	-
INVESTMENT IN AN ASSOCIATED COMPANY	8	140,123	-	-
OTHER INVESTMENTS	9	1,221,309	-	-
CURRENT ASSETS				
Trade receivables	10	23,458,335	-	-
Other receivables, deposits and prepayments	11	13,152,853	6,160	-
Amounts owing by subsidiary companies	12	-	6,439,421	-
Amount owing by an associated company	13	216,790	-	-
Tax recoverable		555,758	-	-
Fixed deposits with licensed banks	14	3,255,212	-	-
Cash and bank balances		20,262,341	14,825,634	3
		60,901,289	21,271,215	3
LESS: CURRENT LIABILITIES				
Trade payables	15	10,758,312	-	-
Other payables and accruals	16	3,715,617	155,307	17,183
Hire purchase and lease creditors	17	420,067	-	-
Term loan - secured	18	21,168	-	-
Bank overdrafts - secured	19	5,409,263	-	-
Dividends payable	26	1,226,880	1,226,880	-
Tax liabilities		237,805	123,000	-
		21,789,112	1,505,187	17,183
NET CURRENT ASSETS/(LIABILITIES)		39,112,177	19,766,028	(17,180)
		55,832,916	48,621,945	(17,180)
FINANCED/(REPRESENTED) BY				
SHARE CAPITAL	20	42,600,000	42,600,000	3
RESERVES	21	10,858,096	6,021,945	(17,183)
SHAREHOLDERS' EQUITY/ (CAPITAL DEFICIENCY)		53,458,096	48,621,945	(17,180)
NON-CURRENT AND DEFERRED LIABILITIES				
Hire purchase and lease creditors	17	569,552	-	-
Term loan - secured	18	60,268	-	-
Deferred tax liabilities	22	1,745,000	-	-
		55,832,916	48,621,945	(17,180)

The attached notes form an integral part of the financial statements.

Income Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

	NOTE	Group 2005 RM	Company 2005 RM	2004 RM
Revenue	23	82,997,063	4,107,613	-
Cost of sales		(68,140,262)	-	-
Gross profit		14,856,801	4,107,613	-
Other operating income		2,395,453	177,335	-
Administration expenses		(6,262,521)	(187,446)	(3,076)
Other operating expenses		(6,269,969)	-	-
Profit/(Loss) from operations		4,719,764	4,097,502	(3,076)
Finance costs		(139,513)	-	-
Share of profit in an associated company		17,419	-	-
Profit/(Loss) before tax	24	4,597,670	4,097,502	(3,076)
Tax expense	25			
Company and subsidiary companies		980,843	907,000	-
Share of tax expense in an associated company		11,907	-	-
		(992,750)	(907,000)	-
Net profit/(loss) for the financial year		3,604,920	3,190,502	(3,076)
Gross dividends per ordinary share (sen)	26	4.00		
Basic earnings per ordinary share (sen)	27	8.29		

The attached notes form an integral part of the financial statements.

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

GROUP	Share capital RM	Share premium RM	Reserve on consolidation RM	Retained profits/ (Accumulated losses) RM	Total RM
Balance as at 30 June 2004	3	-	-	(17,183)	(17,180)
Issue of shares	42,599,997	-	-	-	42,599,997
Share premium	-	5,582,886	-	-	5,582,886
Listing expenses	-	(1,507,380)	-	-	(1,507,380)
Reserve on consolidation	-	-	4,421,733	-	4,421,733
Net profit for the financial year	-	-	-	3,604,920	3,604,920
Interim dividend for the financial year (Note 26)	-	-	-	(1,226,880)	(1,226,880)
Balance as at 30 June 2005	42,600,000	4,075,506	4,421,733	2,360,857	53,458,096
COMPANY					
Balance as at 30 June 2003	3	-	-	(14,107)	(14,104)
Net loss for the financial year	-	-	-	(3,076)	(3,076)
Balance as at 30 June 2004	3	-	-	(17,183)	(17,180)
Issue of shares	42,599,997	-	-	-	42,599,997
Share premium	-	5,582,886	-	-	5,582,886
Listing expenses	-	(1,507,380)	-	-	(1,507,380)
Net profit for the financial year	-	-	-	3,190,502	3,190,502
Interim dividend for the financial year (Note 26)	-	-	-	(1,226,880)	(1,226,880)
Balance as at 30 June 2005	42,600,000	4,075,506	-	1,946,439	48,621,945

The attached notes form an integral part of the financial statements.

Cash Flow Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

	Group 2005 RM	Company 2005 RM	2004 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax	4,597,670	4,097,502	(3,076)
Adjustments for:			
Allowances for diminution in value in other investments	81,467	-	-
Allowance for doubtful debts	530,259	-	-
Allowance for doubtful debts no longer required	(369,467)	-	-
Property, plant and equipment written off	6,615	-	-
Bad debts recovered	(15,227)	-	-
Bad debts written off	10,025	-	-
Depreciation of property, plant and equipment	848,258	-	-
Dividend income	-	(3,517,613)	-
Gain on disposal of property, plant and equipment	(99,688)	-	-
Interest expense	139,513	-	-
Interest income	(281,035)	(177,107)	-
Share of profit in an associated company	(17,419)	-	-
Unrealised gain on foreign currency transactions	(25,960)	-	-
Operating profit/(loss) before working capital changes	5,405,011	402,782	(3,076)
Increase in trade receivables	(2,862,783)	-	-
(Increase)/Decrease in other receivables, deposits and prepayments	(6,934,760)	(6,160)	125
Increase in trade payables	1,728,108	-	-
(Decrease)/Increase in other payables and accruals	(1,165,240)	138,124	2,951
Increase in amount owing by an associated company	(77,014)	-	-
Cash (used in)/generated from operations	(3,906,678)	534,746	-
Tax paid	(2,318,701)	-	-
Net cash (used in)/from operating activities	(6,225,379)	534,746	-

The attached notes form an integral part of the financial statements.

Cash Flow Statements

(Cont'd)

	Group 2005 RM	Company 2005 RM	2004 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to subsidiary companies	-	(11,304,960)	-
Dividends received from subsidiary companies	-	2,733,613	-
Acquisition of subsidiary companies, net of cash and cash equivalents acquired (Note 28)	1,907,895	(1)	-
Placement of fixed deposits pledged to licensed banks	(83,773)	-	-
Proceeds from disposal of property, plant and equipment	337,733	-	-
Purchase of property, plant and equipment (Note 29)	(1,896,212)	-	-
Investment in unit trusts	(1,300,000)	-	-
Placements of REPO	(224,000,000)	(224,000,000)	-
Withdrawals of REPO	224,000,000	224,000,000	-
Interest received	281,035	177,107	-
Net cash used in investing activities	(753,322)	(8,394,241)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of listing expenses	(1,507,380)	(1,507,380)	-
Repayment of term loan	(46,941)	-	-
Repayment of hire purchase and lease creditors	(395,344)	-	-
Proceeds from issue of shares	24,192,506	24,192,506	-
Interest paid	(139,513)	-	-
Net cash from financing activities	22,103,328	22,685,126	-
Net increase in cash and cash equivalents	15,124,627	14,825,631	-
Cash and cash equivalents at beginning of financial year	3	3	3
Cash and cash equivalents at end of financial year (Note 30)	15,124,630	14,825,634	3

The attached notes form an integral part of the financial statements.

Notes to the Financial Statements

30 JUNE 2005

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

On 3 February 2005, the Company was listed on the Second Board of the Bursa Malaysia Securities.

The registered office of the Company is located at Suite 13A-2, Menara Uni.Asia, 1008 Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal place of business of the Company is located at Wisma Freight Management, Lot 8, Lingkaran Sultan Mohamad 2, Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, comprehensive insurance programmes and adherence to Group financial risk management policies. The Group is exposed mainly to foreign currency risk, liquidity risk, interest rate risk and credit risk. Information on the management of the related exposures are given below.

(a) Foreign currency risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by the Group in currencies other than its functional currency. The Group monitors the movements in foreign currency exchange rates closely to ensure their exposures are minimised. The Group does not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions.

(b) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

Short term flexibility is achieved by overdraft facilities.

(c) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rates debts. The Group monitors the interest rates on borrowings closely to ensure that the borrowings are maintained at favourable rates. The Group does not use derivative financial instruments to hedge these risks.

The Group is also exposed to interest rate risk in respect of its fixed deposits with licensed banks.

Notes to the Financial Statements

(Cont'd)

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk

Cash deposits and trade receivables may give rise to risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major international institutions and reputable multinational organisations. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

3. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the new subsidiary companies acquired are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

4. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies.

The preparation of financial statements in conformity with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year using the acquisition method of accounting.

The difference between the purchase price and the fair value of the net assets of subsidiary companies at the date of acquisition is treated as goodwill or reserve on consolidation. Goodwill on consolidation is stated at cost less impairment losses, if any. Reserve on consolidation is not recognised as income and is presented as a separate item in the balance sheet. The results of the subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the date of their acquisition or up to the date of their disposal.

Inter-company transactions and balances are eliminated on consolidation and the consolidated financial statements reflect the external transactions only.

Minority interest is measured at the minorities' share of the post-acquisition fair values of the identifiable assets and liabilities of the acquiree.

Notes to the Financial Statements

(Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is not depreciated. Long leasehold land is amortised over the terms of the lease period of 99 years. Depreciation on other property, plant and equipment is calculated to write off the costs of the assets on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2%
Machinery, furniture and fittings	10% - 20%
Office equipment	10% - 20%
Renovation	10% - 20%
Motor vehicles	20%
Forklifts	20%
Storage containers	10%

5.4 Assets acquired under hire purchase and lease agreements

Assets acquired under hire purchase and lease arrangements which transfer substantially all the risks and rewards of ownership to the Group and the Company are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to the income statement over the period of the agreements to give a constant periodic rate of charge on the remaining hire purchase and lease liabilities.

Rentals under operating lease are charged to the income statement on a straight line basis over the lease term.

5.5 Investments

(i) Subsidiary companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies which are eliminated on consolidation are stated at cost less impairment losses, if any.

(ii) Associated companies

An associated company is a company in which the Group and the Company have a long term equity interest of between 20% to 50% and where the Group and the Company is in a position to exercise significant influence over the financial and operating policies of the investee company.

The Company's investment in associated companies is stated at cost less impairment losses, if any.

Notes to the Financial Statements

(Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 Investments (cont'd)

(ii) Associated companies (cont'd)

Investment in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. The Group's interests in associated companies are stated at cost plus adjustments to reflect changes in the Group's share of profits and losses in the associated companies.

Goodwill or negative goodwill arising on acquisition represents the difference between the cost of investment and the Group's share of the value of net assets of the associated companies at the date of acquisition.

Goodwill on acquisition is stated at cost less impairment losses, if any. Negative goodwill arising on acquisition is not recognised as income.

The Group's share of results and reserve less losses in the associated companies acquired or disposed of is included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

(iii) Other investments

Investments in shares, unit trusts and debentures held as long term investments are stated at cost unless in the opinion of the Directors there is a decline other than temporary in the value of such investments. Such decline is recognised as an expense in the period in which the decline is identified.

Short term investments are stated at the lower of cost and market value on a portfolio basis.

5.6 Receivables

Receivables are carried at anticipated realisable values. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

5.7 Impairment of assets

The carrying amounts of the Group's and Company's assets, other than financial assets and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

The impairment loss is recognised in the income statements immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve account to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement.

All reversals of an impairment loss are recognised as income immediately in the income statements.

Notes to the Financial Statements

(Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 Impairment of assets (cont'd)

The impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of the specific event. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.8 Payables

Payables are stated at cost which is the fair values of the consideration to be paid in the future for goods and services received.

5.9 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.10 Employee benefits

5.10.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

5.10.2 Defined contribution plans

The Company and subsidiary companies make contributions to a statutory provident fund and recognise the contribution payable:

- (a) after deducting contributions already paid as a liability; and
- (b) as an expense in the financial year in which the employees render their services.

Notes to the Financial Statements

(Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.10 Employee benefits (cont'd)

5.10.3 Equity compensation benefits

Under the Employee Share Option Scheme of the Group, eligible employees are entitled to subscribe for the ordinary shares in the Company. No compensation cost or obligation is recognised in the income statement when the share options are granted. The share capital and share premium account are increased when the proceeds are received from the share options exercised by the employees in that financial year.

5.11 Income tax

Income tax in the financial statements for the financial year comprises current tax expense and deferred tax.

5.11.1 Current tax expense

Current tax expense is based on taxable profits.

5.11.2 Deferred tax

Deferred tax, which includes deferred tax liabilities and assets, is provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheets and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and the deferred tax liabilities relate to the same taxation authority.

5.12 Foreign currency transactions and translations

(a) Transactions and balances in foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the approximate rates of exchange at the balance sheet date.

All gains or losses arising from the settlement of foreign currency transactions and from translating foreign monetary assets and liabilities are taken up in the income statements.

Notes to the Financial Statements

(Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.12 Foreign currency transactions and translations (cont'd)

(b) Principal closing rates

The principal closing rates used in the translation of foreign currency amounts are as follows:

	2005 RM
1 Australian Dollar	2.903
1 Euro	4.595
1 Hong Kong Dollar	0.489
1 Japanese Yen	0.034
1 Pound Sterling	6.869
1 Singapore Dollar	2.258
1 Sweden Kronor	2.053
1 US Dollar	3.800

5.13 Revenue recognition

Group

Revenue of the Group represents principally invoiced value of services rendered.

Company

Management fees from subsidiary companies are recognised on an accrual basis.

Dividends income are recognised when the shareholder's right to receive payment is established.

5.14 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

5.15 Financial instruments

5.15.1 Financial instruments recognised on the balance sheets

(a) Ordinary shares

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise they are charged to the income statements.

Dividends to shareholders are recognised in equity in the period in which they are declared.

Notes to the Financial Statements

(Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 Financial instruments (cont'd)

5.15.1 Financial instruments recognised on the balance sheets (cont'd)

(b) Other borrowings

Other interest bearing borrowings are recorded at the amount of proceeds received, net of transaction cost.

(c) Other financial instruments

The accounting policies for other financial instruments recognised on the balance sheets are disclosed in the individual policy associated with each item.

5.15.2 Financial instruments not recognised on the balance sheets

There are no financial instruments not recognised on the balance sheets.

5.16 Borrowing costs

Interest, dividend, losses and gains relating to a financial instrument, or a component part classified as a financial liability is reported as finance cost in the income statements.

6. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1 July 2004 RM	Subsidiary companies acquired RM	Additions RM	Disposals RM	Written off RM	Balance as at 30 June 2005 RM
2005						
At cost						
Freehold land	-	236,467	-	-	-	236,467
Long leasehold land	-	3,161,918	-	-	-	3,161,918
Buildings	-	6,947,182	-	-	-	6,947,182
Machinery, furniture and fittings	-	962,096	52,508	-	(93,983)	920,621
Office equipment	-	3,768,980	744,059	(3,000)	(155,018)	4,355,021
Renovation	-	173,421	2,760	-	(1,596)	174,585
Motor vehicles	-	4,295,270	992,150	(434,615)	-	4,852,805
Forklifts	-	783,225	-	(133,860)	-	649,365
Storage containers	-	2,165,775	827,350	(8,913)	-	2,984,212
	-	22,494,334	2,618,827	(580,388)	(250,597)	24,282,176

Notes to the Financial Statements

(Cont'd)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Balance as at 1 July 2004 RM	Subsidiary companies acquired RM	Charge for the financial year RM	Disposals RM	Written off RM	Balance as at 30 June 2005 RM
Accumulated depreciation						
Freehold land	-	-	-	-	-	-
Long leasehold land	-	222,422	18,917	-	-	241,339
Buildings	-	822,118	83,533	-	-	905,651
Machinery, furniture and fittings	-	725,620	50,294	-	(90,690)	685,224
Office equipment	-	2,584,639	226,082	(1,233)	(151,698)	2,657,790
Renovation	-	113,268	2,601	-	(1,594)	114,275
Motor vehicles	-	2,870,584	305,616	(205,109)	-	2,971,091
Forklifts	-	724,013	15,400	(133,860)	-	605,553
Storage containers	-	598,272	145,815	(2,141)	-	741,946
	-	8,660,936	848,258	(342,343)	(243,982)	8,922,869
						Group 2005 RM
Net book value						
Freehold land						236,467
Long leasehold land						2,920,579
Buildings						6,041,531
Machinery, furniture and fittings						235,397
Office equipment						1,697,231
Renovation						60,310
Motor vehicles						1,881,714
Forklifts						43,812
Storage containers						2,242,266
						15,359,307

Property, plant and equipment pledged as securities for banking facilities granted to the Group are as follows:

	Group 2005 RM
At net book value	
Freehold land	236,467
Long leasehold land	2,920,579
Buildings	5,895,511
	9,052,557

Notes to the Financial Statements

(Cont'd)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The net book values of property, plant and equipment acquired by way of hire purchase and finance lease arrangements are as follows:

	Group 2005 RM
Motor vehicles	1,571,047

The title deed for a long leasehold land of a subsidiary company has yet to be issued by the relevant authorities.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2005 RM	2004 RM
Unquoted shares - at cost	28,855,917	-

The subsidiary companies are as follows:

Name of company	Country of incorporation	Interest in equity held by Company		Principal activities
		2005	2004	
Citra Multimodal Services Sdn. Bhd.	Malaysia	100%	-	Provision of freight services
FM-Hellmann Worldwide Logistics Sdn. Bhd.	Malaysia	100%	-	Provision of freight services
FM Worldwide Logistics (Penang) Sdn. Bhd.	Malaysia	100%	-	Provision of freight services
Freight Management (Ipoh) Sdn. Bhd.	Malaysia	100%	-	Provision of freight services
Freight Management (M) Sdn. Bhd.	Malaysia	100%	-	Provision of freight services
Freight Management (Melaka) Sdn. Bhd.	Malaysia	100%	-	Provision of freight services
Freight Management (Penang) Sdn. Bhd.	Malaysia	100%	-	Provision of freight services
Advance Logistar Sdn. Bhd.	Malaysia	100%	-	Provision of freight services

Notes to the Financial Statements

(Cont'd)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation	Interest in equity held by Company		Principal activities
		2005	2004	
Perspektif Gemilang Sdn. Bhd.	Malaysia	100%	-	Investment holding
Icon Line (Malaysia) Sdn. Bhd.	Malaysia	100%	-	Dormant

The shares in the subsidiary companies were acquired during the financial year. The details of acquisitions are disclosed in Note 37 to the financial statements.

The effect of these acquisitions on the financial results of the Group during the financial year is as follows:

	2005 RM
Revenue	82,997,063
Operating costs	(80,624,819)
Other operating income	2,218,118
Share of profit in an associated company	17,419
Profit before tax	4,607,781
Tax expense	(869,750)
Increase in Group's net profit after tax	3,738,031

The effect of these acquisitions on the financial position of the Group at the end of the financial year is as follows:

	2005 RM
Property, plant and equipment	15,359,307
Investment in an associated company	140,123
Other investments	1,221,309
Receivables	36,605,028
Tax recoverable	555,758
Amount owing by associated company	216,790
Cash and bank balances	5,436,707
Fixed deposits with licensed banks	3,255,212
Payables	(14,318,622)
Hire purchase and lease creditors	(989,619)
Term loan	(81,436)
Bank overdrafts	(5,409,263)
Tax liabilities	(114,805)
Deferred tax liabilities	(1,745,000)
Increase in Group net assets	40,131,489

Notes to the Financial Statements

(Cont'd)

8. INVESTMENT IN AN ASSOCIATED COMPANY

	Group 2005 RM
Unquoted shares, at cost	49,000
Group's share of post acquisition results	91,123
	<u>140,123</u>

The Group's investment in the associated company is represented by:

	Group 2005 RM
Group's share of net assets	71,768
Premium on acquisition	68,355
	<u>140,123</u>

The details of the associated company, which was incorporated in Malaysia, are as follows:

Company name	Interest in equity held by Group 2005	Principal activity
FM Distribution Sdn. Bhd.	49%	Provision of warehouse services

9. OTHER INVESTMENTS

	Group 2005 RM
Unquoted shares in Malaysia - at cost	2,776
Unit trusts in Malaysia - at cost	1,300,000
	<u>1,302,776</u>
Less: Allowance for diminution in value	(81,467)
	<u>1,221,309</u>
Market value of unit trusts in Malaysia	<u>1,218,533</u>

Notes to the Financial Statements

(Cont'd)

10. TRADE RECEIVABLES

	Group 2005 RM
Trade receivables	24,335,600
Less: Allowance for doubtful debts	(877,265)
	<u>23,458,335</u>

The allowance for doubtful debts is net of bad debts written off as follows:

	Group 2005 RM
Bad debts written off	<u>7,253</u>

The credit terms of trade receivables range from 7 to 60 days from date of invoice.

The currencies exposure profile of trade receivables of the Group are as follows:

	Group 2005 RM
Singapore Dollar	370
US Dollar	4,117,625
Ringgit Malaysia	<u>19,340,340</u>
	<u>23,458,335</u>

Notes to the Financial Statements

(Cont'd)

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2005 RM	Company 2005 RM	2004 RM
Deposits	12,159,986	-	-
Other receivables	530,345	-	-
Prepayments	462,522	6,160	-
	<u>13,152,853</u>	<u>6,160</u>	<u>-</u>

Included in deposits is an amount of RM11,107,800 paid to a vendor for the purchase of a piece of leasehold land.

12. AMOUNTS OWING BY SUBSIDIARY COMPANIES

Amounts owing by subsidiary companies represent capitalisation of debts owed by subsidiary company to Directors, advances and payments on behalf which are unsecured, interest-free and have no fixed terms of repayment.

13. AMOUNT OWING BY AN ASSOCIATED COMPANY

Amount owing by an associated company represents trade transactions which is unsecured, interest-free and has no fixed terms of repayment.

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group as at 30 June 2005 have maturity periods of 12 months.

Included in the fixed deposits with licensed banks is an amount of RM2,983,660 which has been pledged to licensed banks as securities for banking facilities granted to the Group.

Included in the fixed deposits with licensed banks is an amount of RM124,676 held in trust by certain Directors of the subsidiary company.

Notes to the Financial Statements

(Cont'd)

15. TRADE PAYABLES

The credit terms of trade payables range from 7 to 90 days from date of invoice.

The currencies exposure profile of trade payables of the Group are as follows:

	Group 2005 RM
US Dollar	2,580,977
Australian Dollar	15,109
Euro	139,932
Pound Sterling	101,832
Hong Kong Dollar	11,792
Japanese Yen	21,832
Singapore Dollar	3,897
Others	158,075
Ringgit Malaysia	7,724,866
	<u>10,758,312</u>

16. OTHER PAYABLES AND ACCRUALS

	Group 2005 RM	Company 2005 RM	2004 RM
Other payables	1,096,702	-	15,675
Accruals	2,618,915	155,307	1,508
	<u>3,715,617</u>	<u>155,307</u>	<u>17,183</u>

17. HIRE PURCHASE AND LEASE CREDITORS

	Group 2005 RM
Minimum hire purchase and lease payments:	
- not later than one year	469,454
- later than one year and not later than five years	603,745
	<u>1,073,199</u>
Less: Future interest charges	(83,580)
Present value of hire purchase and lease liabilities	<u>989,619</u>

Notes to the Financial Statements

(Cont'd)

17. HIRE PURCHASE AND LEASE CREDITORS (CONT'D)

	Group 2005 RM
Repayable as follows:	
Current liabilities:	
- not later than one year	420,067
Non current liabilities:	
- later than one year and not later than five years	569,552
	<u>989,619</u>

18. TERM LOAN - SECURED

	Group 2005 RM
Term loan is repayable as follows:	
Current liabilities:	
- not later than one year	21,168
Long term liabilities:	
- later than one year and not later than two years	22,756
- later than two years and not later than five years	24,463
- later than five years	13,049
	<u>60,268</u>
	<u>81,436</u>

The term loan is repayable in 72 equal monthly instalments of RM2,273. The interest charged is 1.5% per annum above the bank's base lending rate.

The term loan is secured by way of:

- (a) a fixed charge over the property of a subsidiary company;
- (b) personal guarantee by one of the Directors; and
- (c) corporate guarantee by a subsidiary company.

19. BANK OVERDRAFTS - SECURED

Certain bank overdrafts of the Group are secured by the following:

- (a) fixed deposits; and
- (b) freehold land and building and long leasehold land and building of the Group.

In addition, certain bank overdrafts are guaranteed by certain Directors of the Group.

Notes to the Financial Statements

(Cont'd)

20. SHARE CAPITAL

	Group and Company 2005			Company 2004		
	Number of shares	Par value RM	RM	Number of shares	Par value RM	RM
Ordinary shares						
Authorised:						
Balance as at						
1 July 2004/2003	100,000	1.00	100,000	100,000	1.00	100,000
*Share split	100,000	-	-	-	-	-
Created during the year	199,800,000	0.50	99,900,000	-	-	-
Balance as at						
30 June 2005/2004	200,000,000	0.50	100,000,000	100,000	1.00	100,000
Issued and fully paid:						
Balance as at						
1 July 2004/2003	3	1.00	3	3	1.00	3
*Share split	3	-	-	-	-	-
Issue during the year	85,199,994	0.50	42,599,997	-	-	-
Balance as at						
30 June 2005/2004	85,200,000	0.50	42,600,000	3	1.00	3

* The ordinary shares of RM1.00 each in authorised and issued share capital at the beginning of the financial year are deemed to have been sub-divided into ordinary shares of RM0.50 each to facilitate comparison since the Company had on 26 November 2004 sub-divided every one (1) of its ordinary shares of RM1.00 each into two (2) ordinary shares of RM0.50 each.

In conjunction with the listing and quotation of the entire issued and fully paid-up share capital of the Company on the Second Board of the Bursa Malaysia Securities, the Company had undertaken the following:

- On 26 November 2004, the Company had sub-divided its 100,000 authorised ordinary shares of RM1.00 each to 200,000 ordinary shares of RM0.50 each by sub-dividing every one (1) of its existing ordinary shares of RM1.00 each into two (2) ordinary shares of RM0.50 each. Accordingly, its three (3) existing paid up ordinary shares of RM1.00 each had been split into six (6) new ordinary shares of RM0.50 each.
- On 26 November 2004, the Company increased its authorised share capital from RM100,000 to RM100,000,000 by the creation of an additional 199,800,000 ordinary shares of RM0.50 each.
- On 30 November 2004, the issued and paid-up share capital of the Company was increased by way of issue of 35,549,566 ordinary shares of RM0.50 each at par for the acquisition of 100% of the issued and paid-up ordinary share capital of Freight Management (M) Sdn. Bhd. for a purchase consideration of RM17,774,783.

Notes to the Financial Statements

(Cont'd)

20. SHARE CAPITAL (CONT'D)

- (d) On 1 December 2004, the issued and paid-up share capital of the Company was increased by way of issue of 3,562,078 ordinary shares of RM0.50 each at par for the acquisition of the following equity interest for total purchase consideration of RM1,781,039.
- (i) 49% of the issued and paid-up ordinary share capital of Advance Logistar Sdn. Bhd.;
 - (ii) 10% of the issued and paid-up ordinary share capital of Freight Management (Ipoh) Sdn. Bhd.;
 - (iii) 15% of the issued and paid-up ordinary share capital of Freight Management (Penang) Sdn. Bhd.; and
 - (iv) 30% of the issued and paid-up ordinary share capital of FM-Hellmann Worldwide Logistics Sdn. Bhd.
- (e) On 2 December 2004, the issued and paid-up share capital of the Company was increased by way of issue of 8,869,110 ordinary shares of RM0.50 each for the capitalisation of advances of RM4,434,555 owed by Freight Management (M) Sdn. Bhd. to its Directors on the basis of 1 new share for every RM0.50 of the amount outstanding.
- (f) On 20 January 2005, the Company made a public issue of 37,219,240 ordinary shares of RM0.50 each at an issue price of RM0.65 per ordinary share.

The above mentioned shares rank pari-passu in all respects with the then existing ordinary shares of the Company.

Employees' Share Option Scheme

The Employees' Share Option Scheme ("ESOS") of the Company was approved by its shareholders at an Extraordinary General Meeting held on 26 November 2004 and came into effect on 28 January 2005. The ESOS shall be in force for a period of 5 years until 27 January 2010 ("the option period"). The main features of the ESOS are as follows:

- (a) The ESOS is made available to eligible Directors and employees are those who are confirmed employees of the Group for at least six months as at the date of offer;
- (b) The maximum number of options to be offered under the ESOS shall not exceed 15% of the Company's issued and paid-up share capital at any point in time during the duration of the ESOS or such additional number that may be permitted by the relevant authorities during the duration of the ESOS;
- (c) The options granted shall be capable of being exercised by notice in writing to the Company on such day or within such time period as may be determined by the ESOS Committee. The periods where option are exercisable as decided by the ESOS Committee are in the months of June and December only;
- (d) The exercise price of the options shall not be less than the issue price for the issue shares (for options granted prior to the listing of the Company on the Second Board of Bursa Malaysia Securities) or shall be based on the five-days weighted average market price of the shares at the time the options are granted with a discount of not more than 10% if deemed appropriate by the ESOS Committee (for options that are granted after listing);

Notes to the Financial Statements

(Cont'd)

20. SHARE CAPITAL (CONT'D)

Employees' Share Option Scheme (cont'd)

- (e) Upon exercise of the options, the shares issued rank pari-passu with the then existing issued ordinary shares of the Company except that the shares so issued will not be entitled to any dividend, rights, allotment or other distribution declared, made or paid to the shareholders unless the shares so allotted have been credited into the relevant securities accounts of the shareholders maintained by the Depository before the entitlement date and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise;
- (f) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any share issue of any other company in the Group;
- (g) An eligible Director who is a non-executive director shall not sell, transfer or assign the shares obtained through the exercise of the options offered to him within one (1) year; and
- (h) The maximum percentage of options exercisable in each year is 20%, rounded to the nearest board lot of the entitlement.

The details of the options over ordinary shares of the Company are as follows:

Date of offer	Option price RM	--- Number of options over ordinary shares of RM0.50 each ---				
		Balance as at 1.7.2004	Granted during the year	Accepted during the year	Exercised during the year	Balance as at 30.6.2005
28 January 2005	0.65	-	4,981,000	4,678,000	-	4,678,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the full list of option holders and their holdings except for eligible employees with allocation of 200,000 options and above, which are as follows:

Name of option holders	Option price RM	--- Number of options over ordinary shares of RM0.50 each ---			
		Balance as at 1.7.2004	Granted and accepted during the year	Exercised during the year	Balance as at 30.6.2005
Chew Chong Keat	0.65	-	200,000	-	200,000
Yang Heng Lam	0.65	-	200,000	-	200,000
Gan Siew Yong	0.65	-	200,000	-	200,000
Ong Looi Chai	0.65	-	200,000	-	200,000
Teh Swee Sim	0.65	-	200,000	-	200,000

Notes to the Financial Statements

(Cont'd)

21. RESERVES

	Group 2005 RM	Company 2005 RM	2004 RM
Non distributable:			
Share premium	4,075,506	4,075,506	-
Reserve on consolidation	4,421,733	-	-
	<u>8,497,239</u>	<u>4,075,506</u>	<u>-</u>
Distributable:			
Retained profits/(Accumulated losses)	2,360,857	1,946,439	(17,183)
	<u>10,858,096</u>	<u>6,021,945</u>	<u>(17,183)</u>

The movements in reserves are shown in the Statements of Changes In Equity.

22. DEFERRED TAX LIABILITIES

- (a) The deferred tax liabilities are made up of the following:

	Group 2005 RM
Balance as at 1 July 2004	-
Arising from acquisition of subsidiary companies (Note 28)	1,536,405
Recognised in the income statement (Note 25)	<u>208,595</u>
Balance as at 30 June 2005	<u>1,745,000</u>
Present after appropriate offsetting:	
Deferred tax assets, net	(92,000)
Deferred tax liabilities, net	<u>1,837,000</u>
	<u>1,745,000</u>

- (b) The movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	Group 2005 RM
Deferred tax assets	
Balance as at 1 July 2004	-
Arising from acquisition of subsidiary companies	89,000
Recognised in the income statement	
Unabsorbed capital allowances	<u>3,000</u>
Balance as at 30 June 2005	<u>92,000</u>

Notes to the Financial Statements

(Cont'd)

22. DEFERRED TAX LIABILITIES (CONT'D)

	Group 2005 RM
Deferred tax liabilities	
Balance as at 1 July 2004	-
Arising from acquisition of subsidiary companies	1,625,405
Recognised in the income statement	
Excess of capital allowances over corresponding depreciation	211,595
Balance as at 30 June 2005	<u>1,837,000</u>

- (c) The component of deferred tax assets and liabilities as at the end of the financial year comprise tax effect of:

	Group 2005 RM
Deferred tax assets	
Unabsorbed capital allowances	<u>92,000</u>
Deferred tax liabilities	
Excess of capital allowances over corresponding depreciation	<u>1,837,000</u>

- (d) The tax effects on temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:

	Group 2005 RM
Unabsorbed tax losses	26,740
Unabsorbed capital allowances	<u>1,060</u>
	<u>27,800</u>

23. REVENUE

	Group 2005 RM	Company 2005 RM	2004 RM
Rendering of services	82,997,063	-	-
Dividends income	-	3,517,613	-
Management fees	-	590,000	-
	<u>82,997,063</u>	<u>4,107,613</u>	<u>-</u>

Notes to the Financial Statements

(Cont'd)

24. PROFIT/(LOSS) BEFORE TAX

	Group 2005 RM	Company 2005 RM	2004 RM
Profits/(Loss) before tax is arrived at after charging:			
Allowance for doubtful debts	530,259	-	-
Auditors' remuneration			
- current year	58,660	24,000	750
Bad debts written off	10,025	-	-
Depreciation of property, plant and equipment (Note 6)	848,258	-	-
Directors' remuneration:			
- fees	138,900	95,000	-
- other emoluments	2,468,484	10,000	-
Interest expense on:			
- overdrafts	98,605	-	-
- term loans	3,871	-	-
- hire purchase and lease	37,037	-	-
Machine and office equipment rental	39,762	-	-
Property, plant and equipment written off	6,615	-	-
Provision for diminution in value of investments	81,467	-	-
Rental of containers	88,728	-	-
Rental of premises	147,608	-	-
And crediting:			
Allowance for doubtful debts no longer required	369,467	-	-
Bad debts recovered	15,227	-	-
Dividends received/receivable from subsidiary companies	-	3,517,613	-
Gain on disposal of property, plant and equipment	99,688	-	-
Gain on foreign currency transactions:			
- realised	1,245,615	-	-
- unrealised	25,960	-	-
Interest income on:			
- fixed deposits	265,577	177,107	-
- foreign currency account	15,458	-	-
Rental income	290,500	-	-

Notes to the Financial Statements

(Cont'd)

25. TAX EXPENSE

	Group 2005 RM	Company 2005 RM	2004 RM
Current tax expense based on profit for the financial year:			
- Income tax	949,500	907,000	-
- Deferred tax (Note 22)	203,675	-	-
	1,153,175	907,000	-
(Over)/Underprovision in prior years:			
- Income tax	(177,252)	-	-
- Deferred tax (Note 22)	4,920	-	-
	980,843	907,000	-
Share of tax in an associated company	11,907	-	-
	992,750	907,000	-

The numerical reconciliation between the average effective tax rate and the applicable tax rate of the Group and of the Company are as follows:

	Group 2005 %	Company 2005 %	2004 %
Applicable tax rate	28.00	28.00	(28.00)
Tax effects in respect of:			
Non allowable expenses	7.40	-	28.00
Non taxable income	(2.50)	(4.90)	-
Utilisation of previously unrecognised tax losses and capital allowances	(1.45)	-	-
Reduction in statutory tax rate on chargeable income up to RM500,000 for the Company and certain subsidiary companies	(6.47)	(0.96)	-
	24.98	22.14	-
Overprovision in prior years	(3.39)	-	-
Average effective tax rate	21.59	22.14	-

Notes to the Financial Statements

(Cont'd)

26. DIVIDENDS

	Group and Company			
	2005		2004	
	Gross dividend per share Sen	Amount of dividend net of tax RM	Gross dividend per share Sen	Amount of dividend net of tax RM
Interim dividend	2	1,226,880	-	-
Final dividend proposed	2	1,226,880	-	-
	4	2,453,760	-	-

The interim dividend of 2 sen per ordinary share, less income tax of 28%, amounting to RM1,226,880 in respect of the financial year ended 30 June 2005 was paid on 8 August 2005.

A final dividend in respect of the financial year ended 30 June 2005 of 2 sen per ordinary share, less tax, amounting to RM1,226,880 has been proposed by the Directors after the balance sheet date for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained profits in the financial year ending 30 June 2006.

27. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share:

The basic earnings per ordinary share for the financial year has been calculated based on the consolidated profit after tax for the financial year divided by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2005
Consolidated profit after tax for the financial year (RM)	3,604,920
Weighted average number of ordinary shares outstanding	43,496,795
Basic earnings per ordinary share (sen)	8.29

Diluted earnings per ordinary share:

Fully diluted earnings per ordinary share for the current financial year is not presented as there is an anti-dilutive effect on the conversion of share option to ordinary share.

Notes to the Financial Statements

(Cont'd)

28. ACQUISITION OF SUBSIDIARY COMPANIES

During the financial year, the Company acquired Citra Multimodal Services Sdn. Bhd., Freight Management (M) Sdn. Bhd., FM-Hellmann Worldwide Logistics Sdn. Bhd., FM Worldwide Logistics (Penang) Sdn. Bhd., Freight Management (Ipoh) Sdn. Bhd., Freight Management (Melaka) Sdn. Bhd., Freight Management (Penang) Sdn. Bhd., Perspektif Gemilang Sdn. Bhd., Advance Logistar Sdn. Bhd. and Icon Line (Malaysia) Sdn. Bhd.

Details of the net assets acquired and cash flow arising from the acquisition are as follows:

	Group RM
Property, plant and equipment	13,833,398
Other investment	2,776
Investment in an associated company	134,611
Trade receivables	20,683,002
Other receivables, deposits and prepayments	6,218,093
Tax recoverable	40,919
Amount owing by holding company	9,300,094
Amount owing by an associated company	139,776
Cash and bank balances	6,033,163
Fixed deposits with licensed banks	3,565,536
Trade payables	(8,988,024)
Other payables and accruals	(4,863,675)
Hire purchase and lease creditors	(662,347)
Amounts owing to Directors	(4,434,555)
Term loan	(128,377)
Bank overdrafts	(4,790,916)
Tax liabilities	(1,269,419)
Deferred tax liabilities (Note 22)	(1,536,405)
Net assets acquired	33,277,650
Reserve on consolidation	(4,421,733)
Total purchase consideration in subsidiary companies	28,855,917
Discharged by issue of shares	(19,555,822)
Discharged by assumption of inter-company debts	(9,300,094)
Total purchase consideration discharged by cash	1
Less: Cash and cash equivalents of the subsidiary companies acquired	(1,907,896)
Cash flow on acquisition, net of cash and cash equivalents acquired	(1,907,895)
	Company RM
Total purchase consideration in subsidiary companies (Note 7)	28,855,917
Discharged by issue of shares	(19,555,822)
Discharged by assumption of inter-company debts	(9,300,094)
Total purchase consideration discharged by cash	1

Notes to the Financial Statements

(Cont'd)

29. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group 2005 RM
Purchase of property, plant and equipment (Note 6)	2,618,827
Financed by hire purchase and lease arrangements	(722,615)
Cash payments on purchase of property, plant and equipment	<u>1,896,212</u>

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group 2005 RM	Company 2005 RM	2004 RM
Cash and bank balances	20,262,341	14,825,634	3
Fixed deposits with licensed banks	3,255,212	-	-
Bank overdrafts - secured (Note 19)	(5,409,263)	-	-
	<u>18,108,290</u>	<u>14,825,634</u>	<u>3</u>
Less: Fixed deposits pledged to licensed banks (Note 14)	(2,983,660)	-	-
	<u>15,124,630</u>	<u>14,825,634</u>	<u>3</u>

The currencies exposure profile of cash and bank balances of the Group are as follows:

	Group 2005 RM
US Dollar	556,331
Ringgit Malaysia	19,706,010
	<u>20,262,341</u>

Notes to the Financial Statements

(Cont'd)

31. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

	Group 2005 RM
Freight charges received/receivable from:	
- TS Freight Services Sdn. Bhd.	11,267
- Tuck Sun & Co (M) Sdn. Bhd.	58,219
Freight charges paid/payable to:	
- FM Forwarding Sdn. Bhd.	757,461
- Tuck Sun & Co (M) Sdn. Bhd.	1,920
- Advance Logistics Sdn. Bhd.	1,572,101
Rental income received/receivable from:	
- FM Distribution Sdn. Bhd.	280,000
Warehouse services received/receivable from:	
- FM Distribution Sdn. Bhd.	48,631
Warehouse services paid/payable to:	
- FM Distribution Sdn. Bhd.	97,945

The terms, conditions and prices of the above transactions are not materially different from those obtainable in transactions with unrelated parties.

Related parties	Relationships
TS Freight Services Sdn. Bhd.	Related by common Directors, namely Chew Chong Keat and Gan Siew Yong
Tuck Sun & Co (M) Sdn. Bhd.	Related by common Directors, namely Chew Chong Keat and Gan Siew Yong
FM Forwarding Sdn. Bhd.	Related by common Directors, namely Chew Chong Keat, Yang Heng Lam and Gan Siew Yong
Advance Logistics Sdn. Bhd.	Related by a common Director, namely Law Kok Voon

32. CAPITAL COMMITMENT

	Group 2005 RM
Capital expenditure in respect of purchase of property, plant and equipment: Contracted but not provided for	169,000

Notes to the Financial Statements

(Cont'd)

33. CONTINGENT LIABILITIES UNSECURED

	Group 2005 RM	Company 2005 RM	2004 RM
Bankers' guarantees in favour of third parties	1,877,508	-	-
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies, limit up to RM13,180,000	-	5,292,830	-
Corporate guarantee given to financial institutions for hire purchase and lease facilities granted to subsidiary companies, limit up to RM523,996	-	457,690	-

34. SEGMENT REPORTING

No segmental reporting has been prepared as the Group's activities are predominantly in the freight services in Malaysia.

35. MATERIAL LITIGATION

In respect of Kuala Lumpur High Court Suite No: MT5-22-878-2001 dated 27 November 2001 between Lee Chin Lai ("Lee"), a subsidiary company and Chew Chong Keat, Lee has filed a Writ of Summons against the subsidiary company and Chew Chong Keat for defamation pursuant to 2 internal memos sent by the subsidiary company and Chew Chong Keat to Lee and the employees of the subsidiary company in respect of Lee. Lee is claiming for compensatory damages of RM2,000,000 against the subsidiary company and RM500,000 against Chew Chong Keat, exemplary/punitive damages, aggravated damages, an injunction against the subsidiary company and Chew Chong Keat, its servants or agents or otherwise from further publishing or causing to publish false statements and/or any matters which are derogatory and interests and costs. The matter has been fixed for trial from 14 to 16 February 2006.

The solicitors for the subsidiary company and Chew Chong Keat are of the opinion that the suit by Lee against the subsidiary company and Chew Chong Keat is frivolous.

Notes to the Financial Statements

(Cont'd)

36. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The effective interest rates of the financial assets and liabilities of the Group and of the Company are as follows:

	Group 2005 %	Company 2005 %
Repo placement	2.50	2.50
Fixed deposits with licensed banks	3.64	-
Bank overdrafts	7.35	-
Term loans	5.48	-
Hire purchase and lease creditors	7.88	-

(b) Fair values

The carrying amounts of the financial instruments of the Group and of the Company as at balance sheet date approximate their fair values except as set out below:

	Group Carrying amount RM	Fair value RM	Company Carrying amount RM	Fair value RM
As at 30 June 2005				
Unquoted investments	2,776	#	-	-
Amounts owing by:				
- subsidiary companies	-	-	6,439,421	*
- an associated company	216,790	*	-	-

It is not practical to estimate the fair values of the long term unquoted investment because of the lack of quoted market prices and the inability to estimate fair values without incurring excessive costs. The Directors believe that the carrying amounts represented the recoverable values.

* It is also not practical to estimate the fair values of amounts owing by subsidiary companies and an associated company. This is principally due to the lack of fixed repayment terms and the inability to estimate fair values without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The following methods and assumptions are used to determine the fair values of financial instruments:

- The carrying amounts of financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.
- The fair values of quoted investments are their quoted market prices at the balance sheet date.

Notes to the Financial Statements

(Cont'd)

36. FINANCIAL INSTRUMENTS (CONT'D)

(c) Credit risk

The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, the Directors believe that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Group's trade receivables.

The Group has no major concentration of credit risk as at 30 June 2005 except for an amount of RM6,703,000 included in trade receivables which has been outstanding for more than 60 days.

In respect of the deposits, cash and bank balances placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The Company had on 3 February 2005 admitted to the Official List of Bursa Malaysia Securities Berhad and listed on the Second Board on Bursa Malaysia Securities. Pursuant to the listing exercise, the Company undertook a flotation scheme which was approved by its shareholders at an Extraordinary General Meeting held on 26 November 2004. The flotation scheme had been approved by Securities Commission and Ministry of International Trade and Industry on 8 November 2004 and 22 July 2004 respectively. The scheme involved the following:

(a) Share split

The Company undertook a share split which involved a change in the par value of ordinary shares from RM1.00 into RM0.50 each, by way of sub-division of the par value for each existing ordinary share of RM1.00.

(b) Acquisitions

- (i) Acquisition of 100% equity interest in Freight Management (M) Sdn. Bhd. from Directors comprising 2 million ordinary shares of RM1.00 each for a purchase consideration of RM17,774,783 satisfied by the issuance of 35,549,566 new ordinary shares at par.
- (ii) Acquisition of 100% equity interest in Icon Line (Malaysia) Sdn. Bhd. from Freight Management (M) Sdn. Bhd. and Directors comprising 40,000 ordinary shares of RM1.00 each for a cash consideration of RM1.00.
- (iii) Acquisition of remaining equity interest in subsidiary companies of Freight Management (M) Sdn. Bhd. namely Advance Logistar Sdn. Bhd., Freight Management (Penang) Sdn. Bhd., Freight Management (Ipoh) Sdn. Bhd. and FM-Hellmann Worldwide Logistics Sdn. Bhd. for a total purchase consideration of RM1,781,039 satisfied by the issuance of 3,562,078 new ordinary shares at par.

Notes to the Financial Statements

(Cont'd)

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(c) Transfers

(i) Freight Management (Penang) Sdn. Bhd. transferred its 30% equity shareholding in FM Worldwide Logistics (Penang) Sdn. Bhd. comprising 75,000 ordinary shares of RM1.00 each to Freight Management (M) Sdn. Bhd. for a cash consideration of RM165,660. The purchase consideration constitutes an intercompany debt between Freight Management (Penang) Sdn. Bhd. and Freight Management (M) Sdn. Bhd..

(ii) Then, Freight Management (M) Sdn. Bhd. transferred its entire equity interest in its subsidiary companies, namely Advance Logistar Sdn. Bhd., Citra Multimodal Services Sdn. Bhd., Freight Management (Ipoh) Sdn. Bhd., Freight Management (Melaka) Sdn. Bhd., Freight Management (Penang) Sdn. Bhd., FM-Hellmann Worldwide Logistics Sdn. Bhd., FM Worldwide Logistics (Penang) Sdn. Bhd. and Perspektif Gemilang Sdn. Bhd. to the Company for a total cash consideration of RM9,300,094. The total purchase consideration constitutes an intercompany debt between Freight Management (M) Sdn. Bhd. and the Company.

(d) Capitalisation of debts of RM4,434,555 owed by Freight Management (M) Sdn. Bhd. to its Directors into new ordinary shares on the basis of 1 new share for every RM0.50 debt.

(e) Public issue of 37,219,240 ordinary shares at a par value of RM0.50 each at an issue price of RM0.65 each.

(f) Listing of and quotation for the entire issued and paid-up share capital of the Company of RM42,600,000 comprising 85,200,000 ordinary shares of RM0.50 each, on the Second Board of Bursa Malaysia Securities.

38. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 14 July 2005, the Company through a wholly owned subsidiary company, Icon Line (Malaysia) Sdn. Bhd., entered into a joint venture agreement with Sheriff (WA) Pty Ltd, the trustee for JJ Bulare Trust to set up a joint venture in Australia via the establishment of a joint venture company to be known as Icon Freight Services Pty Ltd ("JVCo").

The intended activity of the JVCo is to provide integrated freight (air, sea and land) and logistic services. JVCo will have an authorised and paid up share capital of AUD\$150,000 and the capital will be contributed as follows:

- (i) 55% from Icon Line (Malaysia) Sdn. Bhd. equivalent to AUD\$82,500; and
- (ii) 45% from Sheriff (WA) Pty Ltd equivalent to AUD\$67,500.

Notes to the Financial Statements

(Cont'd)

39. NUMBER OF EMPLOYEES AND STAFF COSTS

	Group 2005	Company 2005	2004
Number of employees, including executive directors, at the end of the financial year	327	3	-

The total expenses recognised in the income statements are as follows:

	Group 2005 RM	Company 2005 RM	2004 RM
Wages and salaries	6,182,001	10,000	-
Defined contribution retirement plan	360,946	-	-
Other employee benefits	590,476	-	-
	7,133,423	10,000	-

40. COMPARATIVE FIGURES

There are no comparative figures for the Group as this is the first set of consolidated financial statements.

41. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 17 October 2005.

Analysis of Shareholdings

AS AT 10 OCTOBER 2005

Authorised share capital : 100,000,000
 Issued and paid up share capital : 42,600,000
 Class of shares : Ordinary shares of RM0.50 each
 Voting rights : One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 10 OCTOBER 2005

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued Capital
Less Than 100	1	0.09	50	0.00
100 To 1,000	305	27.06	288,400	0.34
1,001 To 10,000	638	56.61	2,599,250	3.05
10,001 to 100,000	126	11.18	3,806,922	4.47
100,001 to Less Than 5%	55	4.88	42,650,404	50.06
5% And Above	2	0.18	35,854,974	42.08
TOTAL	1,127	100.00	85,200,000	100.00

LIST OF DIRECTORS SHAREHOLDINGS AS AT 10 OCTOBER 2005

Nos	Names	Direct		Indirect	
		No. of ordinary Shares held	%	No. of ordinary Shares held	%
1	CHEW CHONG KEAT	24,801,868	29.11	-	-
2	YANG HENG LAM	16,195,772	19.01	-	-
3	GAN SIEW YONG	3,703,082	4.35	-	-
4	DATUK DR. HAJI NOORDIN BIN HAJI AB RAZAK	2,588,000	3.04	-	-
5	AARON SIM KWEE LEIN	-	-	-	-

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 10 OCTOBER 2005

Nos	Names	Direct		Indirect	
		No. of ordinary Shares held	%	No. of ordinary Shares held	%
1	CHEW CHONG KEAT	24,801,868	29.11	-	-
2	YANG HENG LAM	16,195,772	19.01	-	-

Analysis of Shareholdings

(Cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 10 OCTOBER 2005

NO	NAMES	NO. OF SHARES HELD	% OF ISSUED CAPITAL
1	CHEW CHONG KEAT	21,574,845	25.32
2	YANG HENG LAM	14,280,129	16.76
3	EB NOMINEES (TEMPATAN) SDN BHD (A/C FOR AZHA BIN HALIP)	4,174,800	4.90
4	GAN SIEW YONG	3,703,082	4.35
5	RHB MERCHANT NOMINEES (TEMPATAN) SDN BHD (A/C FOR ABDUL JALIL BIN ABDULLAH)	3,627,200	4.26
6	RHB MERCHANT NOMINEES (TEMPATAN) SDN BHD (A/C FOR SYED AHAMED BIN ABD MAJEED)	3,487,350	4.09
7	RHB MERCHANT NOMINEES (TEMPATAN) SDN BHD (A/C FOR CHEW CHONG KEAT)	3,227,023	3.79
8	EB NOMINEES (TEMPATAN) SDN BHD (A/C FOR DATUK DR. HAJI NOORDIN BIN HAJI AB RAZAK)	2,588,000	3.04
9	MALAYSIA NOMINEES (TEMPATAN) SDN BHD (A/C GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD)	2,200,000	2.58
10	RHB MERCHANT NOMINEES (TEMPATAN) SDN BHD (A/C FOR YANG HENG LAM)	1,915,643	2.25
11	MAYBAN NOMINEES (TEMPATAN) SDN BHD (AMANAH RAYA - JMF ASSET MANAGEMENT SDN BHD FOR SH MOHD NASIMUDDIN KAMAL BIN SH MD AMIN)	1,790,000	2.10
12	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD (PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND)	1,300,000	1.53
13	AMMB NOMINEES (TEMPATAN) SDN BHD (AMTRUSTEE BERHAD FOR APEX DANA AL-SOFI 1)	1,150,000	1.35
14	ALLIANZ LIFE INSURANCE MALAYSIA BERHAD	1,000,000	1.17
15	ONG LOOI CHAI	994,050	1.17
16	TEH SWEE SIM	949,793	1.11
17	BHLB TRUSTEE BERHAD (A/C FOR PHILLIP MASTER EQUITY GROWTH FUND)	887,000	1.04
18	BHLB TRUSTEE BERHAD (A/C FOR PHILLIP MASTER FIRST ETHICAL FUND)	865,000	1.02
19	HSBC NOMINEES (TEMPATAN) SDN BHD (HSBC MALAYSIA TRUSTEE BHD FOR PHEIM EMERGING COMPANIES BALANCED FUND)	825,000	0.97
20	GOH CHONG WENG	782,793	0.92

Analysis of Shareholdings

(Cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 10 OCTOBER 2005 (CONT'D)

NO	NAMES	NO. OF SHARES HELD	% OF ISSUED CAPITAL
21	OSK NOMINEES (TEMPATAN) SDN. BHD. (A/C FOR CHIN YEW SOON)	555,200	0.65
22	BHLB TRUSTEE BERHAD (PCM FOR PERBADANAN KEMAJUAN PERTANIAN SELANGOR)	518,000	0.61
23	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD (PHEIM ASSET MANAGEMENT SDN BHD FOR MAGNUM CORPORATION BHD)	350,000	0.41
24	OSK NOMINEES (TEMPATAN) SDN BHD (A/C FOR YAP BENG HONG)	335,950	0.39
25	WONG LEE CHOO	330,592	0.39
26	MALAYSIA NOMINEES (TEMPATAN) SDN BHD (PHEIM ASSET MANAGEMENT SDN BHD FOR PINTARAS JAYA BHD)	290,000	0.34
27	MAYBAN NOMINEES (TEMPATAN) SDN BHD (PHEIM ASSET MANAGEMENT SDN BHD FOR LEE HAU HIAN)	270,000	0.32
28	MAYBAN NOMINEES (TEMPATAN) SDN BHD (PHEIM ASSET MANAGEMENT SDN BHD FOR BENTA WAWASAN SDN BHD)	250,000	0.29
29	TODA TORU	250,000	0.29
30	HSBC NOMINEES (TEMPATAN) SDN BHD (HSBC MALAYSIA TRUSTEE BHD FOR DANA MAKMUR PHEIM)	235,000	0.28

List of Properties

Details on the land and buildings owned by the FM Group are as follows:

Postal address / location	Description/ existing use	Tenure of land (years)	Land Area (square feet)	Built-up area (square feet)	Approximate age of building	Net Book value as at 30 June 2005 RM
HS(D) 71692, PT 67124, Mukim Klang, Daerah Klang, Negeri Selangor Postal Address: Lot No 24, Section 5 (formerly known as Section 4), Phase 2A Pulau Indah Industrial Park, West Port, Selangor Darul Ehsan	Industrial land/ Vacant	99 years ending on 24 February 2097	106,589	Nil	Nil	2,141,581
HS(D) 72751, PT 144740, Mukim Hulu Kinta, Daerah Kinta, Negeri Perak Postal Address: No 26, Jalan SCI 1/10, Sunway City, 31150 Ipoh, Perak Darul Ridzuan	1-storey terrace industrial factory/ Tenanted	99 years ending on 27 October 2097	4,490	3,060	4 years	344,695
Geran No. 2893, Lot 1841 Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang Postal Address: No 4453, Jalan Bagan Luar, 12000 Butterworth, Penang	Three (3) storey terrace shophouse/ Office	Freehold	1,019	4,076	30 years	446,753
Master Title: HS(D) 23010, PT 10441, Mukim Kapar, Daerah Kelang, Negeri Selangor Postal Address: Lot 8, Lingkaran Sultan Mohamed 2, Kawasan Perusahaan Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan	Single storey warehouse building with a 4-storey office building/ Office cum Warehouse	99 years ending on 7 June 2088	87,120	55,153	8 years	5,603,370

List of Properties

(Cont'd)

Postal address / location	Description/ existing use	Tenure of land (years)	Land Area (square feet)	Built-up area (square feet)	Approximate age of building	Net Book value as at 30 June 2005 RM
Geran No 2892, Lot 1840, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang	3-storey terrace shophouse/ office	Freehold	1,021	4,076	30 years	516,157
Postal Address: No 4454, Jalan Bagan Luar, 12000 Butterworth, Penang						
Master Title: H.S(D) 49488 and 49489, PT 49974 and 49975 Mukim Klang, Daerah Klang, Negeri Selangor	Office Unit/ Vacant	99 years Ending on 11 March 2095	Nil	769	5 years	76,262
Postal Address: No. 78-2A, 2nd Floor, Jalan Sg. Chandong 15, Pulau Indah, 42100 Port Klang, Selangor Darul Ehsan						
Master Title: H.S(D) 49488 and 49489, PT 49974 and 49975 Mukim Klang, Daerah Klang, Negeri Selangor	Office Unit/ Vacant	99 years ending on 11 March 2095	Nil	765	5 years	69,759
Postal Address: No. 78-2B, 2nd Floor, Jalan Sg. Chandong 15, Pulau Indah, 42100 Port Klang, Selangor Darul Ehsan						



FREIGHT MANAGEMENT HOLDINGS BHD (380410-P)

(Incorporated in Malaysia)

PROXY FORM

I/We _____ (I.C. No./Co. Registration No.) _____

of _____

being a member/members of Freight Management Holdings Bhd, do hereby appoint _____

_____ (I.C. No.) _____

or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us and on our behalf at the Annual General Meeting of the Company to be held on Wednesday, 23 November 2005 and at any adjournment thereof in the manner indicated below.

Resolution	For	Against
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Ordinary Resolution 9		
Ordinary Resolution 10		
Ordinary Resolution 11		

Please indicate with a cross (X) in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

Dated this _____ day of _____ 2005

No. of shares held	CDS Account No.

Signature of Shareholder

Notes

1. A Member of the Company entitled to attend and vote at the meeting may appoint not more than two (2) proxies to attend and vote instead of him. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or the hand of its attorney duly authorised.
4. The instrument of proxy must be deposited at the Company's Registered Office at Suite 13A-2 Menara Uni.Asia, 1008 Jalan Sultan Ismail, 50250 Kuala Lumpur not later than forty-eight (48) hours before the time appointed for holding the meeting.

fold here

STAMP

The Company Secretary

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No. 380410-P)
Suite 13A-2 Menara Uni. Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur

fold here

Freight Management Holdings Bhd

Group of Companies

NO	ADDRESS	TEL	FAX
•	FREIGHT MANAGEMENT HOLDINGS BHD.	03-3176 1111	03-3176 2188
•	FREIGHT MANAGEMENT (M) SDN. BHD.		
•	ICON LINE (MALAYSIA) SDN. BHD.		
•	FM DISTRIBUTION SDN. BHD.		
	Wisma Freight Management Lot 8, Lingkaran Sultan Mohamed 2, Bandar Sultan Suleiman , 42000 Port Klang, Malaysia		
•	FREIGHT MANAGEMENT (PENANG) SDN. BHD.	04-331 4358	04-331 4368
•	FM WORLDWIDE LOGISTICS (PENANG) SDN. BHD.	04-323 4843	04-323 2070
	No. 4453, 1st Floor, Jalan Bagan Luar, 12000 Butterworth, Penang. Malaysia.		
•	FREIGHT MANAGEMENT (IPOH) SDN. BHD.	05-527 1358	05-527 1446
	No. 32 B, Jalan Ng Weng Hup, Taman Pertama, 30100 Ipoh, Perak Darul Ridzuan. Malaysia.		
•	FREIGHT MANAGEMENT (MELAKA) SDN. BHD.	06-317 5143	06-317 5202
	47, Jalan Melaka Baru 22, Taman Melaka Baru , Batu Berendam , Batu Berendam, 75350 Melaka , Malaysia.		
•	ADVANCE LOGISTAR SDN. BHD.	03-3176 2880	03-3176 1880
•	CITRA MULTIMODAL SERVICES SDN. BHD.	03-3176 6888	03-3176 3993
	Lot 3, Jalan 3, Kawasan SKU, Bandar Sultan Suleiman, 42000 Port Klang, Selangor D. E, Malaysia.		
•	FM-HELLMANN WORLDWIDE LOGISTICS SDN. BHD.		
	Administration Office A-1401-1, Level 14, Menara 1, Kelana Brem Tower Jalan SS7/15, 47301 Kelana Jaya, Selangor Darul Ehsan.	03-7492 0388	03-7492 3533
	(KLIA-Warehouse & Operation office) Lot B2B-1, Cargo Forwarders Building, Malaysia Airlines Freight Forwarders Complex, Kuala Lumpur International Airport, 64000 KLIA, Selangor Darul Ehsan, Malaysia	03-8787 2990	03-8787 2925