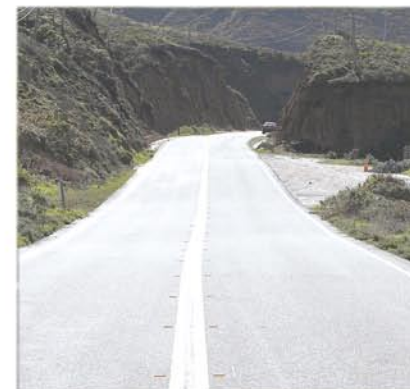


**FREIGHT MANAGEMENT HOLDINGS BHD 380410-P**

Wisma Freight Management,  
 Lot 37, Lebuhr Sultan Mohammad 1,  
 Kawasan Perindustrian Bandar Sultan Suleiman,  
 42000 Port Klang,  
 Selangor Darul Ehsan, Malaysia  
 Tel : 603 - 3176 1111  
 Fax : 603 - 3176 2188  
 Website : [www.fmmalaysia.com.my](http://www.fmmalaysia.com.my)

**Annual Report 2007**

**Freight Management Holdings Bhd**  
 (380410-P)

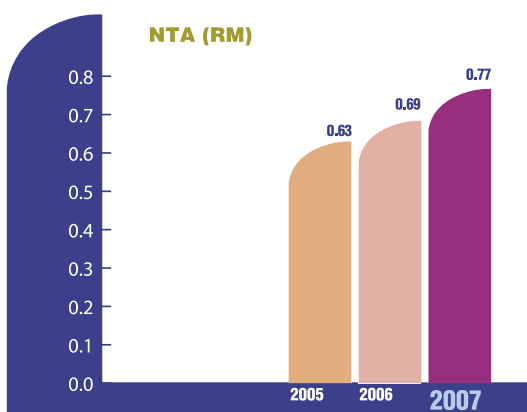
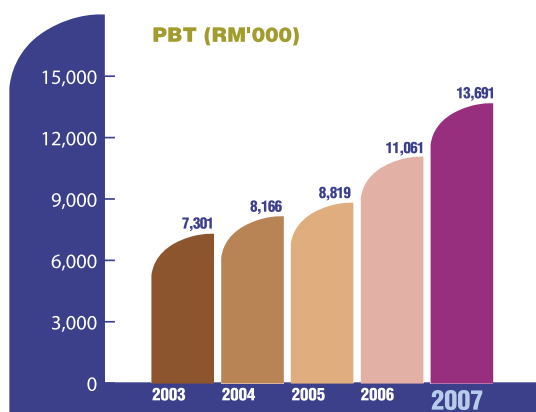
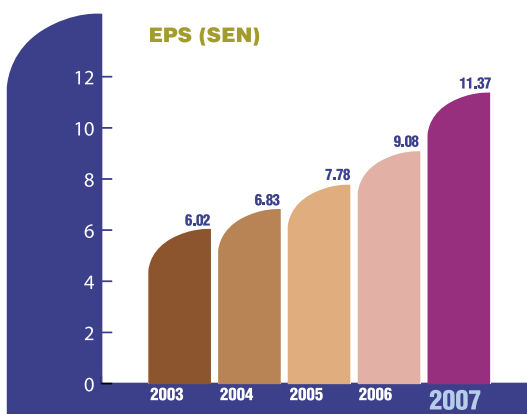
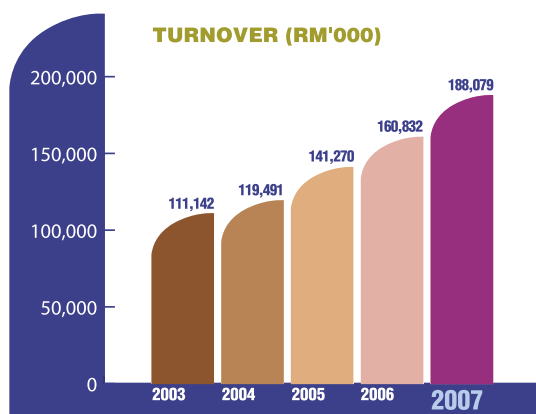
# Financial Highlights

## KEY PERFORMANCES & FINANCIAL INDICES OF FMH GROUP

Consolidated Financial Results as at 30 June

INCOME (RM'000)	2003	2004	2005	2006	2007
<b>Turnover</b>	111,142	119,491	141,270	160,832	188,079
<b>PBT</b>	7,301	8,166	8,819	11,061	13,691
<b>PAT after MI</b>	5,129	5,819	6,625	7,740	9,688
<b>Net EPS (sen)</b>	6.02	6.83	7.78	9.08	11.37
<b>Gross Dividend per share (sen)</b>			4.00	4.00	4.00
BALANCE SHEET (RM'000)	2005	2006	2007		
<b>No. of shares in issue ('000)</b>	85,200	85,200	85,200		
<b>Paid-up Share Capital</b>	42,600	42,600	42,600		
<b>Shareholders' Funds</b>	53,458	58,776	65,700		
<b>NTA per share (RM)</b>	0.63	0.69	0.77		

The table is a summary of proforma consolidated results of the FMH 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 2003 to 30 June 2007.



A world map with a purple tint, overlaid on a background of white clouds. Several orange lines radiate from a central point in East Asia, connecting to various other locations across the globe, symbolizing global connectivity.

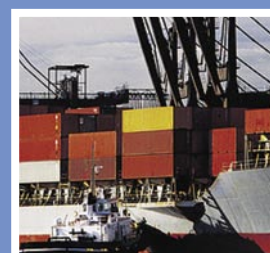
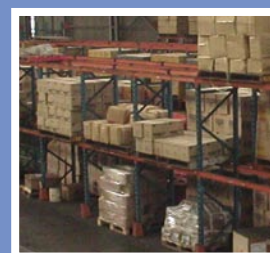
# Your Connection to the **World**

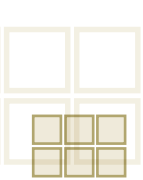




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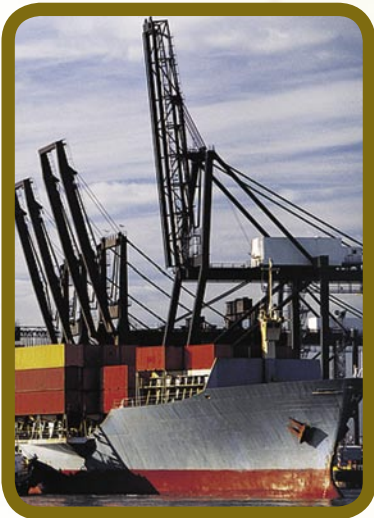
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## Multimodal Services Offered by the Group

**As an international freight services provider, the Group is a leading player in the logistics industry acting as intermediary agent between exporters, importers and freight carriers.**



### SEAFREIGHT SERVICES

As a seafreight specialist, the Group offers export and import freight services for both LCL and FCL shipments. We offer direct consolidation and transshipment services to over 40 major ports of the world, including East Malaysia ports. FCL services is offered to all major port.

Through a network of reliable agents globally, the Group is able to offer quality and dependable services to our customers to meet their logistic needs. Our range of seafreight services include port to port, port to door, and door to door delivery.



### AIRFREIGHT SERVICES

The Group handles both inbound and outbound shipments through Kuala Lumpur International Airport (KLIA) and Penang International Airport. The Group is also part of an established worldwide network of airfreight professionals with representation in every major airport in the world.

Backed by more than 17 years of experience, the Group is equipped to handle any time sensitive cargo.



### RAILFREIGHT SERVICES

As a pioneer in operating the containerized rail service by providing dedicated transit between Malaysia and Thailand since 1999, the Group handles both LCL and FCL shipments between Bangkok in Thailand and Butterworth, Ipoh and Port Klang in Malaysia. Presently, we have four times weekly service for both northbound and southbound traffic. This service provides door to door, port to door and port to port delivery.

## Multimodal Services Offered by the Group (continued)



### TUG & BARGE SERVICES

This service specializes in the provision of barge, tugboat and other marine services for bulk raw materials along the Straits of Malacca to customers in Singapore, Malaysia and Thailand.



### SUPPORT SERVICES

#### **Warehouse and Distribution**

FMH's new warehouse at Port Klang with a floor space of about 200,000 sq. ft. offers both bonded and general warehouse facilities for value adding, distribution and storage. The Group is able to provide inventory information to clients through the implementation of a newly acquired software to update and assist customers in tracking their cargo information.

#### **Customs Brokerage**

As a support service to our customers, our team of trained personnel handles customs clearance at the seaports of Port Klang, Penang, ICT Ipoh, and at KLIA and Penang Airport.

#### **Land Transportation**

Our current fleet of more than 20 dedicated bonded and general trucks provides committed trucking service to our customers to ensure prompt delivery throughout Peninsular Malaysia. Having been awarded 30 prime mover and 150 trailer licenses, the Group is now able to offer container haulage service to customers.



# Extensive Worldwide Coverage

Network of 107 independent agents covering 127 ports in more than 47 countries.

## Region - Country/ (Port)

### Asia-Pacific



**BANGLADESH**  
Chittagong  
Dhaka



**BRUNEI**  
Muara



**CHINA**  
Dalian, Huangpu  
Ningbo, Qingdao  
Shanghai, Shekou  
Xiamen, Xingang  
Yantian, Nanjing  
Nansha, Nantong  
Sanshui, Shenzhen  
Tianjin, Zhanjiang  
Zhongshan, Fuzhou  
Guoming, Lianhuashan  
Zhangjiagang



**CAMBODIA**  
Sihanoukville



**HONGKONG**  
Hongkong



**INDIA**  
Calcutta, Chennai  
Mumbai, New Delhi  
Nhava Sheva  
Bangalore, Cochin



**INDONESIA**  
Belawan  
Jakarta  
Surabaya  
Batam Island  
Pontianak



**JAPAN**  
Hakata, Kobe  
Moji, Nagoya  
Osaka, Shimizu  
Tokyo, Yokohama



**KOREA**  
Busan



**PAKISTAN**  
Karachi



**PHILIPPINES**  
Manila  
Cebu



**SINGAPORE**  
Singapore



**SRI LANKA**  
Colombo



**TAIWAN**  
Kaoshiung,  
Keelung, Taipei  
Taichung



**THAILAND**  
Bangkok  
Lat Krabang  
Laem Chabang



**VIETNAM**  
Ho Chi Minh  
Hanoi, Tanchang  
Haiphong



**MYANMAR**  
Yangon



**AUSTRALIA**  
Adelaide, Brisbane  
Freemantle  
Sydney  
Melbourne



**NEW ZEALAND**  
Auckland, Timaru  
Lyttelton, Wellington  
Tuaranga, Napier  
New Plymouth  
Port Chalmers

### Europe



**FRANCE**  
LeHavre  
Paris



**GERMANY**  
Hamburg



**UNITED KINGDOM**  
Felixstowe, Liverpool  
London, Dublin  
Southampton  
Grangemouth  
Thamesport



**NETHERLANDS**  
Amsterdam  
Rotterdam



**PORTUGAL**  
Leixoes



**SWITZERLAND**  
Basel, Geneve



**ITALY**  
Genoa, Venice

### Americas



**U.S.A**  
Los Angeles  
Clintonville, Venice  
New York, Chicago  
Longbeach



**CANADA**  
Montreal



**BRAZIL**  
Santos



**ARGENTINA**  
Buenos Aires



**MEXICO**  
Mexico City  
Manzanillo

### Middle East



**KUWAIT**  
Kuwait



**IRAN**  
Bandar Abbas



**BAHRAIN**  
Bahrain



**QATAR**  
Doha



**EGYPT**  
Alexandria  
Sokhna Port



**SAUDI ARABIA**  
Ad Damman  
Jeddah, Riyadh



**U. ARAB EMIRATES**  
Dubai, Jabel Ali

### Africa & The West Indies



**NIGERIA**  
Apapa



**KENYA**  
Mombasa



**SOUTH AFRICA**  
Durban  
Johannesburg



**CAMEROON**  
Douala



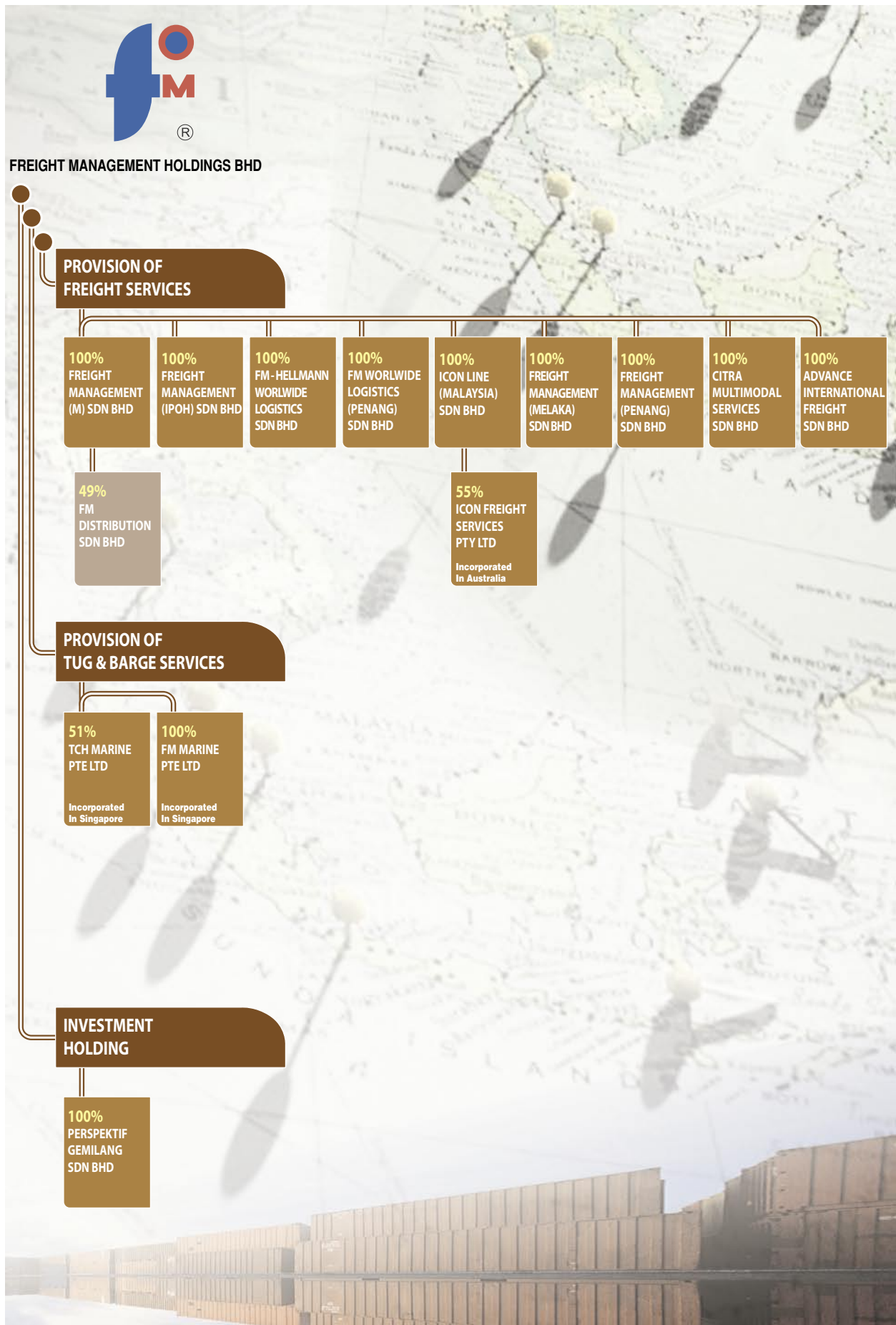
**GAMBIA**  
Benjul



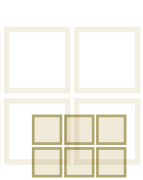
**GHANA**  
Tema



**SWAZILAND**  
Matsapha







# Corporate Information

## DIRECTORS

**Datuk Dr. Haji Noordin bin Haji Abd. Razak**  
Chairman/Independent Non-Executive Director

**Chew Chong Keat**  
Group Managing Director

**Yang Heng Lam**  
Executive Director

**Gan Siew Yong**  
Executive Director

**Ong Looi Chai**  
Executive Director

**Aaron Sim Kwee Lein**  
Independent Non-Executive Director

**Chua Tiong Hock**  
Non-Independent Non-Executive Director

**Khua Kian Keong**  
(Alternate director to Chua Tiong Hock)

## AUDIT COMMITTEE

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

**Chua Tiong Hock**  
Member of Audit Committee  
Non-Independent Non-Executive Director

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

## REMUNERATION & NOMINATION COMMITTEE

**Datuk Dr. Haji Noordin bin Haji Abd. Razak**  
Chairman  
Independent Non-Executive Director

**Aaron Sim Kwee Lein**  
Member  
Independent Non-Executive Director

## COMPANY SECRETARIES

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

## REGISTERED OFFICE

Suite 13A-2, Menara Uni.Asia  
1008 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: +603 2697 7611  
Fax: +603 2697 7311  
Email: amskl@po.jaring.my

## HEAD / MANAGEMENT OFFICE

Wisma Freight Management  
Lot 37, Lebuhr Sultan Mohamad 1  
Kawasan Perindustrian Bandar Sultan Suleiman  
42000 Port Klang, Selangor  
Malaysia  
Tel: +603 3176 1111  
Fax: +603 3176 2188  
Website : www.fmmalaysia.com.my

## 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)  
Chartered Accountants

## SOLICITORS

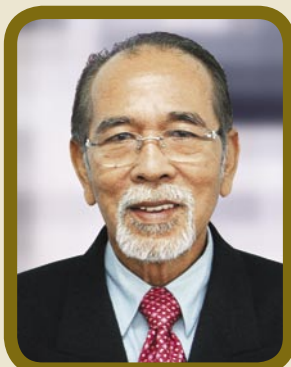
Wong Lu Peen & Tunku Alina  
Advocate & Solicitor

## 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  
Tel : +603 2721 2530

## STOCK EXCHANGE LISTING

SECOND BOARD  
BURSA MALAYSIA SECURITIES BERHAD  
Stock Code : FREIGHT  
Stock No. : 7210  
Listed on 3rd FEBRUARY 2005



## Datuk Dr. Haji Noordin bin Haji Abd. Razak

**Aged 62, Malaysian  
Independent Non-Executive Chairman**

Datuk Dr. Haji Noordin bin Haji Abd. Razak was appointed on 22 July 2004 and 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 sits as chairman of National Association for the Prevention of Drug Abuse (Yayasan PEMADAM) and is a member of the Institute of Islamic Understanding Malaysia (IKIM).

## Chew Chong Keat

**Aged 46, Malaysian  
Group Managing Director/ Executive Director**



Mr Chew joined the Board on 20 March 1996 and is the Managing Director of the Group. He is one of the co-founders of the Group and serves on the board of all subsidiary and associated companies of the Group. He is principally responsible for managing the Group's business and corporate affairs. With more than 20 years of experience in the provision of freight and logistics services, he is also the key person in setting directions for the Group business strategies.

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").

## Directors' Profile (continued)

### Gan Siew Yong

**Aged 45, Malaysian  
Executive Director**

Ms Gan joined the Board on 20 March 1996 as Executive Director. She also serves on the board of several subsidiary companies of the Group.

In 1988, she joined Freight Management (M) Sdn Bhd as the Customers Service Manager. She is principally responsible for the export related services of the Group and is actively involved in rates negotiation and securing container space with the shipping lines. Equipped with more than 18 years experience, and together with the strong support from her team, she 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.



### Yang Heng Lam

**Aged 44, Malaysian  
Executive Director**

Mr Yang joined the Board on 20 March 1996 and is also serves on the board of all subsidiary and associated companies of the Group. He is principally responsible for business development and operations of the Group, which includes exploring overseas market and overseeing the development of marketing and promotional strategies.

He has about 20 years experience in freight and logistics industry and has been instrumental in securing and maintaining major customers for the Group. His other responsibilities include nurturing and expanding the supporting services, such as customs brokerage, warehousing and distribution of the Group.



### Aaron Sim Kwee Lein

**Aged 41, Malaysian  
Independent Non-Executive Director**

Mr Sim was appointed to the Board on 3 December 2004. He is a Fellow member of the Chartered Association of Certified Accountants (UK), a Chartered Accountant of the Malaysian Institute of Accountant, a member of CPA Australia and a Chartered Member of the Institute of Internal Auditors Malaysia. He is a member of FMH's 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 and Affairs of a glove manufacturing company. He is currently the Principal Consultant with Omni Biz Consulting, offering business and financial advisory services. Mr Sim also serves on the board of Excel Force MSC Berhad.







## Ong Looi Chai

**Aged 39, Malaysian  
Executive Director.**

Mr Ong was appointed on 1 June 2006. He is also an executive director of Freight Management (Penang) Sdn Bhd ('FMP'), a fully owned subsidiary of the Group. He is responsible for the overall business and development of the northern region of West Malaysia.

Having joined Freight Management in 1989, he was attached to the Port Klang headquarter. In 1995, he took up the position of Branch Manager of Freight Management Penang and has been instrumental in the growth and development of the Penang subsidiary since.



## Chua Tiong Hock

**Aged 54, Singaporean  
Non Independent, Non Executive Director**

Mr Chua was appointed as Alternate Director to Mr Khua Kian Keong on 5 January 2007 and he ceased to act as Alternate Director on 16 July 2007 following the vacation of office by Mr Khua Kian Keong on the same date. He was re-appointed to the Board as a Director on 30 July 2007.

Mr Chua is also an Executive Director of Freight Links Express Holdings Limited, Singapore, a substantial shareholder of Freight Management Holdings Bhd.

He has wide-ranging experience in logistics, operations management and corporate development with various MNCs and local companies.

Mr Chua obtained his Bachelor of Arts degree from the former University of Singapore. He also holds a Graduate Diploma in Business Administration from the National University of Singapore and a Graduate Diploma in Personnel Management from the Singapore Institute of Personnel Management.



## Khua Kian Keong

**Aged 38, Singaporean  
Non Independent, Non Executive Director  
(Alternate Director to Chua Tiong Hock)**

Mr Khua was appointed to the Board on 5 January 2007 and he vacated office as Director on 16 July 2007. He was re-appointed as Alternate Director to Mr Chua Tiong Hock on 30 July 2007.

He is the Chief Executive Officer of Freight Links Express Holdings Limited, Singapore, a substantial shareholder of Freight Management Holdings Bhd.

He obtained his Bachelor of Science in Electrical Engineering and graduated cum laude from University of the Pacific, USA in 1987.

For many years, he has been a Council member at Singapore Metal and Machinery Association, currently serving as its English correspondent. He is a Vice-President of Nanyang Kuah Si Association and a member of youth sub-committee of Ann Kway Association.



### ADDITIONAL INFORMATION

#### FAMILY RELATIONSHIPS

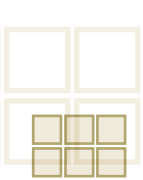
Gan Siew Yong is the spouse of Chew Chong Keat

#### DIRECTORSHIP OF PUBLIC COMPANIES

Save as disclosed above, none of the Directors has any directorship in other public listed companies

#### CONVICTIONS

None of the Directors has been convicted of offence within the past 10 years. Traffic offences not included.



Dear Shareholders,

On behalf of the board, I have the pleasure of presenting to you the Annual Report and Audited Financial Statements of Freight Management Holdings Bhd (“FMH” or “the Company”) and its subsidiaries (“the Group”) for the financial year ended 30 June 2007.

**Datuk Dr. Haji Noordin bin Haji Abd. Razak**  
(Chairman/Independent Non-Executive Director)



## REVIEW OF OPERATIONS AND FINANCIAL RESULTS

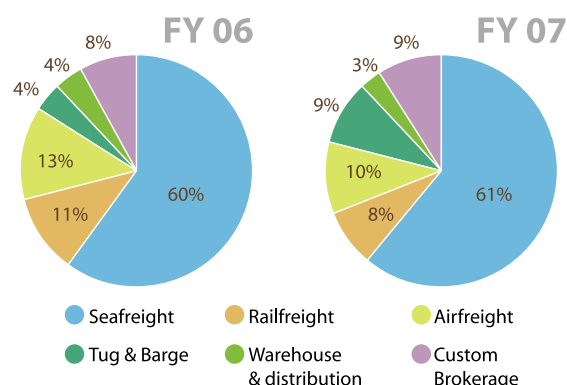
The Group continues to perform strongly, achieving another year of excellent results in the financial year under review. The Group's revenue grew by RM28.0 million or 16.9% from RM160.1 million to RM188.1 million. The growth is contributed primarily from seafreight and tug and barge services with an increase of RM14.3 million and RM11.7 million respectively.

Freight services continue to be the main focus of the Group, posting 88% of the Group's total revenue with seafreight services contributing approximately 60%, railfreight services about 8%, airfreight 10% and tug and barge 10%. Our strength in the freight and supporting services has placed the Group as a preferred total logistic service provider with well diversified and synergistic operations.

A noteworthy mention is the excellent performance of the Group's tug and barge operations which brought significant contribution to the Group revenue from RM5.8 million in FY06 to RM17.5 million in FY07. During the year, we expanded our fleet from 5 pairs of tugboat and barge to the present 6 pairs, thereby allowing us to increase the number of laden trips from an average of 20 trips per month in FY06 to 27 trips in FY07.

### Revenue Analysis by Service Category RM(mil)

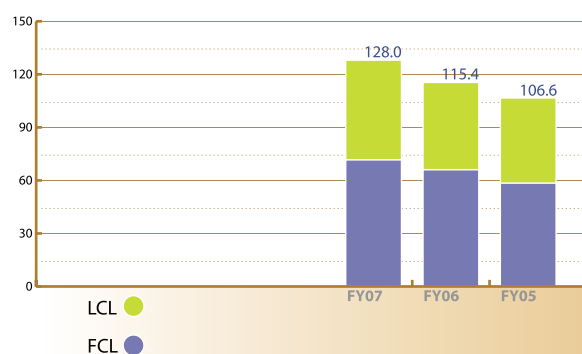
	FY 07	FY 06	FY 05
Seafreight	112.6	98.3	88.6
Railfreight	15.4	17.1	18.0
Airfreight	19.5	20.8	18.3
Tug & barge	17.5	5.8	0.0
Warehouse & distribution	5.6	6.2	6.6
Custom brokerage	17.5	12.6	9.8
	188.1	160.8	141.3



### Revenue by Container Mode RM(mil)

	FY 07	FY 06	FY 05
FCL	71.7	66.1	58.5
LCL	56.3	49.3	48.1
	128.0	115.4	106.6

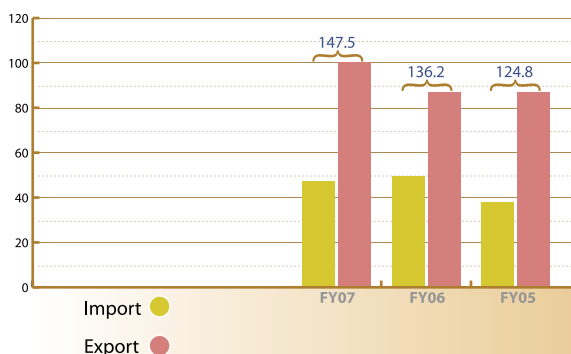
#This mode covers Seafreight and Railfreight services



### Revenue Analysis by Service Type RM(mil)

	FY 07	FY 06	FY 05
Import	47.1	49.4	37.9
Export	100.4	86.8	86.9
	147.5	136.2	124.8

#The above information includes Seafreight, Airfreight and Railfreight Services.





## Chairman's Statement (continued)

The Group achieved a profit before tax ("PBT") growth of 23.8% for FY07, with an increase of RM2.6 million from RM11.1 million in FY06. This surpasses the expected internal growth target of 12-15%. The Group's well diversified and synergistic business segments allows us to continually work on increasing efficiency and yield enhancement resulting in an overall improved profit margin. This is reflected in the Group's PBT margin improving from 6.9% in FY06 to 7.3% in FY07. Profit after Tax ("PAT") increased to RM9.7 million in FY07 from RM7.7 million in FY06. This resulted in the basic earnings per share increased to 11.37sen in FY07 compared with 9.08 sen in FY06.

### CORPORATE DEVELOPMENT

The Company had on 28th May 2007 incorporated in Singapore, FM Marine Pte Ltd ("FM Marine"), a 100% wholly-owned subsidiary with a paid-up capital of SGD1.0 million with the purpose of acquiring and chartering out tugboats and barges. The chartering of tugboats and barges are primarily to TCH Marine Pte Ltd, a subsidiary of FMH.

In March 2007, FMH moved into its new headquarters cum warehouse in Port Klang. The warehouse has an approximate 200,000 sq feet floor space with docking bays. By combining its various rented warehouses and offices to this single new facility, FMH is able to consolidate the services offered (such as container freight station, value added services, container stuffing and unstuffing and general cargo storage) into one site. This will provide better services to our customers, allow better management control over the various operations and achieve cost efficiency.

The Group is also pleased to announce that on 18 July 2007, it has been awarded 30 prime mover 'A' permits and 150 container trailer 'A' permits by the Commercial Vehicle Licensing Board, Malaysia. The Group will be able to operate its own fleet of container haulage in the immediate future.

The Group had on 11 September 2007 announced to Bursa Malaysia Securities Berhad its proposed transfer to the Main Board with a proposed 3 for 7



bonus issue that would bring its paid up share capital to RM60,857,143. This is to enable FMH to reward shareholders for their continuing support and allow the existing shareholders of FMH a greater participation in the Company's equity in terms of the number of FMH shares held. Together with this announcement is also a proposed placement of up to 10% of FMH's enlarged paid up share capital for working capital purposes. On 12 October 2007, the Company received approval from the Securities Commission for the special exercise.

### DIVIDENDS

In line with the Group's policy of rewarding shareholders, the Board of Directors has recommended a final gross dividend of 2.0 sen per ordinary share subject to shareholders' approval during the forthcoming Annual General Meeting on 29th November 2007.

This is in addition to the interim dividend of 2.0 sen per share declared by the Board and paid during the year. This brings the full-year's gross dividend to 4.0 sen per share.

### OUTLOOK AND PROSPECTS

Freight services will continue to be the core business of the Group, while intensifying efforts to grow the other logistics services; namely warehousing, transportation and customs brokerage. With indications of high growth in the logistics sector in the Asia Pacific region, Malaysia's logistics sector is definitely on the upbeat, spurred by the government's commitment in developing the industry. Under the 9MP, Malaysia's ports are expected to handle a total container throughput of 18 million and ship calls to increase to 130,000 by 2010.



Today, more and more manufacturing concerns are outsourcing their transportation needs, and are increasingly using the services of integrated logistics services provider that would handle their needs on a door-to-door basis. This trend is expected to grow as more companies are outsourcing



such activities to focus on their core activities. In view of these positive developments, the Group is optimistic that the overall suite of services offered by the Group will continue to expand.

The recent launch of the Northern Corridor Economic Region (NCER) by Prime Minister Datuk Seri Abdullah Ahmad Badawi, to make Penang a regional logistics hub through airport and port expansion is a good opportunity for the Group to expand its presence in the northern region of Malaysia. FMH's wholly-owned subsidiary in Penang; namely Freight Management (Penang) Sdn Bhd and FM Worldwide Logistics (Penang) Sdn Bhd collectively contributed 15% to the Group's Revenue for FY 07. We are confident that we will see promising growth in the performance of these companies in FY 08.

For the coming financial year, we expect the demand for tug and barge services to increase due to the ongoing infrastructure projects in Penang and Singapore. Towards this aim, we have acquired two pairs of barges and tugboats in year 2007, with plans to place more orders during the financial year 2008.

Moving forward, the Group is constantly seeking new acquisition opportunities that will bring enhancements and synergy to the Group's existing business.

Consistent with its previous year, the Group is targeting a PAT growth of 12% to 15% in FY08. Nevertheless, with the various business strategies and opportunities, we are working towards exceeding the target.

## CORPORATE SOCIAL RESPONSIBILITY

As a responsible organization, the Group is committed to maintaining a high level of health and safety in the work place. The Group is continually promoting and creating awareness among the employees on occupational hazards and public safety when carrying out its business activities. Safety and environmental awareness programmes include:-

- sending staff to attend health, safety and security trainings and seminars;

- putting up safety signages at the work place;
- using protective gears at work place;
- using gas instead of diesel powered forklifts;
- using industrial sweepers daily to minimize dusts in the warehouses.

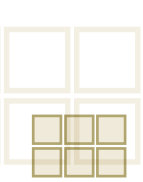
As a Malaysian company, we are proud to participate in the yearly National Day celebration. This year being 50<sup>th</sup> Malaysia National Day, besides the usual display of our national flags, the Company gathered its employees, managers and staff at the Company's compound to celebrate the National Day. To further instill patriotism among the employees of FMH, the five principles of the Rukun Negara were recited after singing the national anthem. FMH plans to make this an annual event to further inculcate patriotism and goodwill among the employees of the Group.



## ACKNOWLEDGEMENT

The Board of Directors of FMH would like to thank our customers and business associates, the regulatory authorities, investors and shareholders for their continuing support, which has enabled the Group to achieve another successful year.

We would also like to thank the management and staff for their ongoing dedication, resourcefulness, contribution, commitment and unwavering loyalty towards the Group.



# Audit Committee Report

## MEMBERS

**Chairman** : Datuk Dr Hj Noordin Bin Hj Abd. Razak  
(Independent Non-Executive Director)

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

Chua Tiong Hock  
(Non-Independent Non-Executive)  
(Appointed on 9.10.2007)

Yang Heng Lam  
(Executive Director)  
(Resigned on 9.10.2007)

## TERMS OF REFERENCE

### 1.0 Composition of the Audit Committee

- 1.1 The Audit Committee shall comprise at least 3 directors.
- 1.2 Alternate director shall not be appointed as members of the Audit Committee.
- 1.3 Majority of the Audit Committee shall be independent directors.
- 1.4 All members of the Audit Committee should be non-executive directors.
- 1.5 All members of the Audit Committee should be financially literate and at least one should be a member of an accounting association or body.
- 1.6 Members of the Audit Committee shall elect a Chairman from among their members who shall be an independent director.

### 2.0 Duties of the Audit Committee

The duties of the Audit Committee shall include the following:

To review the following and report the same to the Board of Directors;

- 2.1 To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
- 2.2 To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- 2.3 To review the quarterly and year-end financial statements of the board focusing particularly on –
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - Compliance with accounting standards and other legal requirements.
- 2.4 To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- 2.5 To review the external auditor's management letter and management's responses;
- 2.6 To do the following, in relation to the internal audit function –
  - Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;





- Review any appraisal or assessment of the performance of members of the internal audit function;
  - Approve any appointment or termination of senior staff members of the internal audit function;
  - Take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- 2.7 To consider any related-party transactions that may arise within the company or group;
- 2.8 To consider the major findings of internal investigations and management's response;
- 2.9 To consider other topics as defined by the Board;
- 2.10 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 out in the scheme by the ESOS Committee; and
- 2.11 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 Listing Requirement of Bursa Malaysia Securities Berhad.

### 3.0 Rights of the Audit Committee

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

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties and full access to information;
- (c) have direct communication channels with the external auditors and the persons carrying out the internal audit function;
- (d) be able to obtain external/independent professional or other advice at a cost to be approved by the Board of Directors and to invite outsiders with relevant experience to attend, if necessary;
- (e) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Board, whenever deemed necessary;

### 4.0 Procedure of the Audit Committee

The Audit Committee shall regulate its own procedures as follows:

- 4.1 the Audit Committee shall hold at least 4 meetings each financial year with due notice of issues to be discussed, and should record its conclusions in discharging its duties and responsibilities;
- 4.2 the finance director, the head of internal audit and a representative of the external auditors should normally attend meetings. Other board members may attend meetings upon the invitation of the audit committee. However, the committee should meet with the external auditors without executive board members present at least twice a year.
- 4.3 a member of the Audit Committee may at any time summon a meeting of the Audit Committee;
- 4.4 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;
- 4.5 The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.
- 4.6 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;
- 4.7 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;
- 4.8 Minutes of each Audit Committee meeting shall be kept by the Secretary of the Audit Committee;
- 4.9 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.



## Audit Committee Report (continued)

### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee met five (5) times during the financial year ended 30 June 2007. The details of attendance of the Audit Committee members are as follows:

Name of Audit Committee Member	Total meetings attended	Percentage of attendance (%)
Datuk Dr Hj Noordin Bin Hj Abd. Razak	5/5	100
Aaron Sim Kwee Lein	5/5	100
Yang Heng Lam	5/5	100

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 30 June 2007:-

- (a) Reviewed the quarterly financial results announcements for each of the Group to ensure compliance with the Listing Requirements of Bursa Securities, applicable approved accounting standards and other legal and regulatory requirements, before recommending them for the Board of Directors' consideration and approval;
- (b) Reviewed and discussed significant audit findings in respect of the Group's operations with the Group's outsourced internal audit function.
- (c) Discussed significant audit findings in respect of the financial statements of the Group with the external auditors;
- (d) Reviewed the annual audited financial statements before recommending them for the Board of Directors' approval;
- (e) Reviewed the external auditors' fees, scope of work and audit plans for the financial year prior to commencement of audit;
- (f) Reviewed the related party transactions entered into by the Group for compliance with the Listing Requirements of Bursa Securities; and
- (g) Attended training by the external auditors on the development and adoption of the new Financial Reporting Standards in Malaysia and its impact to the Group's and Company's future financial statements.

### 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. Accordingly, the Company had appointed an external professional consultancy firm to conduct its internal audit function. 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.



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 how the Group has applied the principles and best practices for corporate governance mentioned 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 Composition and Balance

The Board currently consists of seven (7) Directors as listed below:-

- One (1) Chairman /Independent Non-Executive Director
- One (1) Independent Non-Executive Director
- Four (4) Executive Directors
- One (1) Non-Independent Non-Executive Director

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. The profiles of the members of the Board are set out on pages 7 to 9 in this Annual Report.

### Board Meeting

The Board meets at least four times a year and has a formal schedule of matters reserved for it. Additional meetings are held as and when necessary. 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 Hj Noordin Bin Hj Abd. Razak	5	5
Chew Chong Keat	5	5
Yang Heng Lam	5	5
Gan Siew Yong	5	5
Aaron Sim Kwee Lein	5	5
Ong Looi Chai	5	5
Khua Kian Keong (Appointed on 05.01.2007) (Vacated office on 16.07.2007)	2	-
Chua Tiong Hock (Alternate Director to Khua Kian Keong) (Appointed on 05.01.2007 Ceased to act on 16.07.2007)	2	2
Chua Tiong Hock (Appointed on 30.07.2007)	N/A	N/A
Khua Kian Keong (Alternate Director to Chua Tiong Hock) (Appointed on 30.07.2007)	N/A	N/A





# Statement on Corporate Governance (continued)

## 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 and Re-election of Directors

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.

Article 109 of the Articles of Association provides that one-third of the Directors shall retire from office at each Annual General Meeting and all Directors shall retire from office at least once every three years but may offer themselves for re-election. This will provide an opportunity for shareholders to renew their mandates. To assist shareholders in their decision, sufficient information such as the personal profile and the meetings attendance of each Director are furnished in the Annual Report.

## Directors' Training

As at the date of this Statement, all members of the Board have attended the Mandatory Accreditation Programme to comply with the Bursa Malaysia Listing Requirements.

Details of the training attended by the Directors during the financial year are as follows:-

- Updates on Financial Reporting Standard
- Updates of Companies Act, 1965
- Updates on Listing Requirements
- Malaysian Code on take-overs and mergers
- The Best of Supply Chain Practice

The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge and to also keep abreast with developments in the market, industry and corporate scene.

## 2. BOARD COMMITTEES

The Board has established and delegated certain responsibilities to the Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee, which operates within defined terms of reference and operating procedures, details of which are set out in this Statement.



## Audit Committees

The composition, terms of reference and summary of activities of the Audit Committee are disclosed in the Audit Committee Report on pages 14 to 16 of this Annual Report.

## Nomination Committee

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

- Datuk Dr Hj Noordin bin Hj Abd. 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.

During the financial year, the Committee met twice to conduct the annual review on the Directors' core competencies, contribution and effectiveness and to consider the nomination of new Director to the Board.

## Remuneration Committee

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 Hj Noordin bin Hj Abd. 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.

The Remuneration Committee met once during the financial year under review.



# Statement on Corporate Governance (continued)

## Remuneration Committee (continued)

Details of the remuneration packages for the Directors of the Group for the financial year ended 30 June 2007 are as follows:-

	Executive Directors RM	Non-Executive Directors RM
* Fees	180,000	102,000
Salaries & other emoluments	20,000	13,000

\* 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	1	2
RM50,001 to RM100,000	3	1

## 3. SHAREHOLDERS

The Group communicates with its shareholders and investors primarily through timely release of financial results on a quarterly basis, press release and announcements which gives the shareholders an overview of the Group's performance and operation. The Annual General Meeting (AGM) is the principal forum for dialogue with shareholders who are encouraged to enquire about the Group's activities and prospects.

The Group maintains frequent dialogues with financial analysts and fund managers as a means of maintaining and improving investors relation. A press conference is normally held after the AGM.

Shareholders and members of the public can obtain information on the Company through the Bursa Securities website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

## 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 24 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 21 to 22 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 page 14 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.



THE MALAYSIAN CODE ON CORPORATE GOVERNANCE REQUIRES LISTED COMPANIES TO MAINTAIN A SOUND SYSTEM OF INTERNAL CONTROL TO SAFEGUARD SHAREHOLDERS' INVESTMENTS AND THE GROUP'S ASSETS. THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD REQUIRES DIRECTORS OF THE BOARD TO MAKE A STATEMENT ABOUT THE STATE OF INTERNAL CONTROL OF THE LISTED ENTITY AS A GROUP.

The Board of Directors' Statement on Internal Control set out below has been prepared with reference to Bursa Malaysia Securities Berhad – Statement on Internal Control : Guidance for Directors of Public Listed Companies.

## 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. It should be noted that 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. The Board has engaged a professional service of Internal Auditor 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 to review the adequacy and integrity of the internal control system has been delegated by the Board to the Audit Committee. 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 the 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. 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.

The Group had 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.





## Statement on Internal Control (continued)

### 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;
- Three subsidiary companies were accredited ISO 9001:2000 certification on quality management system. 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 bodies to ensure that the system is adequately implemented;
- Documented guidelines on operating procedures have been put in place for relevant departments;
- Regular information is provided by the management to the Board on financial performance and key business indicators;
- Monthly monitoring of results by the management through financial reports;
- Regular internal audit visits and other specific assignments, if the need arises, assigned by the Audit Committee and/or the Board who monitors compliance with procedures and assesses the integrity of financial information provided; and
- Audit Committee holds regular meetings with the management on the actions taken on internal control issues, identified through reports prepared by the internal auditors, external auditors and/or the 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. This Statement is made in accordance with the resolution of the Board of Directors dated 22 October 2007.



**1. Utilisation of proceeds**

The proceed of RM2,025,115 from the disposal of a property held under HS(D) 71692 PT 67124, Mukim of Klang, Daerah Klang, Selangor on 17 November 2006 was utilized for working capital.

**2. Share buyback**

The Company did not enter into any share buyback transactions during the financial year ended 30 June 2007.

**3. Options, warrant or convertible securities**

The Company has not issued any options, warrants or convertible securities during the financial year.

**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. Sanctions and / or 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.

**6. Non-audit fees**

The amount of non-audit fees paid and payable to the external auditors during the financial year ended 30 June 2007 was RM36,600.

**7. Variation in results**

The Group's audited results for the financial year ended 30 June 2007 did not vary by 10% or more from the unaudited results which were announced to Bursa Malaysia Securities Berhad on 29 August 2007.

**8. Profit Guarantee**

There were no profit guarantees given by the Group during the financial year ended 30 June 2007.

**9. 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 2007.

- i. Allotment and Subscription Agreement dated 15 February 2006 between Andrew Tay Nguang Yeow ("Andrew Tay"), TCH Marine Pte Ltd ("TCH Marine") and Freight Management Holdings Bhd ("FMH") whereby FMH agreed to purchase at the consideration of SGD700,000 the rights of Andrew Tay in a rights issue exercise to be undertaken by TCH Marine. The purchase of the rights allowed FMH to subscribe for 1,353,000 ordinary shares of SGD1.00 each ("Subscription") (or 51% of the share capital) in TCH Marine at the consideration of SGD1,353,000 or equivalent to RM3,103,105. With the completion of the Subscription on 3 March 2006, TCH Marine became a 51% owned subsidiary of FMH. The total investment for the 51% shareholding in TCH Marine by FMH is SGD2,053,000 or equivalent to RM4,704,705 and direct cost attributed to the acquisition amounting to RM26,790; and
- ii. Sale and Purchase Agreement dated 17 November 2006 between FMH and Ng Boon Let, Ng Boon Huat and Ng Boon Pin (collectively, "Purchasers") whereby FMH agreed to sell and the Purchasers agreed to purchase a piece of vacant industrial land held under HS(D) 71692 PT 67124, Mukim Klang, Daerah Klang, Negeri Selangor at a cash consideration of RM2,025,115, upon the terms and subject to the conditions contained in the Agreement.

**10. Recurrent Related party transactions**

All recurrent related party transactions entered into by the Group during the financial year are disclosed in Note 35 of the financial statement in pages 26 to 81 of this annual report.

**11. Revaluation Policy**

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.

This statement is made in accordance with a resolution by the Board of Directors dated 22 October 2007.



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# 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 2007.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year, except for the acquisition of a subsidiary as disclosed in Note 9 to the financial statements.

## RESULTS

	Group RM	Company RM
Profit for the financial year	10,711,708	18,004,372
Attributable to:		
Equity holders of the Company	9,687,600	18,004,372
Minority interest	1,024,108	-
Profit for the financial year	10,711,708	18,004,372

## DIVIDENDS

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

	RM	RM
In respect of the financial year ended 30 June 2006:		
Final dividend of 2.0 sen per ordinary share, less tax, paid on 18 January 2007	-	1,243,920
In respect of the financial year ended 30 June 2007:		
Interim - gross dividend of 1.2 sen per ordinary share, less tax	746,352	-
- tax exempt dividend of 0.8 sen per ordinary share	681,600	-
paid on 27 July 2007		1,427,952
		2,671,872

The Directors proposed a final dividend of 2 sen per ordinary share less tax, amounting to RM1,260,960, in respect of the financial year ended 30 June 2007 subject to the approval of shareholders 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

The Company has not issued any shares or debentures during the 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 should be in force for a period of 5 years until 27 January 2010 ("the option period"). However, as disclosed in Note 43 to the financial statements, the ESOS was terminated on 8 December 2006 pursuant to the approval of the shareholders at the Annual General Meeting.

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

Date of offer	----- Number of options over ordinary shares of RM0.50 each -----			
	Option price RM	Balance as at 1.7.2006	Terminated during the year	Balance as at 30.6.2007
28 January 2005	0.65	4,678,000	(4,678,000)	-

The Company has been granted exemption by the Companies Commission of Malaysia in the previous year 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	----- Number of options over ordinary shares of RM0.50 each -----			
	Option price RM	Balance as at 1.7.2006	Terminated during the year	Balance as at 30.6.2007
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 Abd. Razak  
 Chew Chong Keat  
 Yang Heng Lam  
 Gan Siew Yong  
 Aaron Sim Kwee Lein  
 Ong Looi Chai  
 Chua Tiong Hock (Appointed as Director on 30 July 2007)  
 (Appointed as Alternate Director on 5 January 2007; ceased on 16 July 2007)  
 Khua Kian Keong (Appointed as Alternate Director on 30 July 2007)  
 (Appointed as Director on 5 January 2007; vacated office on 16 July 2007)

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

In accordance with Article 114 of the Company's Articles of Association, Chua Tiong Hock retires by casual vacancy at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

# Directors' Report (continued)

## 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 2007 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

Shares in the Company	----- Number of ordinary shares -----			
	Balance as at 1.7.2006/ date of appointment	Bought	Sold	Balance as at 30.6.2007
<b>Direct interests</b>				
Chew Chong Keat	24,815,568	-	(1,083,750)	23,731,818
Gan Siew Yong	3,716,782	-	-	3,716,782
Yang Heng Lam	16,209,472	-	(616,250)	15,593,222
Datuk Dr. Haji Noordin bin Haji Abd. Razak	2,588,000	-	(2,588,000)	-
Ong Looi Chai	1,000,950	-	-	1,000,950
<b>Indirect interests</b>				
Khua Kian Keong	17,040,000	-	-	17,040,000
Chua Tiong Hock	17,040,000	-	-	17,040,000

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

Other than as stated above, 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.

## 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.
- (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.



## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

### (I) AS AT THE END OF THE FINANCIAL YEAR (continued)

- (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 significant events during the financial year are disclosed in Note 43 to the financial statements.

## 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  
4 September 2007





## Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 32 to 81 have been drawn up in accordance with applicable approved Financial Reporting 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 2007 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 2007.

On behalf of the Board,

.....  
Chew Chong Keat  
Director

.....  
Yang Heng Lam  
Director

Port Klang  
4 September 2007

## 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 32 to 81 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	)	
4 September 2007	)	

Before me:  
PESURUHJAYA SUMPAH  
A.T. VELU  
W240  
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 32 to 81.

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 Financial Reporting 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 2007 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 subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and auditors' reports of the subsidiaries of which we have not acted as auditors, as indicated in Note 9 to the financial statements, being financial statements that are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries 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 subsidiaries 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**

2271/10/07 (J)

Partner

Kuala Lumpur

4 September 2007



# Balance Sheets

AS AT 30 JUNE 2007

			Group		Company
	NOTE	2007 RM	2006 RM (Restated)	2007 RM	2006 RM (Restated)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	7	44,478,569	35,466,481	-	-
Prepaid lease payments for land	8	11,434,043	14,368,320	-	-
Investment in subsidiaries	9	-	-	35,828,410	33,587,410
Investment in an associate	10	137,209	121,756	-	-
Other investments	11	2,776	1,150,797	-	-
Amount owing by subsidiaries	12	-	-	15,031,382	14,160,600
Goodwill on consolidation	13	1,674,226	1,674,226	-	-
		<b>57,726,823</b>	52,781,580	<b>50,859,792</b>	47,748,010
<b>Current assets</b>					
Trade receivables	14	34,100,152	32,252,188	-	-
Other receivables, deposits and prepayments	15	2,978,423	2,703,962	6,272	24,462
Amounts owing by subsidiaries	12	-	-	14,466,686	2,826,232
Amount owing by an associate	16	441,150	459,306	-	-
Tax recoverable		1,426,531	218,416	5,445,832	119,500
Fixed deposits with licensed banks	17	3,778,277	3,014,088	-	-
Short term deposits- Repo		3,800,000	-	3,800,000	-
Cash and bank balances		7,934,577	6,458,832	2,401,549	921,739
		<b>54,459,110</b>	45,106,792	<b>26,120,339</b>	3,891,933
<b>Non-current asset classified as held for sale</b>	18	<b>5,266,066</b>	-	-	-
		<b>59,725,176</b>	45,106,792	<b>26,120,339</b>	3,891,933
<b>TOTAL ASSETS</b>		<b>117,451,999</b>	97,888,372	<b>76,980,131</b>	51,639,943

# Balance Sheets (continued)



		Group		Company	
	NOTE	2007 RM	2006 RM (Restated)	2007 RM	2006 RM (Restated)
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	19	42,600,000	42,600,000	42,600,000	42,600,000
Reserves	20	23,100,322	16,176,240	22,933,306	7,600,806
		65,700,322	58,776,240	65,533,306	50,200,806
Minority interests		4,396,423	3,457,245	-	-
<b>TOTAL EQUITY</b>		<b>70,096,745</b>	<b>62,233,485</b>	<b>65,533,306</b>	<b>50,200,806</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Hire-purchase and lease creditors	21	631,926	534,628	-	-
Term loans - secured	22	15,063,162	1,742,353	-	-
Deferred tax liabilities	23	2,797,800	2,045,400	4,900,000	-
		18,492,888	4,322,381	4,900,000	-
<b>Current liabilities</b>					
Trade payables	24	14,691,957	13,441,179	-	-
Other payables and accruals	25	5,484,707	7,381,832	365,968	307,061
Amounts owing to subsidiaries	12	-	-	4,752,905	1,132,076
Hire-purchase and lease creditors	21	409,966	416,518	-	-
Term loans - secured	22	1,624,088	1,289,849	-	-
Banker acceptance		1,257,292	-	-	-
Bank overdrafts - secured	26	3,293,390	8,270,661	-	-
Dividends payable		1,427,952	-	1,427,952	-
Tax liabilities		673,014	532,467	-	-
		28,862,366	31,332,506	6,546,825	1,439,137
<b>TOTAL LIABILITIES</b>		<b>47,355,254</b>	<b>35,654,887</b>	<b>11,446,825</b>	<b>1,439,137</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>117,451,999</b>	<b>97,888,372</b>	<b>76,980,131</b>	<b>51,639,943</b>

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





# Income Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	NOTE	2007 RM	Group 2006 RM (Restated)	2007 RM	Company 2006 RM (Restated)
Revenue	27	<b>188,079,313</b>	160,831,784	<b>27,124,500</b>	7,698,000
Cost of sales		<b>(148,158,206)</b>	(128,884,944)	-	-
Gross profit		<b>39,921,107</b>	31,946,840	<b>27,124,500</b>	7,698,000
Other income		<b>2,474,121</b>	3,693,149	<b>168,137</b>	159,573
Administration expenses		<b>(27,508,010)</b>	(24,220,948)	<b>(2,669,973)</b>	(2,177,404)
Profit from operations		<b>14,887,218</b>	11,419,041	<b>24,622,664</b>	5,680,169
Finance costs		<b>(1,211,680)</b>	(349,328)	<b>(19,322)</b>	-
Share of profit/(loss) in an associate		<b>15,453</b>	(18,367)	-	-
Profit before tax	28	<b>13,690,991</b>	11,051,346	<b>24,603,342</b>	5,680,169
Tax expense	29	<b>(2,979,283)</b>	(3,018,375)	<b>(6,598,970)</b>	(1,647,548)
Profit for the financial year		<b>10,711,708</b>	8,032,971	<b>18,004,372</b>	4,032,621
Attributable to:					
Equity holders of the Company		<b>9,687,600</b>	7,739,554	<b>18,004,372</b>	4,032,621
Minority interest		<b>1,024,108</b>	293,417	-	-
		<b>10,711,708</b>	8,032,971	<b>18,004,372</b>	4,032,621
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic earnings per ordinary share	31	<b>11.37</b>	9.08		
Fully diluted earnings per ordinary share (sen)	31	<b>11.37</b>	9.06		

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

# Statements of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007



GROUP	Share capital RM	Share premium RM	Negative goodwill RM	Exchange fluctuation reserve RM	Retained earnings RM	Total RM	Minority interest RM	Total RM
Balance as at 1 July 2005	42,600,000	4,075,506	4,421,733	-	2,360,857	53,458,096	-	53,458,096
Effect of adopting FRS (Note 5.3 (a)(i))	-	-	-	-	-	-	3,142,112	3,142,112
Transfer to goodwill on consolidation	-	-	11,481	-	-	11,481	-	11,481
Exchange fluctuation reserve arising from translation of foreign subsidiaries during the year	-	-	-	20,869	-	20,869	21,716	42,585
Income recognised directly in equity	-	-	11,481	20,869	-	32,350	21,716	54,066
Net profit for the financial year	-	-	-	-	7,739,554	7,739,554	293,417	8,032,971
Total recognised income and expense for the year	-	-	11,481	20,869	7,739,554	7,771,904	315,133	8,087,037
Dividends paid (Note 30)	-	-	-	-	(2,453,760)	(2,453,760)	-	(2,453,760)
Balance as at 30 June 2006	42,600,000	4,075,506	4,433,214	20,869	7,646,651	58,776,240	3,457,245	62,233,485
Effects of adopting FRS (Note 5.3 (b))	-	-	(4,433,214)	-	4,433,214	-	-	-
Exchange fluctuation reserve arising from translation of foreign subsidiaries during the year	-	-	(4,433,214)	(91,646)	-	(91,646)	(84,930)	(176,576)
Income and expense recognised directly in equity	-	-	(4,433,214)	(91,646)	4,433,214	(91,646)	(84,930)	(176,576)
Net profit for the financial year	-	-	-	-	9,687,600	9,687,600	1,024,108	10,711,708
Total recognised income and expense for the year	-	-	(4,433,214)	(91,646)	14,120,814	9,595,954	939,178	10,535,132
Dividends paid (Note 30)	-	-	-	-	(2,671,872)	(2,671,872)	-	(2,671,872)
Balance as at 30 June 2007	42,600,000	4,075,506	-	(70,777)	19,095,593	65,700,322	4,396,423	70,096,745

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



## Statements of Changes in Equity (continued)

COMPANY	Share capital RM	Share premium RM	Retained earnings RM	Total RM
Balance as at 1 July 2005	42,600,000	4,075,506	1,946,439	48,621,945
Net profit for the financial year	-	-	4,032,621	4,032,621
Dividends (Note 30)	-	-	(2,453,760)	(2,453,760)
Balance as at 30 June 2006	42,600,000	4,075,506	3,525,300	50,200,806
Net profit for the financial year	-	-	18,004,372	18,004,372
Dividends (Note 30)	-	-	(2,671,872)	(2,671,872)
Balance as at 30 June 2007	42,600,000	4,075,506	18,857,800	65,533,306

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

# Cash Flow Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007



	Group		Company	
	2007 RM	2006 RM (Restated)	2007 RM	2006 RM (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	<b>13,690,991</b>	11,061,094	<b>24,603,342</b>	5,680,169
Adjustments for:				
Allowance for doubtful debts	<b>797,751</b>	529,117	-	-
Allowance for doubtful debts no longer required	<b>(427,446)</b>	(628,980)	-	-
Amortisation of prepaid lease payment for land	<b>155,430</b>	130,331	-	-
Bad debts recovered	<b>(17,956)</b>	(7,910)	-	-
Bad debts written off	<b>4,180</b>	34,453	-	-
Depreciation of property, plant and equipment	<b>2,699,119</b>	1,978,109	-	-
Dividends income	-	(111,910)	<b>(25,944,500)</b>	(6,000,000)
Gain on disposal of property, plant and equipment	<b>(130,097)</b>	(113,129)	-	-
Impairment loss of other investment	-	177,453	-	-
Interest expense	<b>1,211,680</b>	349,328	<b>19,322</b>	-
Interest income	<b>(251,015)</b>	(308,006)	<b>(160,287)</b>	(159,573)
Loss on disposal of other investment	<b>22,792</b>	-	-	-
Loss on disposal of prepaid lease payment for land	<b>78,016</b>	-	-	-
Property, plant and equipment written off	<b>56,627</b>	151,850	-	-
Share of (profit)/loss in an associate	<b>(15,453)</b>	18,367	-	-
Unrealised (gain)/loss on foreign currency transactions	<b>(11,424)</b>	(369,410)	-	7,850
Operating profit/(loss) before working capital changes	<b>17,863,195</b>	12,890,757	<b>(1,482,123)</b>	(471,554)
Increase in trade receivables	<b>(1,939,102)</b>	(8,381,757)	-	-
(Increase)/Decrease in other receivables, deposits and prepayments	<b>(539,630)</b>	(1,008,303)	<b>18,190</b>	(18,302)
Increase in trade payables	<b>1,252,064</b>	2,171,640	-	-
(Decrease)/Increase in other payables and accruals	<b>(1,927,344)</b>	2,715,976	<b>58,907</b>	151,754
Decrease/(Increase) in amount owing by an associate	<b>18,156</b>	(242,516)	-	-
Cash generated from/(used in) operations	<b>14,727,339</b>	8,145,797	<b>(1,405,026)</b>	(338,102)
Interest paid	<b>(186,891)</b>	(244,009)	-	-
Tax paid	<b>(3,298,042)</b>	(2,111,975)	<b>(20,287)</b>	(210,048)
Tax refund	-	1,508	-	-
Net cash from/(used in) operating activities	<b>11,242,406</b>	5,791,321	<b>(1,425,313)</b>	(548,150)

# Cash Flow Statements (continued)

	2007 RM	Group 2006 RM (Restated)	2007 RM	Company 2006 RM (Restated)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of subsidiaries	-	-	(7)	(4,731,493)
Acquisition of subsidiaries, net of cash and cash equivalents acquired (Note 32)	-	(2,064,720)	-	-
Additional investment in subsidiary	-	-	(2,240,993)	-
Purchase of prepaid lease payment for land	(112,491)	(100,000)	-	-
Repayment from/(Advances to) subsidiaries	-	-	1,152,539	(10,555,261)
Dividends received	-	106,941	5,275,710	4,320,000
Interest received	251,015	308,006	160,287	159,573
Investment in unit trusts	-	(106,941)	-	-
Overpayment made for the purchase of prepaid lease payment for land	131,900	-	-	-
Placements of Repo (Placement)/Withdrawal of fixed deposits pledged to licensed banks	(65,350,000)	(151,700,000)	(65,350,000)	(151,700,000)
Proceeds from disposal of prepaid lease payment for land	(748,234)	400,754	-	-
Proceeds from disposal of other investments	2,025,115	-	-	-
Proceeds from disposal of property, plant and equipment	1,125,229	-	-	-
Purchase of property, plant and equipment (Note 33)	233,333	133,368	-	-
Withdrawals of Repo	(13,640,725)	(16,938,248)	-	-
	65,350,000	151,700,000	65,350,000	151,700,000
Net cash (used in)/from investing activities	(10,734,858)	(18,260,840)	4,347,536	(10,807,181)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Advances from subsidiaries	-	-	3,620,829	1,132,076
Advances from other payables	-	565,119	-	-
Dividends paid	(1,243,920)	(3,680,640)	(1,243,920)	(3,680,640)
Drawdown of term loans	13,000,000	-	-	-
Drawdown of banker acceptance	1,257,292	-	-	-
Repayment of term loans	(1,606,710)	(325,621)	-	-
Repayment of hire-purchase and lease creditors	(585,627)	(452,766)	-	-
Interest paid	(1,024,789)	(105,319)	(19,322)	-
Net cash from/(used in) financing activities	9,796,246	(3,999,227)	2,357,587	(2,548,564)
Exchange differences	(28,965)	(21,160)	-	-
Net increase/(decrease) in cash and cash equivalents	10,274,829	(16,489,906)	5,279,810	(13,903,895)
Cash and cash equivalents at beginning of financial year	(1,380,647)	15,124,630	921,739	14,825,634
Effect of changes in exchange	(5,858)	(15,371)	-	-
Cash and cash equivalents at end of financial year (Note 34)	8,888,324	(1,380,647)	6,201,549	921,739

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





## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Second Board of Bursa Malaysia Securities Berhad.

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 Lot 37, Lebuhr Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia.

## 2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year, except for the acquisition of a subsidiary as disclosed in Note 9 to the financial statements.

## 3. 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 Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 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 Financial Reporting 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. The area involving such judgements, estimates and assumptions are disclosed in Note 6. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

### 4.2 Basis of consolidation

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

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair value at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets, liabilities and contingent liabilities in the business combination which are measured initially at their fair value at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

- (a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- (b) recognise immediately in profit or loss any excess remaining after the reassessment.



# Notes to the Financial Statements (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.2 Basis of consolidation (continued)

Where more than one exchange transaction is involved, any adjustment to the fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.

Where losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the year between the minority interest and equity holders of the Company.

### 4.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measurement at cost. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred. Cost also comprises the initial estimate of dismantling and removing the item and restoring the site on which it is located for which the Group is obligated to incur when the item is acquired.

Each part of an item of property, plant and equipment except for freehold land are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation on other property, plant and equipment is calculated on a straight line basis to write off the costs of the assets to its residual value of these assets over their estimated useful lives. The principal annual depreciation rates are as follows:



## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.3 Property, plant and equipment and depreciation (continued)

Buildings	2%
Machinery, furniture and fittings	7.5% - 100%
Office equipment	7.5% - 100%
Renovation	10% - 20%
Motor vehicles	12.5% - 20%
Forklifts	20%
Storage containers	10%
Tug boats and barges	5%

Freehold land is not depreciated. Construction in progress represents the construction and renovation-in-progress and is stated at cost. Construction in progress is not depreciated until such time when the asset is available for use.

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable.

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the carrying amount is included in profit or loss.

### 4.4 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the non-current assets are measured in accordance with applicable FRSs. On initial classification as held for sale, non-current assets are measured at the lower of carrying amount immediately before the initial classification as held for sale and fair value less costs to sell. Any differences are recognised in profit or loss as impairment loss.

Non-current assets held for sale are classified as current assets on the face of the balance sheet and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset classified as held for sale is presented separately.

### 4.5 Leases and hire-purchase

#### (a) Finance leases and hire-purchase

Assets acquired under finance leases and hire-purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amount equal to the fair value of the leased property, or if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets 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.



# Notes to the Financial Statements (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.5 Leases and hire-purchase (continued)

#### (a) Finance leases and hire-purchase (continued)

The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are recognised in profit and loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire-purchase liabilities.

#### (b) Operating leases

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

#### (c) Leases of land

Leases of land are classified as operating or finance leases in the same way as leases of other assets.

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risk and rewards incidental to ownership is treated as an operating lease. The lump-sum upfront lease payment made on entering into or acquiring leasehold land is accounted as prepaid lease payments and is amortised over the lease term on a straight line basis.

Prior to 1 October 2006, the Group had classified a lease of land as finance lease and had recognised the amount of prepaid lease payments as property within its property, plant and equipment. On adoption of FRS 117 leases, the Group treats such a lease as an operating lease, with the unamortised carrying amount classified as prepaid lease payments in accordance with the transitional provision in FRS 117. The effect of the change in accounting policy is disclosed in Note 5.3(e)(i).

### 4.6 Investments

#### (i) Subsidiaries

A subsidiary is an entity in which the Group and the Company has power to exercise control over the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

Investments in subsidiaries, which are eliminated on consolidation, are stated at cost less impairment losses, if any, unless the investment is classified as held for sale, the difference between the net disposal proceeds and their carrying amounts is included in the income statement.

#### (ii) Associate

An associate is an entity in which the Group and the Company have a long term equity interest 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 Group's investment in associate is stated at cost less impairment losses, if any, unless the investment is classified as held for sale. On disposal of such investment, the difference between the net proceeds and their carrying amounts is included in the income statement.

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



## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.6 Investments (continued)

#### (ii) Associate (continued)

Goodwill arising on acquisition of an associate is the excess of cost of investment over the Group's share of the net fair value of net assets of the associate's identifiable assets, liability and contingent liability at the date of acquisition.

Goodwill in relation to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liability over the cost of investment is included as income in determining the Group's share of the associate's profit and loss in the period in which the investment is acquired. Negative goodwill arising on acquisition is not recognised as income.

The Group's share of results and reserves less losses in the associate 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.

The associate is accounted for using the equity method from the date significant influence commences until the date the Group ceases to have significant influence over the associate.

When the Group's share of losses in the associate equals or exceeds its interest in the associate, the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf. The interest in the associate is the carrying amount of the investment in the associate under the equity method together with any long-term interest that, in substance, form part of the Group's net interest in the associate.

Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

#### (iii) Other investments

Investments in shares, unit trusts and debentures held as long term investments are stated at cost less impairment losses.

Short term investments are stated at the lower of cost and market value.

Upon disposal of such investment, the difference between net disposal proceeds and its carrying amount is recognised in profit and loss.

### 4.7 Goodwill

Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Prior to 1 July 2006, goodwill acquired in a business combination represented the excess of the cost of combination over the Group's share of the fair value of the identifiable assets and liabilities acquired at the date of acquisition. Goodwill was subject to impairment testing whenever there was any indication of impairment.





# Notes to the Financial Statements (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.8 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investment in subsidiaries and associates), deferred tax assets and non-current assets held for sale, 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.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit (CGU) to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the income statement when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rate basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in the income statement 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.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if and only if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

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.

Such reversals are recognised as income immediately in the income statement.

### 4.9 Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowances are made for any debts which are considered doubtful of collection.

### 4.10 Payables

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

### 4.11 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.



## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.11 Provisions (continued)

Where the effect of the time value of money is material, the amount of provision will be discounted to its present value at a pre-tax rate that reflect current market assessment of the time value of money and the risks specific to the liability.

### 4.12 Employee benefits

#### 4.12.1 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.

#### 4.12.2 Defined contribution plans

The Company and subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes 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.

### 4.13 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit.

Taxes in the income statement comprise current tax and deferred tax.

#### (a) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted by the balance sheet date.

#### (b) 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 sheet 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 the 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.



# Notes to the Financial Statements (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.13 Income taxes (continued)

#### (b) Deferred tax (continued)

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.

### 4.14 Foreign currencies

#### 4.14.1 Functional and presentation currency

The separate financial statements of each entity in the Group are measured using the functional currency which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

#### 4.14.2 Foreign currency transactions and translations

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date, foreign currency monetary items are translated using the closing rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation shall be recognised in profit or loss in the financial statements of the Company or the individual financial statements of the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences are recognised initially in the exchange translation reserve except for a monetary item that is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, which exchange differences is recognised in profit or loss in the consolidated financial statements. On the disposal of the foreign operation, the cumulative amount of the exchange differences relating to the foreign operation is recognised in profit or loss when the gain or loss on disposal is recognised.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation is treated as assets and liabilities of the foreign operation and is translated at the closing rate.

### 4.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### (a) Revenue from services rendered

Revenue from freight and forwarding is recognised in the income statement when the services are rendered. Income is recognised in the income statement on accrual basis.



## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.15 Revenue recognition (continued)

#### (b) Management fees

Management fees in respect of the rendering of management and consultation services to the subsidiary companies are recognised on an accrual basis.

#### (c) Dividend income

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

### 4.16 Cash and cash equivalents

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

### 4.17 Financial instruments

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 shares issued, if any are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to the income statement.

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

Where the Company reacquires its own equity instrument, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

#### (b) Interest bearing borrowings

Interest bearing borrowings are recorded at the amount of proceeds received and interest accrued.

#### (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.

#### (d) Borrowing costs

Interest expense relating to a financial instrument or a component part classified as a financial liability is reported as finance costs in the income statement.

Costs incurred on borrowings to finance the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to the income statements.

# Notes to the Financial Statements (continued)

## 5. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS

### 5.1 New and revised FRSs adopted

On 1 July 2006, the Group and the Company adopted the following new and revised FRSs which are effective for financial periods beginning on or after 1 January 2006. All new and revised standards adopted by the Group and the Company require retrospective application unless otherwise stated.

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Properties
IC Interpretation 107	Introduction of the Euro
IC Interpretation 110	Government Assistance – No Specific Relation to Operating Activities
IC Interpretation 112	Consolidation – Special Purpose Entities
IC Interpretation 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
IC Interpretation 115	Operating Leases – Incentives
IC Interpretation 121	Income taxes – Recovery of Revalued Non-Depreciable Assets
IC Interpretation 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
IC Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Interpretation 129	Disclosure – Service Concession Arrangements
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services
IC Interpretation 132	Intangible Assets – Web Site Costs
IC Interpretation 201	Preliminary and Pre-operating Expenditure

The Group has chosen an early adoption of FRS 117 Leases which is only effective for annual periods beginning on or after 1 October 2006 as it is relevant to their operations.



# Notes to the Financial Statements (continued)



## 5. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS (continued)

### 5.2 New/Revised/Reformatted FRSs, amendments to FRSs and Issues Committee ("IC") Interpretations not adopted

At the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and IC Interpretations which have effective date as follows were in issue. The Group and the Company have not elected to early adopt the following standards:

	For financial periods beginning on or after
FRS 124 : Related Party Disclosures	1 October 2006
FRS 6 : Exploration for and Evaluation of Mineral Resource	1 January 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates	
- net investment in foreign operation	1 July 2007
FRS 107 : Cash Flow Statements	1 July 2007
FRS 111 : Construction Contracts	1 July 2007
FRS 112 : Income Taxes	1 July 2007
FRS 118 : Revenue	1 July 2007
FRS 119 : Employee Benefits	1 July 2007
FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 126 : Accounting and Reporting by Retirement Benefit Plans	1 July 2007
FRS 129 : Financial Reporting in Hyperinflationary Economies	1 July 2007
FRS 134 : Interim Financial Reporting	1 July 2007
FRS 137 : Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1 : Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2 : Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5 : Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6 : Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7 : Applying the Restatement Approach under FRS 129 <sub>2004</sub> Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8 : Scope of FRS 2	1 July 2007
FRS 139 : Financial Instruments: Recognition and Measurement	Yet to determine

The adoption of the above is not expected to have any significant financial impact on the financial statements of the Group and the Company upon their initial application.

By virtue of exemption provided for in FRS 124 and FRS 139, the impact of applying these standards need not be disclosed.

### 5.3 Impact of new and revised FRSs adopted

The adoption of the above FRSs does not have significant financial impact on the Group and the Company except FRSs as stated below:

#### (a) FRS 101: Presentation of Financial Statements

##### (i) Disclosure and presentation of minority interest

FRS 101 requires disclosure, on the face of the consolidated income statement, an allocation of an entity's profit or loss for the period between the profit or loss attributable to minority interest and profit or loss attributable to equity holders of the parent. FRS 101 also requires minority interest to be presented within total equity on the consolidated balance sheet at the balance sheet date.

Prior to 1 July 2006, minority interest was presented as an item of income or expense in the consolidated income statement. Minority interest in the consolidated balance sheet was presented separately from equity and liabilities.



# Notes to the Financial Statements (continued)

## 5. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS (continued)

### 5.3 Impact of new and revised FRSs adopted (continued)

#### (a) FRS 101: Presentation of Financial Statements (continued)

##### (ii) Disclosure of judgements and estimates

FRS 101 requires disclosures of judgements made by management in the process of applying the Group's accounting policies that has the most significant effect in the amounts recognised in the financial statements and the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### (iii) Classification of financial liabilities

FRS 101 requires a financial liability due within the next 12 months or is payable on demand whereby the entity does not have an unconditional right to defer settlement beyond the next 12 months after the balance sheet date be classified as a current liability even if an agreement to refinance or reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue.

FRS 101 also requires a long-term financial liability payable on demand because the entity has breached a condition of its loan agreement on or before the balance sheet date to be classified as a current liability at the balance sheet date even if, after the balance sheet date and before the financial statement are authorised for issue, the lender had agreed not to demand payment as a consequence of the breach.

Prior to 1 July 2006, all such liabilities were classified as non-current liabilities in the financial statements. The change has no material impact on the financial statements of the Group and the Company.

##### (iv) Presentation of share of tax of an associate

FRS 101 requires the share of tax of an associate accounted for using the equity method be included in the respective share of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

Prior to 1 July 2006, the Group's share of tax of an associate accounted for using the equity method was included as part of the Group's tax expense in the consolidated income statement.

All changes in presentation have been applied retrospectively. These changes in presentation have no financial impact on the Company's financial statements.

#### (b) FRS 3: Business Combination

Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill).

Under FRS 3, any excess of the Group's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of business combinations, after reassessment, is recognised immediately in profit or loss. Prior to 1 July 2006, negative goodwill was not amortised and was presented as a separate item in equity. In accordance with transitional provisions of FRS 3, negative goodwill as at 1 July 2006 of RM4,433,214 is derecognised with a corresponding increase in retained earnings.

The change in accounting policy has no impact on amounts reported for 2005 or prior periods, as the revised accounting policy has been applied prospectively. This change has no impact on the Company's financial statements.

# Notes to the Financial Statements (continued)



## 5. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS (continued)

### 5.3 Impact of new and revised FRSs adopted (continued)

#### (c) FRS 5: Non-current assets held for sale and discontinued operations

Under FRS 5, non-current assets held for sale are classified as current assets on the face of the balance sheet and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated.

Prior to 1 July 2006, non-current assets held for sale were neither classified nor presented as current assets or liabilities. There were no differences in the measurement of non-current assets held for sale.

The Group has applied FRS 5 prospectively in accordance with the transitional provisions. The effects on the consolidated balance sheet as at 30 June 2007 are set out in Note 5.3 (e). This change has no impact on the Group's income statement for the year ended 30 June 2007.

#### (d) FRS 117: Leases

Leasehold land held for own use

Under FRS 117, leasehold land held for own use is now classified as operating lease. The upfront payment made for the leasehold land represents prepaid lease payments that are amortised on a straight line basis over the lease term. Prior to 1 October 2006, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

In accordance with the transitional provision of FRS 117, the carrying amount of leasehold land as at 1 July 2006 is retained as the surrogate carrying amount of prepaid lease payments. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively. The effects on the consolidated balance sheet as at 30 June 2007 are set out in Note 5.3(e)(i). There were no effects on the consolidated income statement for the year ended 30 June 2007 and the Group's financial statements.

#### (e) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following tables provide estimates of the extent to which each of the line items in the balance sheet for the year ended 30 June 2007 is higher or lower than it would have been had the previous policies been applied in the current year:

##### (i) Effects on balance sheet as at 30 June 2007

GROUP	FRS 117 Note 5.3(d) RM	FRS 5 Note 5.3(c) RM	FRS 3 Note 5.3(b) RM	Total RM
Retained earnings	-	-	4,433,214	4,433,214
Negative goodwill	-	-	(4,433,214)	(4,433,214)
Property, plant and equipment	(11,434,043)	(5,266,067)	-	(16,700,110)
Prepaid lease payment for land	11,434,043	-	-	11,434,043
Non-current asset classified as held for sale	-	5,266,067	-	5,266,067



# Notes to the Financial Statements (continued)

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

### 6.1 Critical judgements made in applying accounting policies

The following is the judgement made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

#### (i) Classification between non-current assets held for sale and property, plant and equipment

As mentioned in Note 5.3(c), the Group is actively searching for potential buyers for the properties, as such, the Directors are of the opinion that it is appropriate to reclassify those properties as non-current assets held for sale.

### 6.2 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

#### (i) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiary companies to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 13.

#### (ii) Income tax

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the final tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. The carrying amount of the Group's tax payables at 30 June 2007 was RM673,014 (2006: RM532,467).

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Freehold land  
Buildings  
Machinery, furniture and fittings  
Office equipment  
Renovation  
Motor vehicles  
Forklifts  
Storage containers  
Tug boats and barges



## 2.

Freehold land  
Buildings  
Construction in progress  
Machinery, furniture and fittings  
Office equipment  
Renovation  
Motor vehicles  
Forklifts  
Storage containers  
Tug boats and barges

# Notes to the Financial Statements (continued)



## 7. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2007 RM	Group 2006 RM
<b>At net book value</b>		
Construction in progress	-	15,123,427
Freehold land	236,467	236,467
Buildings	25,159,023	5,759,740
Barges	7,744,823	6,325,981
	<b>33,140,313</b>	<b>27,445,615</b>

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

	2007 RM	Group 2006 RM
Motor vehicles	1,295,894	1,517,319
Office equipments	192,855	-
	<b>1,488,749</b>	<b>1,517,319</b>

## 8. PREPAID LEASE PAYMENTS FOR LAND

GROUP	Balance as at 1.7.2006 RM	Addi- tion RM	Disposal RM	Reclassi- fication RM	Over payment RM	Amortisation charge for the year RM	Balance as at 30.6.2007 RM
<b>Carrying amount</b>							
Long term leasehold land	14,368,320	112,491	(2,103,131)	(656,307)	(131,900)	(155,430)	11,434,043

GROUP	Balance as at 1.7.2005 RM	Addition RM	Amortisation charge for the year RM	Balance as at 30.6.2006 RM
<b>Carrying amount</b>				
Long term leasehold land	2,920,579	11,578,072	(130,331)	14,368,320

Prepaid lease payment for land has been pledged as securities for banking facilities granted to the Group.

The title deeds for long leasehold land of subsidiaries have yet to be issued by the relevant authorities.

# Notes to the Financial Statements (continued)

## 9. INVESTMENT IN SUBSIDIARIES

	Company 2007 RM	2006 RM
Unquoted shares - at cost	<b>35,828,410</b>	33,587,410

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by Company		Principal activities
		2007	2006	
Citra Multimodal Services Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Provision of freight services
FM-Hellmann Worldwide Logistics Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Provision of freight services
FM Worldwide Logistics (Penang) Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Provision of freight services
Freight Management (Ipoh) Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Provision of freight services
Freight Management (M) Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Provision of freight services
Freight Management (Melaka) Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Provision of freight services
Freight Management (Penang) Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Provision of freight services
Advance International Freight Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Provision of freight services
Perspektif Gemilang Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Investment holding
#TCH Marine Pte. Ltd.	Singapore	<b>51%</b>	51%	Charterer of barges and tugboats
FM Marine Pte. Ltd.	Singapore	<b>100%</b>	-	Dormant
Icon Line (Malaysia) Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Provision of freight services

Name of company	Country of incorporation	Interest in equity held by Company		Principal activities
		2007	2006	
Subsidiary of Icon Line (Malaysia) Sdn. Bhd.				
#Icon Freight Services Pty. Ltd.	Australia	55%	55%	Provision of integrated freight and logistic services

# Subsidiaries not audited by member firms of BDO International.

# Notes to the Financial Statements (continued)



## 9. INVESTMENT IN SUBSIDIARIES (continued)

During the financial year, the Company acquired 100% equity interest in FM Marine Pte. Ltd. comprising 3 ordinary shares of SGD1 each for a cash consideration of SGD3 or equivalent to RM7.

The Company thereafter subscribed for an additional 999,997 new ordinary shares of SGD1 each paid by way of cash consideration of SGD999,997 or equivalent to RM 2,240,993.

The effect of this acquisition has no material impact to the financial statements of the Group.

During the last financial year, the Group acquired the following:

- (a) Icon Line (Malaysia) Sdn. Bhd. acquired 55% equity interest in Icon Freight Services Pty. Ltd. comprising 82,500 ordinary shares of AUD1.00 each for a cash consideration of AUD82,500 or equivalent to RM236,115 on 14 July 2005.
- (b) The Company acquired 51% equity interest in TCH Marine Pte. Ltd. comprising 2,053,000 ordinary shares of SGD1 each for a cash consideration of SGD2,053,000 or equivalent to RM4,704,705 and direct cost attributed to the acquisition amounting to RM26,790 on 3 March 2006.

The Company nominated Icon Line (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of the Company to hold one ordinary share of SGD1 each in TCH Marine Pte. Ltd. for a cash consideration of SGD1 or equivalent to RM2.

The effect of these acquisitions on the financial results of the Group was as follows:

	<b>2006 RM</b>
Revenue	11,822,192
Operating costs	(11,226,336)
Other operating income	26,791
Increase in Group's profit after tax	<u>622,647</u>

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

	<b>2006 RM</b>
Property, plant and equipment	8,497,586
Receivables	3,805,922
Tax recoverable	461
Cash and bank balances	1,105,084
Payables	(2,926,441)
Hire-purchase and lease creditors	(83,569)
Term loans	(2,972,714)
Bank overdrafts	(208,687)
Increase in Group's net assets	<u>7,217,642</u>

# Notes to the Financial Statements (continued)

## 10. INVESTMENT IN AN ASSOCIATE

	2007 RM	Group 2006 RM
Unquoted shares, at cost	49,000	49,000
Group's share of post acquisition results	88,209	72,756
	<b>137,209</b>	121,756

The detail of the associate, which was incorporated in Malaysia, is as follows:

Name of company	Interest in equity held by Group		Principal activity
	2007	2006	
FM Distribution Sdn. Bhd.	49%	49%	Provision of warehouse services

The summarised financial information of the associate is as follows:

	2007 RM	Group 2006 RM
Assets and liabilities		
Total assets	666,762	709,745
Total liabilities	(526,244)	(600,763)
Results		
Revenue	1,601,984	1,476,166
Profit for the financial year	31,536	79,948

## 11. OTHER INVESTMENTS

	2007 RM	Group 2006 RM
Unquoted shares in Malaysia - at cost	2,776	2,776
Unit trusts in Malaysia - at cost	-	1,406,941
	<b>2,776</b>	1,409,717
Less: Impairment loss	-	(258,920)
	<b>2,776</b>	1,150,797
Market value of unit trusts in Malaysia	-	1,148,021

## 12. AMOUNTS OWING BY/(TO) SUBSIDIARIES

### Current

The amounts owing by/(to) subsidiaries represent advances and payments on behalf which are unsecured and repayable on demand. Amount owing by subsidiaries are interest-free, except for an amount of RM435,694 (2006: Nil) which bears interest at rates of 7.75% (2006: Nil) per annum.

### Non-current

The amount owing by subsidiaries represent advances which are unsecured, interest-free and repayable after 12 months. Amount owing by subsidiaries are interest-free, except for an amount of RM870,782 (2006: Nil) which bears interest at rates of 7.75% (2006: Nil) per annum.

# Notes to the Financial Statements (continued)



## 13. GOODWILL ON CONSOLIDATION

	2007 RM	Group 2006 RM
As at beginning of the financial year	1,674,226	-
Transfer from reserve on consolidation	-	11,481
Goodwill arising on acquisition of subsidiary companies	-	1,662,745
As at end of the financial year	1,674,226	1,674,226

The recoverable amount of goodwill as at the end of the financial year was determined based on a value in use calculation by discounting the future cash flows generated from the continuing use of the cash-generating unit ("CGU") and was based on the following assumptions:

- (i) Pre-tax cash flow projections based on the most recent financial budgets approved by the Directors covering a five year period.
- (ii) Pre-tax discount rate of 6.35% was applied in determining the recoverable amount of CGU. The discount rate was estimated based on the Group's weighted average cost of debts.

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

## 14. TRADE RECEIVABLES

	2007 RM	Group 2006 RM
Trade receivables	34,734,751	32,931,762
Less: Allowance for doubtful debts	(634,599)	(679,574)
	34,100,152	32,252,188

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

	2007 RM	Group 2006 RM
Bad debts written off	173,771	97,828

The credit terms of trade receivables range from 7 to 70 days from date of invoice.



# Notes to the Financial Statements (continued)

## 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables	1,329,603	1,808,119	43	6,520
Less: Allowance for doubtful debts	(236,722)	-	-	-
	1,092,881	1,808,119	43	6,520
Deposits	599,966	382,476	1,000	1,000
Prepayments	1,285,576	513,367	5,229	16,942
	2,978,423	2,703,962	6,272	24,462

## 16. AMOUNT OWING BY AN ASSOCIATE

The amount owing by an associate represents trade transactions and payment on behalf which are unsecured, interest-free and repayable on demand except for trade transactions which have a credit term of 30 days from the date of invoices.

## 17. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group as at 30 June 2007 have maturity period of 12 months.

Included in the fixed deposits with licensed banks is an amount of RM3,331,140 (2006: RM2,582,906) 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 RM120,048 (2006: RM115,764) held in trust by certain Directors of a subsidiary company.

## 18. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

Certain asset of the Group is presented as non-current asset held for sale following the Group management's commitment to sell off the asset. As at 30 June 2007, the asset of the non-current asset is as follows:

	Group 2007 RM
<b>Non-current asset classified as held for sale</b>	
Property, plant and equipment (Note 7)	4,599,746
Prepaid lease payment for land	666,320
	<b>5,266,066</b>

## 19. SHARE CAPITAL

	Group and Company			
	2007		2006	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.50 each:				
Authorised	200,000,000	100,000,000	200,000,000	100,000,000
Issued and fully paid up	85,200,000	42,600,000	85,200,000	42,600,000

# Notes to the Financial Statements (continued)



## 19. SHARE CAPITAL (continued)

### 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 should be in force for a period of 5 years until 27 January 2010 ("the option period"). However, as disclosed in Note 43 to the financial statements, the ESOS was terminated on 8 December 2006 pursuant to the approval of the shareholders at the Annual General Meeting.

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

Date of offer	----- Number of options over ordinary shares of RM0.50 each -----			
	Option price RM	Balance as at 1.7.2006	Terminated during the year	Balance as at 30.6.2007
28 January 2005	0.65	4,678,000	(4,678,000)	-

The Company has been granted exemption by the Companies Commission of Malaysia in the previous year 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:

	----- Number of options over ordinary shares of RM0.50 each -----			
	Option price RM	Balance as at 1.7.2006	Terminated during the year	Balance as at 30.6.2007
<b>Name of option holders</b>				
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)	-

## 20. RESERVES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non distributable:				
Exchange fluctuation reserve	(70,777)	20,869	-	-
Share premium	4,075,506	4,075,506	4,075,506	4,075,506
Negative goodwill	-	4,433,214	-	-
	<b>4,004,729</b>	8,529,589	<b>4,075,506</b>	4,075,506
Distributable:				
Retained earnings	<b>19,095,593</b>	7,646,651	<b>18,857,800</b>	3,525,300
	<b>23,100,322</b>	16,176,240	<b>22,933,306</b>	7,600,806

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

Subject to the agreement of the Inland Revenue Board, the Company has:

- sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of the dividends out of all its retained earnings without incurring additional tax liability.
- tax exempt account of approximately RM36,000 (2006: RM718,000) for distribution of tax exempt dividends.

# Notes to the Financial Statements (continued)

## 20. RESERVES (continued)

The subsidiaries have tax exempt accounts totalling to approximately RM11,479,000 (2006: RM9,029,900) available for the distribution of tax exempt dividends which is restricted to the available retained earnings of approximately RM2,637,000 (2006: RM725,000) as at 30 June 2007.

## 21. HIRE-PURCHASE AND LEASE CREDITORS

	2007 RM	Group 2006 RM
Minimum hire-purchase and lease payments:		
- not later than one year	460,659	460,345
- later than one year and not later than five years	674,397	577,981
	1,135,056	1,038,326
Less: Future interest charges	(93,164)	(87,180)
Present value of hire-purchase and lease liabilities	1,041,892	951,146
Repayable as follows:		
Current liabilities:		
- not later than one year	409,966	416,518
Non-current liabilities:		
- later than one year and not later than five years	631,926	534,628
	1,041,892	951,146

## 22. TERM LOANS - SECURED

	2007 RM	Group 2006 RM
Term loan I	36,259	59,488
Term loan II	-	407,066
Term loan III	21,563	287,272
Term loan IV	1,643,482	2,278,376
Term loan V	2,186,987	-
Term loan VI	4,868,279	-
Term loan VII	7,930,680	-
	16,687,250	3,032,202

# Notes to the Financial Statements (continued)



## 22. TERM LOANS - SECURED (continued)

	2007 RM	Group 2006 RM
Term loans are repayable as follows:		
Current liabilities:		
- not later than one year	1,624,088	1,289,849
Non-current liabilities:		
- later than one year and not later than two years	1,650,652	641,692
- later than two years and not later than five years	3,163,602	1,100,661
- later than five years	10,248,908	-
	15,063,162	1,742,353
	16,687,250	3,032,202

- (i) Term loan I is repayable in 72 equal monthly instalments of RM2,273. The interest charged is 1.50% per annum above the bank's base lending rate.

The term loan is secured by way of:

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

- (ii) Term loan II has been fully settled during the current financial year. Term loan III is repayable by 18 monthly instalment of SGD10,138 which is equivalent to RM22,618 (2006: RM23,175). Term loan IV and V are repayable by 48 monthly instalments of SGD24,484 and SGD24,543 which is equivalent to RM54,624 (2006: RM55,970) and RM54,756 (2006: Nil) respectively. Term loan III and IV bearing interest at a flat rate of 3.25% per annum and term loan V is charged at 1.25% per annum above the bank's prime rate.

The term loans III, IV and V are secured by way of:

- (a) charge over an open mortgage of a subsidiary's barges; and
- (b) personal guarantee by one of the directors of a subsidiary.

- (iii) Term loan VI and VII are payable by 180 monthly instalment of RM41,400 and RM66,200 respectively and is charged at 2.0% per annum above the effective cost of fund.

The term loan VI and VII are secured by way of:

- (a) a charged over prepaid lease payment for land of the subsidiary; and
- (b) corporate guarantee by the Company.

# Notes to the Financial Statements (continued)

## 23. DEFERRED TAX LIABILITIES

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Balance as at 1 July 2006/2005	2,045,400	1,745,000	-	-
Recognised in the income statement (Note 29)				
- current year	736,227	317,101	4,900,000	-
- under/(over) provision in prior year	16,173	(16,701)	-	-
Balance as at 30 June 2007/2006	2,797,800	2,045,400	4,900,000	-
Presented after appropriate offsetting:				
Deferred tax asset	(94,000)	(94,000)	-	-
Deferred tax liabilities	2,891,800	2,139,400	4,900,000	-
	2,797,800	2,045,400	4,900,000	-

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Deferred tax asset</b>				
Balance as at 1 July 2006/2005	94,000	92,000	-	-
Recognised in the income statement Unabsorbed capital allowances	-	2,000	-	-
Balance as at 30 June 2007/2006	94,000	94,000	-	-
<b>Deferred tax liabilities</b>				
Balance as at 1 July 2006/2005	2,139,400	1,837,000	-	-
Recognised in the income statement Dividend receivables	-	-	4,900,000	-
Excess of capital allowances over corresponding depreciation	759,180	209,400	-	-
Unrealised gain on foreign currency transactions	(6,780)	93,000	-	-
Balance as at 30 June 2007/2006	2,891,800	2,139,400	4,900,000	-

# Notes to the Financial Statements (continued)



## 23. DEFERRED TAX LIABILITIES (continued)

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Deferred tax asset</b>				
Unabsorbed capital allowances	<b>94,000</b>	94,000	-	-
<b>Deferred tax liabilities</b>				
Dividend receivables	-	-	<b>4,900,000</b>	-
Excess of capital allowances over corresponding depreciation	<b>2,898,580</b>	2,046,400	-	-
Unrealised gain on foreign currency transactions	<b>(6,780)</b>	93,000	-	-

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unabsorbed tax losses	<b>265,000</b>	255,000	-	-
Unabsorbed capital allowances	<b>162,000</b>	166,000	-	-
	<b>427,000</b>	421,000	-	-

## 24. TRADE PAYABLES

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

## 25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables	<b>1,696,682</b>	2,139,027	-	-
Accruals	<b>3,788,025</b>	5,242,805	<b>365,968</b>	307,061
	<b>5,484,707</b>	7,381,832	<b>365,968</b>	307,061

## 26. BANK OVERDRAFTS - SECURED

The bank overdrafts of the Group are secured by way of:

- (a) fixed deposits;
- (b) freehold land and building, long leasehold land and building and barges of the Group;
- (c) personal guarantee by one of the directors of a subsidiary; and
- (d) corporate guarantee by the Company.



# Notes to the Financial Statements (continued)

## 27. REVENUE

	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
Rendering of services	<b>188,079,313</b>	160,831,784	-	-
Dividends income	-	-	<b>25,944,500</b>	6,000,000
Management fees	-	-	<b>1,180,000</b>	1,698,000
	<b>188,079,313</b>	160,831,784	<b>27,124,500</b>	7,698,000

## 28. PROFIT BEFORE TAX

	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
Profit before tax is arrived at after charging:				
Impairment loss of other investment	-	177,453	-	-
Allowance for doubtful debts	<b>797,751</b>	529,117	-	-
Amortisation of prepaid lease payment for land (Note 8)	<b>155,430</b>	130,331	-	-
Auditors' remuneration:				
- current year	<b>158,112</b>	94,334	<b>39,800</b>	25,000
- under provision in prior year	<b>5,255</b>	-	<b>5,000</b>	1,000
Bad debts written off	<b>4,180</b>	34,453	-	-
Depreciation of property, plant and equipment (Note 7)	<b>2,699,119</b>	1,978,109	-	-
Directors' remuneration:				
Fees:				
- payable by the Company	<b>282,000</b>	231,000	<b>282,000</b>	231,000
- payable by the subsidiaries	<b>93,700</b>	97,200	-	-
Other emoluments:				
- paid by the Company	<b>33,000</b>	26,000	<b>33,000</b>	26,000
- paid by the subsidiaries	<b>3,889,817</b>	3,341,211	-	-
Interest expense on:				
- bank overdrafts	<b>185,799</b>	244,009	-	-
- hire-purchase and lease	<b>67,880</b>	62,159	-	-
- term loans	<b>958,001</b>	43,160	-	-
- advances from subsidiary	-	-	<b>19,322</b>	-
Loss on disposal of other investment	<b>22,792</b>	-	-	-
Loss on disposal of prepaid lease payment for land	<b>78,016</b>	-	-	-
Property, plant and equipment written off	<b>56,627</b>	151,850	-	-
Rental of containers	-	65,872	-	-
Rental of office equipment	<b>52,992</b>	47,082	-	-
Rental of premises	<b>504,641</b>	424,076	-	-
Loss on foreign currency transactions:				
- realised	<b>36,269</b>	-	-	-
- unrealised	-	-	-	7,850

# Notes to the Financial Statements (continued)



## 28. PROFIT BEFORE TAX (continued)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
And crediting:				
Allowance for doubtful debts no longer required	427,446	628,980	-	-
Bad debts recovered	17,956	7,910	-	-
Dividends received from				
- subsidiaries	-	-	25,944,500	6,000,000
- investment in unit trusts	-	111,910	-	-
Gain on disposal of property, plant and equipment	130,097	113,129	-	-
Gain on foreign currency transactions:				
- realised	-	1,174,818	7,850	-
- unrealised	11,424	369,410	-	-
Interest income on:				
- fixed deposits and Repo	203,667	216,853	76,871	108,285
- saving accounts	21,425	91,153	8,345	51,288
- advances to subsidiaries	-	-	75,071	-
- foreign current accounts	25,923	-	-	-
Management fees received from subsidiaries	-	-	1,180,000	1,698,000
Rental income	517,500	498,500	-	-

## 29. TAX EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current tax expense based on profit for the financial year:				
- income tax	2,251,519	2,727,000	1,670,000	1,643,000
- deferred tax (Note 23)	736,227	317,101	4,900,000	-
	2,987,746	3,044,101	6,570,000	1,643,000
(Over)/Under provision in prior year:				
- income tax	(24,636)	(9,025)	28,970	4,548
- deferred tax (Note 23)	16,173	(16,701)	-	-
	(8,463)	(25,726)	28,970	4,548
	2,979,283	3,018,375	6,598,970	1,647,548

Subject to the agreement of the Inland Revenue Board, the Group has unutilised capital allowances amounting to RM657,000 (2006: RM502,000) and unabsorbed business losses amounting to RM265,000 (2006: RM255,000) available to be set off against future taxable income.

# Notes to the Financial Statements (continued)

## 29. TAX EXPENSE (continued)

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

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Applicable tax rate	<b>27.00</b>	28.00	<b>27.00</b>	28.00
Tax effects in respect of:				
Non allowable expenses	<b>3.42</b>	4.75	<b>0.50</b>	0.93
Non taxable income	<b>(0.39)</b>	(0.59)	<b>(0.04)</b>	-
Lower tax rate in foreign jurisdiction	<b>(1.29)</b>	(0.56)	-	-
Utilisation of previously unrecognised tax losses and capital allowances	<b>(0.56)</b>	(0.13)	-	-
Exempt shipping income	<b>(2.54)</b>	(1.27)	-	-
Reduction in opening deferred tax resulting from reduction in tax rate	<b>(2.05)</b>	-	<b>(0.76)</b>	-
Reduction in statutory tax rate on chargeable income up to RM500,000 for certain subsidiaries	<b>(1.75)</b>	(2.66)	-	-
	<b>21.84</b>	27.54	<b>26.70</b>	28.93
(Over)/ Under provision in prior year	<b>(0.08)</b>	(0.23)	<b>0.12</b>	0.08
Average effective tax rate	<b>21.76</b>	27.31	<b>26.82</b>	29.01

## 30. DIVIDENDS

	----- Group and Company -----			
	Gross/tax exempt dividend per share sen	2007 Amount of dividend net of tax RM	Gross/tax exempt dividend per share sen	2006 Amount of dividend net of tax RM
Final dividend, less tax, in respect of the financial year ended 30 June 2006/ 2005	<b>2.0</b>	<b>1,243,920</b>	2.0	1,226,880
Interim dividend in respect of the financial year ended 30 June 2007/ 2006				
- less tax	<b>1.2</b>	<b>746,352</b>	2.0	1,226,880
- tax exempt	<b>0.8</b>	<b>681,600</b>	-	-
	<b>2.0</b>	<b>1,427,952</b>	2.0	1,226,880
	<b>4.0</b>	<b>2,671,872</b>	4.0	2,453,760

A final dividend in respect of the year ended 30 June 2007 of 2 sen per ordinary share, less tax, amounting to RM1,260,960 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 year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the year ending 30 June 2008.

# Notes to the Financial Statements (continued)



## 31. EARNINGS PER ORDINARY SHARE

### Basic earnings per ordinary share

The basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2007	Group 2006
Profit attributable to equity holders of the Company (RM)	<b>9,687,600</b>	7,739,554
Weighted average number of ordinary shares outstanding	<b>85,200,000</b>	85,200,000
Basic earnings per ordinary share (sen)	<b>11.37</b>	9.08

### Diluted earnings per ordinary share

Diluted earning per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by weighted average number of ordinary shares outstanding during the year adjusted for the effects of dilutive options potential ordinary shares.

However, as disclosed in Note 43 to the financial statements, the ESOS was terminated on 8 December 2006 pursuant to the approval of the shareholders at the Annual General Meeting.

	2007	Group 2006
Profit attributable to equity holders of the Company (RM)	<b>9,687,600</b>	7,739,554
Weighted average number of ordinary shares outstanding	<b>85,200,000</b>	85,200,000
Assumed exercise of ESOS	-	271,188
Weighted average number of ordinary shares for diluted earnings per ordinary share	<b>85,200,000</b>	85,471,188
Diluted earnings per ordinary share (sen)	<b>11.37</b>	9.06

# Notes to the Financial Statements (continued)

## 32. ACQUISITION OF SUBSIDIARIES

### 2006

#### Group

During the previous financial year, the Group acquired Icon Freight Pty. Ltd. and TCH Marine Pte. Ltd..

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

	Group RM
Property, plant and equipment	7,439,143
Trade receivables	80,935
Other receivables	335,878
Cash and bank balances	3,543,828
Trade payables	(630,646)
Other payables and accruals	(404,836)
Bank overdraft	(640,938)
Term loans	(3,276,387)
Minority interests	(3,142,112)
Net assets acquired	3,304,865
Goodwill on consolidation	1,662,745
Purchase consideration discharged by cash	4,967,610
Less: Cash and cash equivalents	(2,902,890)
Cash flow on acquisition, net of cash and cash equivalents acquired	2,064,720

#### Company

The Company acquired 51% equity interest in TCH Marine Pte. Ltd. comprising 2,053,000 ordinary shares of SGD1 each for a cash consideration of SGD2,053,000 or equivalent to RM4,704,705 and direct cost attributed to the acquisition amounting to RM26,790 on 3 March 2006.

The Company nominated Icon Line (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of the Company to hold one ordinary share of SGD1 each in TCH Marine Pte. Ltd. for a cash consideration of SGD1 or equivalent to RM2.

## 33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

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

	2007 RM	Group 2006 RM
Purchase of property, plant and equipment (Note 7)	16,659,736	17,667,541
Deposit paid	-	(315,000)
Financed by hire-purchase and lease arrangements	(666,644)	(414,293)
Financed by term loan	(2,352,367)	-
Cash payments on purchase of property, plant and equipment	13,640,725	16,938,248

# Notes to the Financial Statements (continued)



## 34. CASH AND CASH EQUIVALENTS

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

	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
Cash and bank balances	<b>7,934,577</b>	6,458,832	<b>2,401,549</b>	921,739
Fixed deposits with licensed banks	<b>3,778,277</b>	3,014,088	-	-
Short term deposit-Repo	<b>3,800,000</b>	-	<b>3,800,000</b>	-
Bank overdrafts - secured (Note 26)	<b>(3,293,390)</b>	(8,270,661)	-	-
	<b>12,219,464</b>	1,202,259	<b>6,201,549</b>	921,739
Less: Fixed deposits pledged to licensed banks (Note 17)	<b>(3,331,140)</b>	(2,582,906)	-	-
	<b>8,888,324</b>	(1,380,647)	<b>6,201,549</b>	921,739



# Notes to the Financial Statements (continued)

## 35. RELATED PARTY DISCLOSURES

### (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

### (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the year:

	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
Freight charges received/ receivable from:				
- TS Freight Services Sdn. Bhd.	19,165	13,206	-	-
- Tuck Sun & Co (M) Sdn. Bhd.	-	13,669	-	-
- Poo Hua Pte. Ltd.	829,018	-	-	-
Freight charges paid/ payable to:				
- FM Forwarding Sdn. Bhd.	1,878,740	1,414,362	-	-
- Tuck Sun & Co (M) Sdn. Bhd.	14,787	8,216	-	-
- Advance Logistics Sdn. Bhd.	3,281,609	2,878,308	-	-
- TS Freight Services Sdn. Bhd.	17,145	14,075	-	-
Rental income received/receivable from:				
- FM Distribution Sdn. Bhd.	495,000	480,000	-	-
Rental expenses paid/ payable to Poo Hua Pte. Ltd.	41,563	-	-	-
Warehouse services received/ receivable from:				
- FM Distribution Sdn. Bhd.	169,111	266,987	-	-
Warehouse services paid/ payable to:				
- FM Distribution Sdn. Bhd.	416,886	175,437	-	-
Administration expenses paid/ payable to a subsidiary	-	-	1,725,000	1,380,000

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.	A director is related to Chew Chong Keat and Gan Siew Yong
Tuck Sun & Co (M) Sdn. Bhd.	A director is related to Chew Chong Keat and Gan Siew Yong
FM Forwarding Sdn. Bhd.	Related by a common director, namely Chew Chong Keat
Advance Logistics Sdn. Bhd.	Related by a common director of a subsidiary, namely Law Kok Voon
Poo Hua Pte. Ltd.	Related by a common director of a subsidiary, namely Tay Nguang Yeow Andrew

# Notes to the Financial Statements (continued)



## 36. CAPITAL COMMITMENTS

	2007 RM	Group 2006 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	<b>11,755,370</b>	12,475,966

## 37. CONTINGENT LIABILITIES - UNSECURED

	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
Bankers' guarantees in favour of third parties	<b>1,815,900</b>	1,822,900	-	-
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries, limit up to RM41,258,000	-	-	<b>19,119,410</b>	8,336,784
Corporate guarantee given to financial institutions for hire-purchase and lease facilities granted to subsidiaries, limit up to RM935,855	-	-	<b>495,257</b>	404,609

## 38. SEGMENT REPORTING

Segment information is presented in respect of the Group's geographical segments as the primary reporting segment since the Group's risks and returns are affected predominantly by different geographical areas. However, there is no secondary format for reporting segment information as the Group operates principally in the freight and forwarding industry.

A segment with a majority of operating income earned from providing services to external clients and whose operating income, results or assets are 10 percent or more of all the segments are reported separately.

Segment results, assets and liabilities include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

# Notes to the Financial Statements (continued)

## 38. SEGMENT REPORTING (continued)

### Geographical segments

The Group operates principally in Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

	Malaysia RM	Singapore RM	Australia RM	Elimination RM	Total RM
<b>2007</b>					
<b>Revenue</b>					
External sales	158,460,127	17,477,131	12,142,055		188,079,313
Inter-segment sales	90,317	-	26,263	(116,580)	-
Total revenue	158,550,444	17,477,131	12,168,318	(116,580)	188,079,313
<b>Results</b>					
Segment results	11,373,475	2,025,972	276,091		13,675,538
Share of profit in an associate					15,453
Profit before tax					13,690,991
Tax expense					(2,979,283)
Profit for the financial year					10,711,708
<b>Assets</b>					
Segment assets	98,060,934	17,060,065	2,193,791		117,314,790
Investment in an associate					137,209
Total assets					117,451,999
<b>Liabilities</b>					
Segment liabilities	41,210,419	4,998,413	1,146,422		47,355,254
Total liabilities					47,355,254
<b>Other segment information</b>					
Capital expenditure	12,534,909	3,931,101	193,726		16,659,736
Depreciation of property, plant and equipment	1,982,637	657,462	59,020		2,699,119
Amortisation of prepaid lease payments for land	155,430	-	-		155,430

In the last financial year, no segmental reporting has been prepared as the Group activities are predominantly in the freight services in Malaysia.

## 39. FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives and policies

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

# Notes to the Financial Statements (continued)



## 39. FINANCIAL INSTRUMENTS (continued)

### (a) Financial risk management objectives and policies (continued)

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, insurance programmes and adherence to the 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 is detailed below.

#### (i) Foreign currency risk

The Group is exposed to foreign 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.

The Group have subsidiaries operating in both Singapore and Australia whose revenue and expenses are denominated in its functional currency of Singapore Dollar and Australian Dollar respectively. This gave rise to foreign exchange exposure which the Group constantly monitors diligently.

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	----- Functional currencies -----			
	Ringgit Malaysia RM	Singapore Dollar RM	Australian Dollar RM	Total RM
<b>30 June 2007</b>				
<u>Trade receivables</u>				
Australian Dollar	30,491	-	-	30,491
EURO	23,185	-	-	23,185
US Dollar	3,872,952	631,137	76,609	4,580,698
Singapore Dollar	475,478	-	-	475,478
Ringgit Malaysia	-	1,250,788	-	1,250,788
	4,402,106	1,881,925	76,609	6,360,640
<u>Cash and bank balances</u>				
Singapore Dollar	84,735	-	-	84,735
US Dollar	123,282	-	388,041	511,323
Ringgit Malaysia	-	1,944,712	-	1,944,712
	208,017	1,944,712	388,041	2,540,770
<u>Trade payables</u>				
Australian Dollar	8,123	-	-	8,123
EURO	105,912	-	-	105,912
Sterling Pound	27,355	-	-	27,355
Hong Kong Dollar	1,604	-	-	1,604
Japanese Yen	6,448	-	-	6,448
US Dollar	2,250,079	-	77,184	2,327,263
Ringgit Malaysia	-	397,761	-	397,761
Others	41,695	23,584	-	65,279
	2,441,216	421,345	77,184	2,939,745

# Notes to the Financial Statements (continued)

## 39. FINANCIAL INSTRUMENTS (continued)

### (a) Financial risk management objectives and policies (continued)

#### (i) Foreign currency risk (continued)

	----- Functional currencies -----			
	Ringgit Malaysia RM	Singapore Dollar RM	Australian Dollar RM	Total RM
<b>30 June 2006</b>				
<u>Trade receivables</u>				
US Dollar	5,670,130	568,720	374,372	6,613,222
Ringgit Malaysia	-	1,288,104	-	1,288,104
	5,670,130	1,856,824	374,372	7,901,326
<u>Cash and bank balances</u>				
US Dollar	528,803	-	209,108	737,911
Ringgit Malaysia	-	1,943	-	1,943
	528,803	1,943	209,108	739,854
<u>Trade payables</u>				
Australian Dollar	41,440	-	-	41,440
EURO	101,943	-	-	101,943
Sterling Pound	124,347	-	-	124,347
Hong Kong Dollar	9,019	-	-	9,019
Japanese Yen	3,442	-	-	3,442
US Dollar	2,773,733	-	15,177	2,788,910
Ringgit Malaysia	-	1,241,870	-	1,241,870
Others	74,707	140,534	-	215,241
	3,128,631	1,382,404	15,177	4,526,212

#### (ii) 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.



## 39. FINANCIAL INSTRUMENTS (continued)

## (a) Financial risk management objectives and policies (continued)

## (ii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to the interest rate risk:

Group At 30 June 2007	Weighted average effective interest rate %	Within 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	More than 5 year RM	Total RM
<b>Fixed rates</b>								
Fixed deposits	3.70	3,778,277	-	-	-	-	-	3,778,277
Short term deposits - Repo	2.80	3,800,000	-	-	-	-	-	3,800,000
Term Loan	3.25	601,641	580,078	483,326	-	-	-	1,665,045
Hire purchases and lease creditors	6.00	409,966	290,993	198,378	102,489	40,066	-	1,041,892
<b>Floating rate</b>								
Bank overdraft	7.77	3,293,390	-	-	-	-	-	3,293,390
Term loans	6.40	1,022,447	1,070,574	1,125,479	974,150	580,647	10,248,908	15,022,205
<b>At 30 June 2006</b>								
<b>Fixed rates</b>								
Fixed deposits	3.66	3,014,088	-	-	-	-	-	3,014,088
Hire purchases and lease creditors	6.16	416,518	259,699	130,661	91,981	52,287	-	951,146
<b>Floating rate</b>								
Bank overdraft	7.28	8,270,661	-	-	-	-	-	8,270,661
Term loans	5.88	1,289,849	641,692	605,418	495,243	-	-	3,032,202





# Notes to the Financial Statements (continued)

## 39. FINANCIAL INSTRUMENTS (continued)

### (a) Financial risk management objectives and policies (continued)

#### (iii) 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.

#### (iv) Credit risk

Cash deposits and trade receivables may rise to credit 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.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Concentration of credit risk in respect of trade receivables is limited due to the Group's large number of customers. The Group's historical experience in collection of accounts receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk is inherent to the Group's trade receivables.

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.

# Notes to the Financial Statements (continued)



## 39. FINANCIAL INSTRUMENTS (continued)

### (b) Fair values

	Carrying amount RM	Group Fair value RM	Carrying amount RM	Company Fair value RM
<b>As at 30 June 2007</b>				
Unquoted investment	2,776	#	-	-
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	-	-	-	19,119,410
Corporate guarantee given to financial institutions for hire purchase and lease facilities granted to subsidiaries	-	-	-	495,257
<b>As at 30 June 2006</b>				
Unquoted investment	2,776	#	-	-
Unit trusts in Malaysia	1,148,021	1,148,021	-	-
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	-	-	-	8,336,784
Corporate guarantee given to financial institutions for hire purchase and lease facilities granted to subsidiaries	-	-	-	404,609

# 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.

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

- (i) 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.
- (ii) The fair values of quoted investments are their quoted market prices at the balance sheet date.
- (iii) The fair value of the corporate guarantees given to financial institutions are estimated based on the fair value of the banking and hire-purchase and lease facilities utilised by the Company's subsidiaries as at balance sheet date.

## 42. STAFF COSTS

The total staff costs recognised in the income statements are as follows:

	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
Wages and salaries	14,453,642	11,988,601	33,000	26,000
Defined contribution retirement plan	1,450,193	1,304,203	-	-
Other employee benefits	654,295	824,420	10,627	7,534
	16,558,130	14,117,224	43,627	33,534

# Notes to the Financial Statements (continued)

## 43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 26 November 2004, the shareholders of the Company had approved to establish an Employees' Share Option Scheme ("ESOS") and this was established on the 28 January 2005.

On 2 November 2006, the Board of Directors of the Company had announced that it had resolved to terminate the ESOS, subject to the approval of shareholders of the Company. The Board of Directors had undertaken the termination as a result of the adoption and implementation of the new Financial Reporting Standard 2 ("FRS 2") Share Based Payment which came into effect from 1 January 2006. With the implementation of the new FRS 2, options granted under an ESOS will have a financial impact on the Company. The termination will not have any effect on the share capital, earnings, net tangible assets and shareholding of the Company and upon the approval of the shareholders of the Company obtained at the Annual General Meeting convened.

The termination had been unanimously agreed by the shareholders of the Company on 8 December 2006.

- (b) On 28 May 2007, the Board of Directors of the Company announced that the Company has acquired 3 ordinary shares of SGD1.00 comprising the total paid-up capital in FM Marine Pte. Ltd. ("FMMarine"), a private limited company incorporated under the laws of Singapore for a total cash consideration of SGD3.00.

Upon completion of the acquisition, FMMarine has become a wholly-owned subsidiary of the Company.

The Company thereafter subscribe for an additional 999,997 new ordinary shares of SGD1 each in FMMarine paid by way of cash consideration of SGD999,997.

## 44. COMPARATIVE FIGURES

- (a) The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

- (i) Effects on balance sheets as at 30 June 2006

	As previously reported RM	----- Increase / (Decrease) ----- FRS 117 Note 5.3(a) RM	As restated RM
<b>Group</b>			
Prepaid lease payments for land	-	14,368,320	14,368,320
Property, plant and equipment	49,834,801	(14,368,320)	35,466,481

- (ii) Effects on income statement for the year ended 30 June 2006

	As previously reported RM	----- Increase / (Decrease) ----- FRS 101 Note 5.3(a)(iv) RM	As restated RM
<b>Group</b>			
Share of loss of an associate	(8,619)	(9,748)	(18,367)
Profit before tax	11,061,094	(9,748)	11,051,346
Tax expense	(3,028,123)	9,748	(3,018,375)

# Notes to the Financial Statements (continued)



## 44. COMPARATIVE FIGURES (continued)

- (b) Certain comparative figures have been reclassified in order to conform to the current year's presentation:

	As previously reported RM	Reclassification RM	As restated RM
<b>Group</b>			
<b>Income statement</b>			
Administration expenses	(11,367,137)	(12,853,811)	(24,220,948)
Other operating expenses	(12,853,811)	12,853,811	-

## 45. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 4 September 2007.

# Analysis of Shareholdings

AS AT 16 OCTOBER 2007

Authorised share capital	:	RM100,000,000
Issued and paid up share capital	:	RM42,600,000
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	One (1) vote per ordinary share

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less Than 100	2	0.17	52	0.00
100 To 1,000	452	39.14	185,489	0.22
1,001 To 10,000	490	42.42	2,140,450	2.51
10,001 to 100,000	167	14.46	4,849,068	5.69
100,001 to Less Than 5%	40	3.46	35,003,119	41.09
5% And Above	4	0.35	43,021,822	50.49
TOTAL	1,155	100.00	85,200,000	100.00

## LIST OF DIRECTORS' INTEREST

Names	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
CHEW CHONG KEAT	23,731,818	27.85	-	-
YANG HENG LAM	15,593,222	18.30	-	-
GAN SIEW YONG	3,696,782	4.34	-	-
DATUK DR HJ NOORDIN BIN HJ ABD RAZAK	-	-	-	-
AARON SIM KWEE LEIN	-	-	-	-
ONG LOOI CHAI	1,000,950	1.17	-	-
CHUA TIONG HOCK	-	-	-	-
KHUA KIAN KEONG (alternate director to Chua Tiong Hock)	0	0	17,040,000	20.00

## LIST OF SUBSTANTIAL SHAREHOLDERS

Names	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
CHEW CHONG KEAT	23,731,818	27.85	0	0
SINGAPORE ENTERPRISES PRIVATE LIMITED	17,040,000	20.00	0	0
YANG HENG LAM	15,593,222	18.30	0	0

# Analysis of Shareholdings (continued)



## LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO	NAMES	NO. OF SHARES HELD	%
1	CHEW CHONG KEAT	23,731,818	27.85
2	SINGAPORE ENTERPRISES PRIVATE LIMITED	17,040,000	20.00
3	YANG HENG LAM	15,593,222	18.30
4	GAN SIEW YONG	3,696,782	4.34
5	MALAYSIA NOMINEES (TEMPATAN) SDN BHD (A/C FOR GREAT EASTERN LIFE ASSURANCE MALAYSIA BERHAD DR)	1,658,300	1.95
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND)	1,556,000	1.83
7	AMANAH RAYA BERHAD (A/C FOR SBB DANA AL-FAIZ)	1,228,000	1.44
8	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD (A/C FOR SBB DANA AL-AZAM)	1,170,800	1.37
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD (CIMB BANK FOR SEE KOK HING)	1,060,000	1.24
10	ONG LOOI CHAI	1,000,950	1.17
11	MALAYSIA NOMINEES (TEMPATAN) SDN BHD (A/C FOR GREAT EASTERN LIFE ASSURANCE MALAYSIA BERHAD LPF)	863,000	1.01
12	BHLB TRUSTEE BERHAD (A/C FOR PRUSMALL -CAP FUND)	800,000	0.94
13	TEH SWEE SIM	773,893	0.91
14	FOO SOOK WAN	672,050	0.79
15	ALLIANZ LIFE INSURANCE MALAYSIA BERHAD	540,000	0.63
16	CHIN YEW SOON	540,000	0.63
17	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR MORGAN STANLEY & CO INTERNATIONAL PLC)	503,500	0.59
18	GOH CHONG WENG	500,693	0.59
19	LIN, KUANG	350,000	0.41
20	CHEW PHEK YING	350,000	0.41



# Analysis of Shareholdings (continued)

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 16 OCTOBER 2007 (CONTINUED)

NO	NAMES	NO. OF SHARES HELD	%
21	WONG LEE CHOO	336,092	0.39
22	RICHARD ENG	300,000	0.35
23	AMMB NOMINEES (TEMPATAN) SDN BHD (AMTRUSTEE BERHAD FOR APEX DANA AL-SOFI 1)	300,000	0.35
24	MAYBAN NOMINEES (TEMPATAN) SDN BHD (PHEIM ASSET MANAGEMENT SDN BHD FOR BENTA WAWASAN SDN BHD A/C 95-230135)	271,700	0.32
25	TODA TORU	250,000	0.29
26	HSBC NOMINEES (TEMPATAN) SDN BHD (HSBC M TRUSTEE BHD FOR PHEIM EMERGING COMPANIES BALANCED FUND)	232,900	0.27
27	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD (A/C FOR YOONG FUI KIEN)	231,000	0.27
28	YVONNE KALATHINI A/P M.VIJAYARAJ	224,000	0.26
29	NIOW SOO SEE	186,500	0.22
30	AIBB NOMINEES (TEMPATAN) SDN BHD (A/C FOR WONG YOON FOK)	174,000	0.20

# List of Properties

HELD AS AT 30 JUNE 2007



Postal address / location	Description	Existing use	Land Area (square feet)	Tenure of land (years)	Approximate age of building	Date Acquired	Net book value as at 30.06.07 RM
HS(D) 72751, PT 144740, Mukim Hulu Kinta, Daerah Kinta, Negeri Perak	1 ½ storey terrace industrial factory	Tenanted	4,490	99 years ending on 27 October 2097	6 years	13 September 1996	329,708
Postal Address: 26, Jalan SCI 1/10, Sunway City, 31150 Ipoh, Perak Darul Ridzuan							
Geran No. 2893, Lot 1841 Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang	Three storey terrace shophouse	Office	1,019	Freehold	32 years	22 October 1994	436,671
Postal Address: No 4453, Jalan Bagan Luar, 12000 Butterworth, Penang							
HS(D) 116340, PT 152, Mukim Bandar Sultan Sulaiman, Daerah Klang, Negeri Selangor	Warehouse cum four storey office building	Vacant	87,120	99 years ending on 30 June 2105	11 years	16 February 1996	5,266,067
Postal Address: Lot 8, Lingkaran Sultan Mohamed 2, Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan							
Geran No 2892, Lot 1840, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang	Three storey terrace shophouse	Office	1,021	Freehold	32 years	25 June 2002	494,310
Postal Address: 4454, Jalan Bagan Luar, 12000 Butterworth, Penang							



## List of Properties (continued)

Postal address / location	Description	Existing use	Land Area (square feet)	Tenure of land (years)	Approximate age of building	Date Acquired	Net book value as at 30.06.07 RM
Master Title: H.S(D) 49488 and 49489, PT 49974 and 49975 Mukim Klang, Daerah Klang, Negeri Selangor	Office Unit	Vacant	Nil	99 years ending on 11 March 2095	7 years	23 September 1998	72,947
Postal Address: 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	Nil	99 years ending on 11 March 2095	7 years	23 September 1998	66,727
Postal Address: 78-2B, 2nd Floor, Jalan Sg. Chandong 15, Pulau Indah, 42100 Port Klang, Selangor Darul Ehsan							
HS(D) 116412, PT 239, Mukim Bandar Sultan Sulaiman, Daerah Klang, Negeri Selangor.	Industrial land	Warehouse and Office	653,400	99 years ending on 30 June 2105	1 year	16 September 2005	(Land) 11,434,043
Postal Address: Lot 37, Lebuhr Sultan Mohamad 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan	Warehouse cum two storey office building.						(Building) 23,995,126



**NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at Banyan Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 29 November 2007 at 10.00 a.m. for the following purposes:**

1. To receive and adopt the Audited Financial Statements for the year ended 30 June 2007 and the Reports of the Directors and the Auditors thereon. **ORDINARY RESOLUTION 1**
2. To approve the payment of Directors' Fees amounting to RM282,000 in respect of the financial year ended 30 June 2007. **ORDINARY 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. Chew Chong Keat **ORDINARY RESOLUTION 3**
  - (b) Mr. Yang Heng Lam **ORDINARY RESOLUTION 4**
4. To re-elect Mr. Chua Tiong Hock, who is retiring in accordance with Article 114 of the Articles of Association of the Company. **ORDINARY RESOLUTION 5**
5. To approve the payment of a final dividend of 2 sen per share less Malaysian Income tax for the year ended 30 June 2007. **ORDINARY RESOLUTION 6**
6. To re-appoint BDO Binder as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **ORDINARY RESOLUTION 7**

## As Special Business

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

7. **Ordinary Resolution – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"**THAT**, approval be and is hereby given for the renewal of the Shareholders' Mandate for FMH Group to enter into the categories of recurrent transactions of a revenue or trading nature with related parties falling within the nature of transactions set out in Section 3.3 under Part A of the Circular to Shareholders dated 6 November 2007, provided that such transactions are necessary for the Group's day-to-day operations and the transactions are carried out in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of minority shareholders.

**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 it will lapse, unless by resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

Whichever is the earlier.

**AND THAT** the Directors of the Company be and are hereby authorized to complete and do all such acts and things as they may consider expedient or necessary to give effect to this Ordinary Resolution."

**ORDINARY RESOLUTION 8**



## Notice of AGM (continued)

8. **Ordinary Resolution -  
Proposed Renewal of Shareholders' Mandate for Proposed Share Buy-Back  
by the Company**

"**THAT** subject to the Companies Act, 1965, (as may be amended, modified or re-enacted from time to time), the Listing Requirements of the Bursa Malaysia Securities Berhad and the approvals of all relevant governmental and / or regulatory authorities, the Company be and is hereby authorized to purchase such number of ordinary shares of RM0.50 each in the Company ("Proposed Renewal of Share Buy Back Authority") as may be determined by the Board from time to time on the Bursa Malaysia Securities Berhad upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company provided the aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the issued and paid up share capital of the Company which amount to 85,200,000 ordinary shares of RM0.50 each as at 30 June 2007 and an amount not exceeding the total retained profits of RM18,857,800 and share premium account of RM4,075,506 based on the latest audited financial statements of the Company as at 30 June 2007, be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

**THAT** such authority shall commence upon the passing of this resolution and shall remain in force until the conclusion of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting;

**THAT** authority be and is hereby given to the Directors of the Company to decide in their discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and / or cancel them and / or resell the treasury shares or distribute them as share dividend and / or subsequently cancel them;

**AND FURTHER THAT** authority be and is hereby given to the Directors of the Company to take all such steps as are necessary (including the appointment of stockbroking firm and the opening and maintaining of a Central Depository Account designated as a Share Buy-Back Account) and to enter into any agreements and arrangements with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, variations and / or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the directors may deem fit and expedient in the interest of the Company."

**ORDINARY RESOLUTION 9**

9. **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."

**ORDINARY RESOLUTION 10**

10. **Special Resolution –  
Proposed Amendments to the Articles of Association**

"**THAT** the proposed amendments to the Articles of Association of the Company as set out in Part C of the Circular be and is hereby approved and adopted.

**THAT** the Directors and Secretary of the Company be and are hereby authorized to carry out all the necessary formalities in effecting the amendments as set out in Part C of the Circular.

**AND THAT** the Directors of the Company, be and are hereby authorized to assent to any condition, modification, variation and/or amendments as may be required by Bursa Malaysia Securities Berhad."

**SPECIAL RESOLUTION**



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

## CLOSURE OF BOOKS

**NOTICE IS ALSO HEREBY GIVEN** that subject to the approval of the shareholders at the Eleventh Annual General Meeting, a final dividend of 2 sen per share less Malaysian Income tax, will be payable on 18 January 2008 to shareholders whose names appear in the Record of Depositors at the close of business on 31 December 2007.

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 31 December 2007 in respect of ordinary shares;
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**LIM HOOI MOOI**  
**TAN ENK PURN**  
 Joint Company Secretaries

Kuala Lumpur  
 6 November 2007

## 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 8

The proposed Ordinary Resolution 8 seeking Shareholders' Mandate 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 Renewal of Share Buy-Back Authority") 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 Renewal of Share Buy-Back Authority is set out in the Circular to Shareholders of the Company dated 6 November 2007 which is despatched together with the Company's 2007 Annual Report.

### (C) Ordinary Resolution 10

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.

### (D) Special Resolution

The proposed Special Resolution on the amendments to the Articles of Association, if passed, will enable the Company to comply with the recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad.

### (E) Statement Accompanying Notice of Eleventh 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 90 of the Annual Report dated 6 November 2007.



# Statement Accompanying Notice of 11<sup>th</sup> Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

The profiles of the Directors who are standing for re-election (as per Ordinary Resolutions 3 to 5 as stated above) at the Eleventh Annual General Meeting of Freight Management Holdings Bhd (the Company) which will be held at Banyan Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 29 November, 2007 at 10.00 a.m. are stated on pages 7 to 9 of the Annual Report 2007.

The details of any interest in the securities of the Company and its subsidiaries (if any) held by the said Directors are stated on pages 26 to 81 of the Financial Statements of the Annual Report 2007.









**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 Eleventh Annual General Meeting of the Company to be held at Banyan Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 29 November 2007 at 10.00 a.m. 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		
Special Resolution		

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 think fit.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2007

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 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.

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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

# Contact Particulars of Freight Management Group



MALAYSIA		
	TEL	FAX
<b>Head Office</b>		
<div>■ FREIGHT MANAGEMENT HOLDINGS BHD.</div> <div>Lot 37, Lebuah Sultan Mohamad 1,</div> <div>Kawasan Perindustrian Bandar Sultan Suleiman</div> <div>42000 Port Klang</div> <div>Selangor, Malaysia.</div>	03-3176 1111	03-3176 8634
<b>Location of Subsidiary Offices</b>		
<div>■ FREIGHT MANAGEMENT (M) SDN. BHD.</div> <div>■ ICON LINE (MALAYSIA) SDN BHD</div> <div>■ ADVANCE INTERNATIONAL FREIGHT SDN. BHD.</div> <div>■ CITRA MULTIMODAL SERVICES SDN. BHD.</div> <div>■ FM DISTRIBUTION SDN BHD</div> <div>■ FM MARINE PTE LTD</div> <div>Lot 37, Lebuah Sultan Mohamad 1,</div> <div>Kawasan Perindustrian Bandar Sultan Suleiman</div> <div>42000 Port Klang</div> <div>Selangor, Malaysia.</div>	<div>03-3176 1111</div> <div>03-3176 1111</div> <div>03-3176 8001</div> <div>03-3176 6888</div> <div>03-31765750</div> <div>03-3176 1111</div>	<div>03-3176 2188</div> <div>03-3176 2188</div> <div>03-3176 2005</div> <div>03-3176 3993</div> <div>03-31765811</div> <div>03-3176 8634</div>
<div>■ FREIGHT MANAGEMENT (PENANG) SDN. BHD.</div> <div>■ FM WORLDWIDE LOGISTICS (PENANG) SDN BHD</div> <div>No. 4453, 1st Floor,</div> <div>Jalan Bagan Luar,</div> <div>12000 Butterworth, Penang, Malaysia.</div>	<div>04-331 4358</div> <div>04-323 4843</div>	<div>04-331 4368</div> <div>04-323 2070</div>
<div>■ FREIGHT MANAGEMENT (IPOH) SDN. BHD.</div> <div>No 7A (1st Floor)</div> <div>Persiaran Greentown 9</div> <div>Greentown Business Centre</div> <div>30450 Ipoh, Malaysia.</div>	05-527 1358	05-527 1446

# Contact Particulars of Freight Management Group

MALAYSIA (continued)		
	TEL	FAX
<b>Location of Subsidiary Offices (continued)</b>		
■ FREIGHT MANAGEMENT (MELAKA) SDN. BHD. 47, Jalan Melaka Baru 22, Taman Melaka Baru , Batu Berendam, Batu Berendam, 75350 Melaka , Malaysia.	06-317 5143	06-317 5202
■ 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, Malaysia.  (KLIA-Warehouse & Operation office) Lot B2B-1, Cargo Forwarders Building, Malaysia Airlines Freight Forwarders Complex, Kuala Lumpur International Airport, 64000 KLIA, Selangor, Malaysia.	03-7492 0388	03-7492 3533
	03-8787 2990	03-8787 2925
<b>OVERSEAS</b>		
■ TCH Marine Pte Ltd Block 1 Beach Road #01- 4747 Singapore 190001	(65) - 62948422	(65) -62989172
■ ICON FREIGHT PTY LTD Unit 4/75 Queen Victoria Street Fremantle WA 6160 Willetton WA 6955 Australia	(08) 94331400	(08) 94331422