



FREIGHT MANAGEMENT HOLDINGS BHD
(380410-P)



FREIGHT MANAGEMENT HOLDINGS BHD 380410-P

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 8634 ■ Email : gen@mmalaysia.com.my ■ Website : www.fmmalaysia.com.my

Annual Report
2010

KEY PERFORMANCE & FINANCIAL INDICES OF FMH GROUP

Consolidated Financial Results as at 30 June

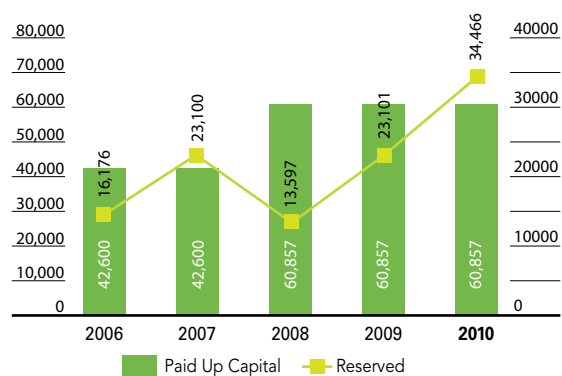
INCOME STATEMENT (RM'000)	2006	2007	2008	2009	2010
Revenue	160,832	188,079	221,999	229,424	265,501
Profit Before Tax	11,061	13,691	16,518	19,333	21,805
Profit After Tax and Minority Interest	7,740	9,688	12,167	13,564	16,438
Net Earning Per Share (sen)	9.08	11.37	10.00	11.14	13.51
Gross Dividend Per Share (sen)	4.00	4.00	4.50	4.50	5.00

BALANCE SHEET (RM'000)	2006	2007	2008	2009	2010
No. of shares in issue ('000)	85,200	85,200	121,714	121,714	121,714
Paid-up Share Capital	42,600	42,600	60,857	60,857	60,857
Reserve	16,176	23,100	13,597	23,101	34,466
Net Assets per Share (RM)	0.69	0.77	0.61	0.69	0.78

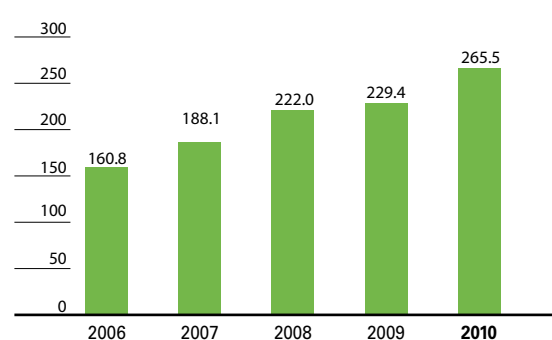
PATMI Quarterly Performance (RM'000)	2006	2007	2008	2009	2010
1st Qtr	1,959	2,354	2,903	3,397	3,848
2nd Qtr	1,864	2,142	2,737	3,335	4,219
3rd Qtr	1,646	2,190	3,207	2,791	3,696
4th Qtr	2,271	3,002	3,319	4,041	4,675
TOTAL	7,740	9,688	12,166	13,564	16,438

FINANCIAL HIGHLIGHTS

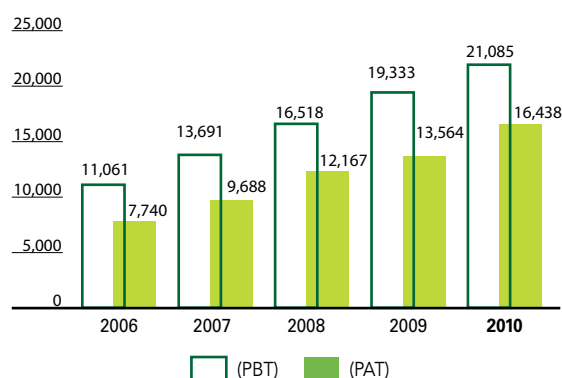
Shareholders' Funds
(RM Million)



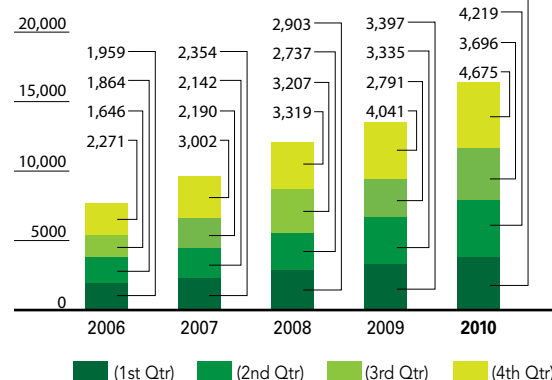
Turnover
(RM Million)



Profit Before/After Tax and Minority Interest
(RM'000)



Profit After Tax by Quarters
(RM'000)



REVENUE ANALYSIS (RM'MILLION)

REVENUE ANALYSIS BY SERVICE TYPE	2006	2007	2008	2009	2010
Import	49.4	47.1	52.0	53.6	62.8
Export	86.8	100.4	114.4	102.5	126.0
	136.2	147.5	166.4	156.1	188.8

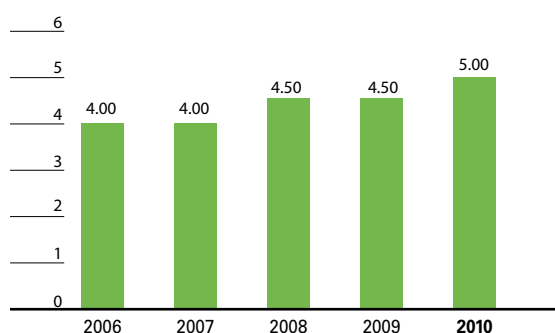
The above information includes Seafreight, Airfreight, Railfreight, and Landfreight Services.

REVENUE BY CONTAINER MODE	2006	2007	2008	2009	2010
FCL	66.1	71.7	87.7	78.8	71.9
LCL	49.3	56.3	57.5	58.0	92.3
	115.4	128.0	145.2	136.8	164.2

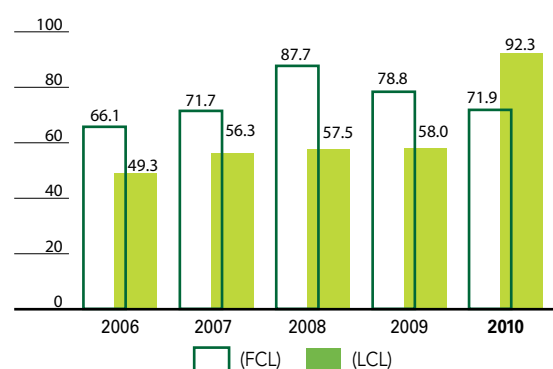
This mode covers Seafreight, Railfreight and Landfreight Services.

CONTRIBUTION BY SERVICE TYPE	2006	2007	2008	2009	2010
Seafreight	98.3	112.6	133.9	128.9	156.6
Railfreight	17.1	15.4	11.3	6.5	3.5
Airfreight	20.8	19.5	21.2	19.2	24.6
Tug & barge	5.8	17.5	22.7	25.0	23.9
Warehouse & Distribution	6.2	5.6	8.5	10.5	11.0
Custom brokerage	12.6	17.5	22.3	28.1	32.0
Haulage	-	-	2.1	7.0	9.7
Landfreight	-	-	-	1.4	4.1
Others	-	-	-	2.8	0.1
TOTAL	160.8	188.1	222.0	229.4	265.5

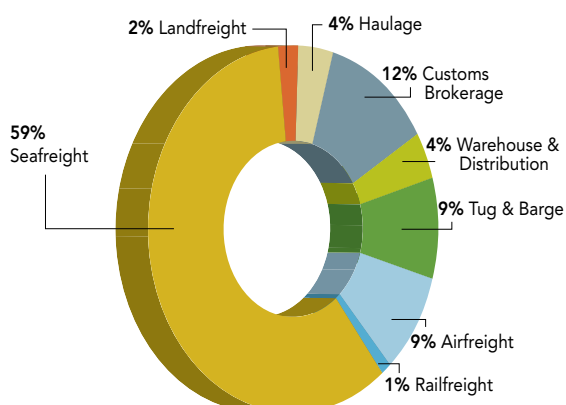
Gross Dividend Per Share
(Sen)



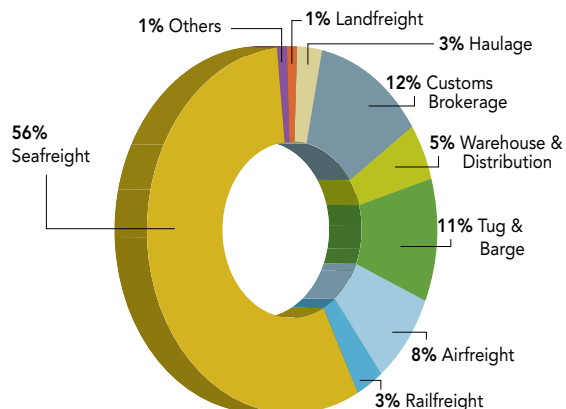
FCL & LCL Revenue
(RM.mil)



Revenue Contribution By Services FY2010



Revenue Contribution By Services FY2009



CORPORATE STRUCTURE



FREIGHT MANAGEMENT HOLDINGS BHD

INVESTMENT HOLDING

100%
Perspektif Gemilang
Sdn Bhd

100%
Icon Freight International Inc,
British Virgin Island

100%
Freight Management
(M) Sdn Bhd

49%
FM Distribution Sdn Bhd

100%
Freight Management
(Melaka) Sdn Bhd

PROVISION OF FREIGHT SERVICES

100%
Freight Management (Ipoh)
Sdn Bhd

100%
FM – Hellmann Worldwide
Logistics Sdn Bhd

100%
FM Worldwide Logistics
(Penang) Sdn Bhd

51%
TCH Marine Pte Ltd,
Singapore

100%
FM Marine Pte Ltd,
Singapore

PROVISION OF TUG AND BARGE SERVICES

OTHER SERVICES

100%
Freight Management MSC
Sdn Bhd

100%
Icon Line (Malaysia)
Sdn Bhd

55%
Icon Freight Services
Pty Ltd, Australia

49%
Icon Freight Services Co Ltd,
Thailand

49%
PT Icon Freight Indonesia,
Indonesia

51%
Icon Freight Services
Co., Ltd, Vietnam

100%
Freight Management
(Penang) Sdn Bhd

100%
Citra Multimodal Services
Sdn Bhd

100%
Advance International
Freight Sdn Bhd

80%
Symphony Express Sdn Bhd

CONTENTS

2	Corporate Structure
4	Services Offered by the Group
6	Corporate Information
7	Directors' Profile
12	Chairman's Statement
16	Corporate Social Responsibility
17	Audit Committee Report
22	Statement on Corporate Governance
28	Statement on Internal Control
30	Additional Compliance Information
31	Statement on Directors' Responsibility
33	Financial Statements
125	Analysis of Shareholdings
127	List of Properties
129	Notice of Annual General Meeting
•	Proxy Form
•	Contact Particulars of Freight Management Group



INTERNATIONAL AND DOMESTIC SEA FREIGHT SERVICES LCL/FCL



FM Group's extensive experience in export/import sea freight services ensures efficient handling of customers' cargo movement internationally and between Peninsular Malaysia and Sabah/Sarawak.

INTERNATIONAL AND DOMESTIC AIR FREIGHT SERVICES



The FM Group handles inbound and outbound air freight services both internationally and between Peninsular Malaysia and Sabah/Sarawak. We are part of an established worldwide network of air freight forwarders.

SERVICES OFFERED BY THE GROUP

FMHB IS ONE OF THE LEADING INTERNATIONAL FREIGHT FORWARDERS IN MALAYSIA, OPERATING AS AN INTERMEDIATE AGENT BETWEEN IMPORTERS/EXPORTERS AND CARRIERS.

RAIL FREIGHT SERVICES



FM Group is one of the pioneers in the containerized rail freight services; providing dedicated containerized LCL and FCL transport between Port Klang, Penang and Bangkok in Thailand.

LAND TRANSPORTATION



FM's fleet of trucks and prime movers offer door to door delivery and pick-up services throughout the Peninsular and between Malaysia, Singapore and Thailand. We accept Full Truck Load, LTL Load and Container Haulage.

CUSTOMS CLEARANCE



FM Group, with a team of 80 personnel nationwide, is able to offer professional and efficient customs clearance for both sea and air services.

WAREHOUSE AND DISTRIBUTION



FM Group operates a total of 400,000 sq. ft. of bonded and non-bonded warehouse at all the maritime and air gateways of Malaysia. We offer a one-stop centre for storage value-adding and distribution.

Your Connection to the world

PROJECT MANAGEMENT



FM's Project Management Department is equipped to handle the organization and shipping of all oversized cargo.

BULK SERVICES



Freight Management through its subsidiary TCH Marine Pte Ltd, is a leading tug and barge operator; servicing the Straits of Malacca.

CORPORATE INFORMATION

DIRECTORS

Datuk Dr Hj Noordin bin Hj Ab 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

Chairman
Datuk Dr Hj Noordin bin Hj Ab Razak
Independent Non-Executive Director

Member
Chua Tiong Hock
Non-Independent Non-Executive Director

Aaron Sim Kwee Lein
Independent Non-Executive Director

REMUNERATION & NOMINATION COMMITTEE

Chairman
Datuk Dr Hj Noordin bin Hj Ab Razak
Independent Non-Executive Director

Member
Aaron Sim Kwee Lein
Independent Non-Executive Director

COMPANY SECRETARIES

Lim Hooi Mooi (f)
(MAICSA 0799764)

Tan Enk Purn
(MAICSA 7045521)

REGISTERED OFFICE

Level 18, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel : +603 2264 8888
Fax : +603 2282 2733

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
(Firm No.: AF 0206)
Chartered Accountants

SOLICITORS

WONG LU PEEN & TUNKU ALINA
Advocate & Solicitor

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House,
Block D13, Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan.
Tel : +603 7841 8000
Fax : +603 7841 8151

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Code : FREIGHT
Stock No. : 7210
(Listed on 2nd Board on 3 February 2005)

DIRECTORS' PROFILE

**DATUK DR HJ NOORDIN BIN HJ AB RAZAK****Aged 65, Malaysian**

Independent Non-Executive Chairman

Appointed on 22 July 2004, 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 49, Malaysian**

Group Managing 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's business strategies.

In 1984, he graduated from the University of Manchester, United Kingdom with a Bachelor degree in Economics. He also holds a Diploma from the Business Education Council National, United Kingdom and a Diploma of Competence in Freight Forwarding from the International Federation of Freight Forwarders (FIATA).

DIRECTORS' PROFILE

(cont'd)



YANG HENG LAM

Aged 47, Malaysian

Executive Director

Mr Yang joined the Board on 20 March 1996 and 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.



GAN SIEW YONG

Age 48, 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 Customer 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 20 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 to all the major ports of the world.



ONG LOOI CHAI

Aged 42, 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.

DIRECTORS' PROFILE

(cont'd)

AARON SIM KWEE LEIN

Aged 44, 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 serve on the board of Excel Force MSC Berhad and Frontken Corporation Berhad.

KHUA KIAN KEONG

Aged 42, Singaporean

Non Independent, Non Executive Director
(Alternate Director to Chua Tiong Hock)

Mr Khua was 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.

He is the vice-president of Singapore Metal and Machinery Association (新加坡五金机械公会副会长), Nanyang Kuah Si Association (新加坡南洋柯氏公会副会长), Anxi Charity Federation (安溪县慈善总会副会长), and Anxi Fenglai Guitou Charity Federation (安溪县蓬莱魁头慈善会副会长).

He is an executive committee member of Singapore Ann Kway Association (新加坡安溪会馆) and in-charge of its youth group; a committee member of SCCCI-Young Entrepreneur Network (新加坡中华总商会青年企业家联系网). He also serves as vice-president of Pei Tong Primary School advisory committee (新加坡培同小学) and as an advisor to Hong Lai Si Temple (新加坡蓬莱寺).

DIRECTORS' PROFILE

(cont'd)

**CHUA TIONG HOCK****Aged 57, Singaporean**

Non Independent, Non Executive Director

Mr Chua was appointed to the Board as a Director on 30 July 2007. He is a member of FMH's Audit Committee.

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.

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.



An era of **Renewed Strength**
Performing at a **Greater Level**





DEAR SHAREHOLDERS

On behalf of the Board of Directors of Freight Management Holdings Bhd ('FMH' or the 'Company'), I have pleasure in presenting the Annual Report and the Audited Financial Statements of the FMH and its subsidiaries (the 'Group') for the financial year ended 30 June 2010.

DATUK DR HJ NOORDIN BIN HJ AB RAZAK
Chairman / Independent Non-Executive Director

CHAIRMAN'S STATEMENT

OVERVIEW

The financial year ended 30 June 2010 ('FY10') was a very challenging year that had tested the resourcefulness and perseverance of the Management and the Board of FMH. While we witnessed some stabilization of certain western economies in mid 2009, there were bouts of ups and downs especially with some European Union nations still facing financial difficulties.

Having navigated through the turbulent international and domestic economic conditions during FY09 and FY10, I am happy to report that in spite of these uncertainties, the Group was able to deliver another set of solid results, making its sixth year of consecutive growth since its listing on Bursa Malaysia in year 2005.

FINANCIAL PERFORMANCE

For the financial year under review, FY10, the Group's revenue expanded by 15.7% from RM229.4 million in financial year ended 30 June 2009 ('FY09') to RM265.5 million in FY10. Correspondingly, profit before tax was 13.0% higher at RM21.8 million compared to RM19.3 million in FY09 while profit after tax and minority interest grew by 20.6% to RM16.4 million from RM13.6 million in FY09.

The steady performance was due to the improving market conditions as compared to the previous year. Additionally the surge in demand for seafreight and airfreight arising from an improved world economy had benefited the Group, as we registered an increase in revenue and volume of more than 20%. Both less-than-container-load ('LCL') and full-container-load ('FCL') volume jumped to about 73,000 teus from 65,000 teus in FY09. The Group is excited with this increase and will continuously be committed to providing excellence in its customers' service and improvement in its efficiency to remain competitive.

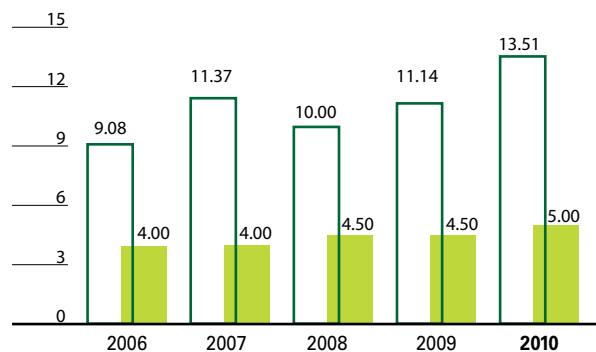
The favourable performance in the freight services provided the catalyst for growth in the support services; namely transport and haulage, warehouse and distribution and custom brokerage. Collectively, these services contributed RM53 million of the Group's revenue in FY10, compared to RM46 million in FY09, registering a growth of 15%. With 43 prime movers and 278 trailers commissioned, revenue from haulage service grew by 39% to RM9.7 million as compared to RM7.0 million in FY09. The custom brokerage service, which complements our core operations grew by 14% to RM32 million as compared to RM28 million in FY09. It is the Group's strategy to provide a one-stop-centre to cater for the logistics needs of its customers and will continue to include value-add services to enhance customers' value.



The impact of the global financial crisis in 2009 resulted in a minor contraction in the revenue of the tug and barge service. Revenue dipped by 4% to RM24 million as compared to RM25 million in FY09. This was due to excess barge capacity in the regional markets with the return of barges from the Middle East as a result of the economic slowdown. The Group currently has a fleet of 9 tugboats and 8 barges. The Group has put in place measures to aggressively market the tug and barge service as well as cost cutting measures to improve the profitability of this service. Railfreight revenue too, declined to RM3.5 million as compared to RM6.5 million in FY09 due to shortage of locomotives by the vendors, resulting in longer transit time. The Group has partially mitigated this through its landfreight service which was introduced in the second half of FY09. Revenue for landfreight jumped to RM4.1 million as compared to RM1.4 million in FY09. Currently, the landfreight service is focusing on LCL business and the Group is making plans to also include FCL business.

The Group expanded its presence regionally to Indonesia in FY09 and Thailand in FY10. We are happy with the performance for Indonesia for FY10 as it reported a net profit of about RM0.6 million for its first full year of operation. Meanwhile the Thailand

Shareholders' Reward (Per Share)
(Sen)



investment registered a minor loss for its first year of operation. The Group is pleased with the overall performance of the overseas subsidiaries (Australia, Singapore, Indonesia and Thailand) and with the newly added investment in Vietnam, the Group is targeting a net profit contribution of about 20% from the overseas ventures in the near future.

As a result of the strong performance of the Group, the net earnings per share for FY10 improved to 13.51 sen from 11.14 sen in the previous financial year.



CORPORATE DEVELOPMENT

The Group had on 1st July 2010 subscribed to 51% shares in Icon Freight Services Co., Ltd in Vietnam to provide integrated logistics activities to the Vietnam market.

On 5th May 2010, the Group entered into a Sales & Purchase Agreement for the disposal of a warehouse cum office building (which had been vacant over the past 3 years) in Port Klang for a cash consideration of RM5.1 million. From the proceeds of the disposal, RM4.5 million will be utilized to reduce the Group's borrowings and the remainder for working capital. As at the date of this report, the completion of this exercise is pending the transfer of title to the vendor.

I am also proud to announce that FMH was selected in the OSK Top Malaysian Small Cap Companies (50 Jewels) for 2010. The Group acknowledged the importance of communication with shareholders and investors and had extensive investor relations activities carried out during the year. Regular dialogues, analyst briefings and press conferences were organized to update shareholders and investors on the latest development of the Group.

DELIVERING VALUES TO SHAREHOLDERS

The Group's strong performance over the years has enabled us to continue to reward our shareholders. The Board of FMH has recommended a final gross dividend of 2.5 sen per share subject to shareholders' approval during the forthcoming Annual General Meeting on 25th November 2010.

On 15 July 2010, FMH declared and paid an interim gross dividend of 2.5 sen per share less tax at 25% . This would aggregate the full year's gross dividend to 5.0 sen per share.

MOVING FORWARD

The Group has demonstrated a strong ability to capitalize on its strengths and niches in the logistics industry, in particular our focus on being a prominent integrated player offering multimodal freight services. Our strategies for the new financial year is to focus on the following key areas:-

CHAIRMAN'S STATEMENT (cont'd)

we believe in differentiating ourselves from our peers in the logistics industry and will continue to provide an efficient and diversified suite of logistics services to meet the market demands

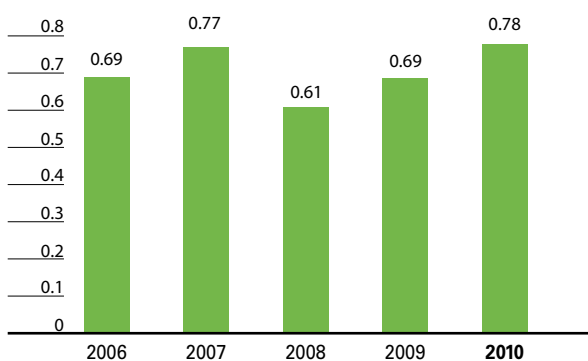


- Intensive marketing programs to meet customers' demands,
- Maximize utilization of resources and enhancing cost-saving exercise,
- Expanding agent network and port coverage,
- Grow core business activities organically and expansion through potential acquisitions within the industry both in domestic and regional markets.

We believe in differentiating ourselves from our peers in the logistics industry and will continue to provide an efficient and diversified suite of logistics services to meet the market demands. To meet these challenges, we have put in place greater emphasis on staff development and retention.

Whilst there is lingering economic uncertainty, we believe the Group is well positioned to record its seventh year of consecutive growth in the new financial year ending 30 June 2011.

NA Per Share
(RM)



APPRECIATION & ACKNOWLEDGEMENT

The Board of Directors would like to express its sincere appreciation to the management and staff for their continual dedication, commitment and loyalty to the Group.

The Board of Directors would also like to express its sincere appreciation to all its customers, shareholders, business associates, government authorities and financial institutions for their confidence and support in FMH.

CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors acknowledged the importance of good corporate social responsibility ("CSR") practices in the community, workplace and marketplace.



COMMUNITY

During the year, the group contributed RM10,000 to Shepherd's Centre, a home for the orphanage and the less privilege children.

EMPLOYEES

The Group cared for its employees by providing fair and equitable remuneration as well as a safe and conducive work environment. Employees were provided with adequate health care benefits such as medical insurance, personal accident insurance, medical leave and panel doctors.

Through the Sports Club, recreational events and social programs were organized to encourage networking and socializing among the colleagues and peers.

As part of the Group's effort to provide growth opportunities to the employees, on-the-job training, in-house training and external training courses were provided to improve the practical skills and knowledge. In addition, to promote professional development, employees were encouraged to pursue work-related courses.

ENVIRONMENT

The Group complied with statutory regulation in all jurisdictions in which it operates and adopted responsible environmental practices. Pollutions within the workplace were minimized by using gas powered forklifts and industrial sweepers to minimize dust in the warehouses.

To minimize the wastage of printed documents, the Group has adopted the e-Document system to store and archive work documents in softcopies.

THE MARKETPLACE

The Group is committed to high quality service and strived to deliver values to our customers. In appreciation of customers' loyalty and support, periodic campaigns were organized to network and socialize with the customers.

AUDIT COMMITTEE REPORT

FORMATION

The Audit Committee was formed by the Board of Directors on 3 December 2004.

MEMBERS

The Audit Committee consists of the following members during the financial year: -

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

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

Chua Tiong Hock
(Non-Independent Non-Executive Director)

MEETINGS AND ATTENDANCE

The Audit Committee held five meetings during the financial year. The attendance of the Committee members is as follows: -

Name of Audit Committee Member	Total meetings attended	Percentage of attendance (%)
Datuk Dr Hj Noordin Bin Hj Ab Razak	5/5	100
Aaron Sim Kwee Lein	5/5	100
Chua Tiong Hock	5/5	100

The Audit Committee's meetings were attended by the Committee members and Senior Management. The Managing Director and Executive Directors were also present at certain meetings as invitees. The Company Secretary acted as Secretary at the meetings to record and maintains minutes for the proceedings of the meetings.

TERMS OF REFERENCE

1. 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 must be non-executive directors.

AUDIT COMMITTEE REPORT (cont'd)

1.0 Composition of the Audit Committee (cont'd)

- 1.5 All members of the Audit Committee should be financially literate and at least one member of the audit committee:-
- i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - iii) fulfils such other requirements as prescribed or approved by the Exchange.
- 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;

AUDIT COMMITTEE REPORT (cont'd)

2.0 Duties of the Audit Committee (cont'd)

2.6 To do the following, in relation to the internal audit function:-

- Review the adequacy of the scope, functions, competency 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; and
- e) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed issuer whenever deemed necessary.

AUDIT COMMITTEE REPORT

(cont'd)

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's meeting shall be two, the majority of members present must be independent directors;
- 4.7 Questions arising at any Audit Committee's 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's meeting shall be kept by the Secretary of the Audit Committee; and
- 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.

5.0 Internal Audit

- The internal audit function which is established should be independent of the activities it audits.
- Must report directly to the audit committee.

AUDIT COMMITTEE REPORT (cont'd)

SUMMARY OF ACTIVITIES

During the financial year, the activities of the Audit Committee include the following: -

- reviewed the audited financial statements for the financial year ended 30 June 2010 before recommending them for the Board of Directors' approval;
- adopted the proposed schedule of Audit Committee's meetings during the financial year ended 30 June 2010;
- reviewed the quarterly unaudited financial results before recommending them for the Board's approval;
- reviewed all recurrent related party transactions entered into by the Group and to ascertain that the transactions are conducted at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders;
- reviewed the audit reports prepared by the Internal Auditors, considered their material findings and assess the Management's responses and actions thereto;
- reviewed and discussed with the External Auditors the nature and scope of their audit plan for the financial year ended 30 June 2010 before the commencement of audit; and
- review the Company's compliance in the particular year's financial statement with the listing requirements of Bursa Securities, FRS and other relevant legal regulatory requirements.

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The internal audit function for the Group has been outsourced to an external consultant who has performed an independent review of the Group's various departments during the financial year.

The Internal Auditors ("IA") of the Group reports directly to the Audit Committee and assist the Board in monitoring and managing risks and internal control system. The Audit Committee approves the internal audit plan and the scope of Internal Audit covering the relevant departments within the Group from time to time.

The Board is of the view that there is no significant breakdown or weaknesses in the systems of internal controls of the Group that may result in material losses incurred by the Group for the financial year ended 30 June 2010.

Cost incurred for the internal audit function of the Group in respect of the financial year ended 30 June 2010 amounted to approximately RM48,000.

STATEMENT ON CORPORATE GOVERNANCE

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

The Board is pleased to report on 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's 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 10 in this Annual Report.

Board Meeting

The Board meets at least five 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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Board Meeting (cont'd)

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

	Attendance
Datuk Dr Hj Noordin Bin Hj Ab Razak	5/5
Chew Chong Keat	5/5
Yang Heng Lam	5/5
Gan Siew Yong	3/5
Aaron Sim Kwee Lein	5/5
Ong Looi Chai	3/5
Chua Tiong Hock	5/5
Khua Kian Keong (Alternate Director to Chua Tiong Hock)	N/A

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
- 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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

1. THE BOARD OF DIRECTORS (cont'd)

Directors' Training

All Directors of the Company have attended the Mandatory Accreditation Programme (MAP) to comply with the Listing Requirements for the Main Market of Bursa Malaysia Securities Berhad. The Directors have also undergone other relevant training programmes externally or internally as appropriate, to further enhance their skills and knowledge for discharging their responsibilities effectively. Details of training and development programmes attended by Directors are as follows:-

Name of Director	Training Programmes
Datuk Dr Hj Noordin bin Haji Ab Razak	i) Updates on Accounting Standards and Listing Requirements on 8 October 2009 ii) Goods and Services Tax ("GST") on 25 May 2010.
Chew Chong Keat	i) Corporate Governance Guide – Towards Boardroom Excellence on 20 August 2009 ii) Updates on Accounting Standards and Listing and Requirements on 8 October 2009 iii) Vietnam: Investment Licensing, Company Set Up and Effective Management & Control Workshop on 10 May 2010 iv) Goods and Services Tax ("GST") on 25 May 2010
Yang Heng Lam	i) Updates on Accounting Standards and Listing Requirements on 8 October 2009 ii) Goods and Services Tax ("GST") on 25 May 2010
Gan Siew Yong	i) Workshop on the New Scheduler Tax Deductions (STD) System For Employers ii) Corporate Governance Guide – Towards Boardroom Excellence on 20 August 2009
Ong Looi Chai	i) Sales Presentation Skills Mastery Program on 11& 12 September 2009 ii) Updates on Accounting Standards and Listing Requirements on 8 October 2009
Aaron Sim Kwee Lein	i) Updates on Accounting Standards and Listing Requirements on 8 October 2009 ii) Forum on FRS 139 Financial Instruments: Recognition and Measurement on 8 February 2010 iii) Goods and Services Tax ("GST") on 25 May 2010
Chua Tiong Hock	i) Updates on Accounting Standards and Listing Requirements on 8 October 2009 ii) Goods and Services Tax ("GST") on 25 May 2010

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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

2. BOARD COMMITTEES (cont'd)

Audit Committee

The composition, terms of reference and summary of activities of the Audit Committee are disclosed in the Audit Committee Report on pages 17 to 21 of this Annual Report.

Nomination Committee

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

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

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

The duties and functions of the NC 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 periodically the required skills and experience and other qualities and core competencies non-executive directors should bring to the Board; and
- Assess periodically 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 NC.

During the financial year, the NC met once to conduct the annual review on the Directors' core competencies, contribution and effectiveness.

Remuneration Committee

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

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

The role of the RC, in accordance with its terms 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; and
- Ensuring that the remuneration package is linked to performance, responsibility level and is comparable with market norm.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

2. BOARD COMMITTEES (cont'd)

Remuneration Committee (cont'd)

The RC 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 RC met once during the financial year under review.

Details of the remuneration packages for the Directors of the Group for the financial year ended 30 June 2010 are as follows:-

	Executive Directors RM	Non-Executive Directors RM
* Fees	180,000	120,000
Salaries & other emoluments	16,000	15,000

* 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 Company's website at www.fmmalaysia.com.my or through the Bursa Securities website at www.bursamalaysia.com

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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 31 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 28 to 29 of this Annual Report.

Relation with Auditors

The role of the Audit Committee in relation to the external auditors is disclosed in the Audit Committee Report set out on pages 17 to 21 of this annual report. The Company maintains a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the approved accounting standards in Malaysia.

STATEMENT ON INTERNAL CONTROL

The 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 Board and management meet periodically to discuss, deliberate and address risks which are associated with 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 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 presentation slides on Audit Completion

INTERNAL AUDIT FUNCTIONS AND EFFECTIVENESS OF INTERNAL CONTROLS

The outsourced Internal Auditor had reviewed the Group's system of internal controls and had reported the internal audit activities carried within the year to the Audit Committee on a quarterly basis.

STATEMENT ON INTERNAL CONTROL (cont'd)

INTERNAL AUDIT FUNCTIONS AND EFFECTIVENESS OF INTERNAL CONTROLS (cont'd)

Internal Auditor had adopted a risk-based approach in undertaking the internal audits for the Group which involved the establishment of a comprehensive audit plan formulated through a risk assessment process. In doing so, the internal auditor had planned the engagement through conducting necessary consultation sessions with the senior management and staff in order to identify the relevant risks faced by the Group. With the necessary understanding of these risks, it had facilitated the internal auditor to develop comprehensive audit programs in order to identify any weaknesses in the system of internal controls.

At the same time, the Board had ensured that relevant control measures were implemented so as to address the control weaknesses identified during the course of internal audits and enhance the integrity of the Group's system of internal controls ultimately. This was carried out via necessary consultation with the internal auditor and senior management.

Indeed, the Board recognises that the development of good system of internal controls for the Group is a continuous process. Hence, the Board encourages interactive discussions of audit findings through the Audit Committee, taking into consideration possible establishment of additional control measures in managing its risks within the Group from time to time.

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 subsidiaries 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 by assessors of the ISO certification bodies on a yearly and biannual basis 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 20 October 2010.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds Raised from Corporate Proposals

The Company did not raise any funds from any corporate proposals during the financial year.

2. Share Buyback

The Company did not enter into any share buyback transactions during the financial year ended 30 June 2010.

3. Options or Convertible Securities

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

4. Depository Receipt Programme ("DRP")

The Company did not sponsor any DRP 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 no-audit fees paid and payable to the external auditors by the Group for the financial year ended 30 June 2010 amounted to RM3,000.

7. Variation in Results

The Group's audited results for the financial year ended 30 June 2010 did not vary by 10% or more from the unaudited results which were announced to Bursa Malaysia Securities Berhad on 25 August 2010.

8. Profit Guarantee

There were no profit guarantees given by the Group during the financial year ended 30 June 2010.

9. Material Contracts

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 2010.

10. Recurrent Related party transactions

All recurrent related party transactions entered into by the Group during the financial year are disclosed in Note 33 of the financial statement in pages 108 to 110 of this annual report.

11. Revaluation Policy on Landed Properties

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 for the Main Market 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 20 October 2010.





Financial Statements

FREIGHT MANAGEMENT HOLDINGS BHD 380410-P

DIRECTORS' REPORT	34
STATEMENT BY DIRECTORS	40
STATUTORY DECLARATION	40
INDEPENDENT AUDITORS' REPORT	41
BALANCE SHEETS	43
INCOME STATEMENTS	45
STATEMENTS OF CHANGES IN EQUITY	46
CASH FLOW STATEMENTS	48
NOTES TO THE FINANCIAL STATEMENTS	51

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2010.

PRINCIPAL ACTIVITIES

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

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	17,081	8,025
Attributable to:		
Equity holders of the Company	16,438	8,025
Minority interest	643	-
	17,081	8,025

DIVIDENDS

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

	Company RM'000
In respect of the financial year ended 30 June 2009:	
Final dividend of 2.5 sen per ordinary share, less tax of 25%, paid on 20 January 2010	2,282
In respect of the financial year ended 30 June 2010:	
Interim dividend of 2.5 sen per ordinary share, less tax of 25%, paid on 15 July 2010	2,282
	4,564

The Directors proposed a final dividend of 2.5 sen per ordinary share, less tax of 25% amounting to RM2,282,000, in respect of the financial year ended 30 June 2010, which is subject to the approval of the members at the forthcoming Annual General Meeting.

DIRECTORS' REPORT

(cont'd)

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 did not issue any shares and debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS

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

Datuk Dr Hj Noordin bin Hj Ab Razak
 Chew Chong Keat
 Yang Heng Lam
 Gan Siew Yong
 Aaron Sim Kwee Lein
 Ong Looi Chai
 Chua Tiong Hock
 Khua Kian Keong (Alternate Director to Chua Tiong Hock)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares in the Company during the financial year ended 30 June 2010 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, were as follows:

	Number of ordinary shares of RM0.50 each			
	Balance as at 1.7.2009	Bought	Sold	Balance as at 30.6.2010
Shares in the Company				
<u>Direct interests</u>				
Chew Chong Keat	33,902,597	-	(2,000,000)	31,902,597
Gan Siew Yong	5,281,642	-	-	5,281,642
Yang Heng Lam	22,276,031	-	-	22,276,031
Ong Looi Chai	1,429,928	-	-	1,429,928

DIRECTORS' REPORT

(cont'd)

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM0.50 each			
	Balance as at 1.7.2009	Bought	Sold	Balance as at 30.6.2010
<u>Indirect interests</u>				
Khua Kian Keong	24,342,857	-	-	24,342,857
Chua Tiong Hock	24,342,857	-	-	24,342,857
Yang Heng Lam	175,000*	-	-	175,000*

* Interest of spouse by virtue of Section 134 (12)(c) of the Companies Act, 1965.

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

Other than as stated above, none of the other Directors holding office at the end of the financial year held any interest in shares of the Company or of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any 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 except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 33 to the financial statements.

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 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 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 other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

DIRECTORS' REPORT

(cont'd)

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

(I) AS AT THE END OF THE FINANCIAL YEAR (CONT'D)

- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts 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; and
 - (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.
- (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 (12) 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.

DIRECTORS' REPORT

(cont'd)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 2 July 2009, the Company announced that its wholly-owned subsidiary, Icon Line (Malaysia) Sdn. Bhd. ("ILSB") has subscribed for 24,500 shares of THB100 each at par for a total cash consideration of THB2,450,000 in the capital of Icon Freight Services Company Ltd. ("IFSC"), a company incorporated in Thailand, representing 49% of the issued and paid up share capital of IFSC.

It was mutually agreed that the nominal value of the shares to be allotted be changed from THB500 to THB100 per share.

- (b) On 9 December 2009, the Company announced that the Company had acquired one (1) ordinary share in Symphony Express Sdn. Bhd. ("SESB") for a cash consideration of RM1 only, representing 50% of the issued and paid share capital of SESB.
- (c) On 25 March 2010, the Company announced that its wholly-owned subsidiary, ILSB has entered into a Memorandum of Understanding ("the MOU") with Mr. Dang Anh Binh ("Dang") to form a joint venture company for the purpose of starting a freight forwarding business in Vietnam. The shareholdings of ILSB and Dang in the proposed joint venture company shall be in proportion of 51% and 49%.

On 6 April 2010, the Company announced that its wholly-owned subsidiary, ILSB together with Dang had incorporated a joint venture company in Ho Chi Minh City, Vietnam known as Icon Freight Services Company Limited ("IFSC Vietnam"). The value of capital contribution in IFSC Vietnam by ILSB is VND255,000,000 only, representing 51% of the capital of IFSC Vietnam, while Dang held the remaining VND245,000,000 or 49% of the capital via his Company, Dang Anh Binh Company Limited. IFSC Vietnam is principally engaged in provision of freight services. The capital contribution was completed on 1 July 2009.

- (d) On 5 May 2010, the Group received a deposit amounting to RM153,000 for the disposal of a property at Kawasan Perusahaan Bandar Sultan Suleiman, Port Klang for a consideration of RM5,100,000.

On 23 June 2010, Company announced that a wholly-owned subsidiary, Perspektif Gemilang Sdn. Bhd. had entered into a Sale and Purchase Agreement with third parties to dispose of the leasehold land with a building erected for a total cash consideration of RM5,100,000. As at 30 June 2010, the disposal has yet been completed, pending for transfer of land title and consent from the authorities. However, consent from the authorities was obtained on 5 August 2010.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

- (a) On 1 July 2010, the Company announced that its wholly-owned subsidiary, ILSB had made a capital contribution of VND255,000,000 in cash to the capital of IFSC Vietnam, a joint venture company in Ho Chi Minh City, Vietnam, representing 51% of the issued and paid up share capital of IFSC Vietnam. Upon completion of the capital contribution, IFSC Vietnam become a 51% owned subsidiary of ILSB.
- (b) On 1 July 2010, further to the announcement to Bursa Malaysia Securities Berhad on 9 December 2009 that the Company had acquired one (1) ordinary share in SESB for a cash consideration of RM1 only, the Company has subscribed for additional 7,999 ordinary shares of RM1 each at par, representing 80% of the enlarged issued and paid-up share capital of SESB for a total cash consideration of RM7,999. Upon completion of the subscription, SESB become a subsidiary of the Company.
- (c) On 25 August 2010, the Company has been allotted 960,000 ordinary shares of RM1.00 each in a wholly-owned subsidiary, ILSB by way of capitalising part of the amount owing by ILSB. The 960,000 ordinary shares shall be treated as fully paid in the capital of the ILSB and rank pari passu in all respects with existing issued ordinary shares in the capital of the ILSB.

DIRECTORS' REPORT

(cont'd)

AUDITORS

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

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

Chew Chong Keat
Director

Port Klang
20 October 2010

Yang Heng Lam
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 43 to 124 have been 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 the state of affairs of the Group and of the Company as at 30 June 2010 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Chew Chong Keat
Director

Yang Heng Lam
Director

Port Klang
20 October 2010

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 43 to 124 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)
declared by the abovenamed at)
Kuala Lumpur this)
20 October 2010)

Chew Chong Keat

Before me:

INDEPENDENT AUDITORS' REPORT

to the members of Freight Management Holdings Bhd.
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Freight Management Holdings Bhd., which comprise the balance sheets as at 30 June 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 124.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, 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 the state of affairs of the Group and of the Company as at 30 June 2010 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

INDEPENDENT AUDITORS' REPORT

to the members of Freight Management Holdings Bhd. (Incorporated in Malaysia) (cont'd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Kuala Lumpur
20 October 2010

Law Kian Huat
2855/06/12 (J)
Chartered Accountant

BALANCE SHEETS

as at 30 June 2010

		Group		Company	
	NOTE	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	90,626	83,623	-	-
Prepaid lease payments for land	8	-	-	-	-
Interests in subsidiaries	9	-	-	51,840	50,090
Investment in an associate	11	180	146	-	-
Other investment	12	3	3	-	-
Deferred tax assets	24	33	160	-	-
Goodwill on consolidation	13	1,674	1,674	-	-
		92,516	85,606	51,840	50,090
Current assets					
Trade receivables	14	49,014	31,931	-	-
Other receivables, deposits and prepayments	15	3,923	2,822	228	202
Amounts owing by subsidiaries	16	-	-	17,595	9,518
Amount owing by an associate	17	128	156	-	-
Current tax asset		657	305	254	254
Cash and cash equivalents	18	21,654	27,288	5,493	11,302
		75,376	62,502	23,570	21,276
Non-current asset classified as held for sale	19	4,925	-	-	-
TOTAL ASSETS		172,817	148,108	75,410	71,366

BALANCE SHEETS

as at 30 June 2010 (cont'd)

		Group		Company	
	NOTE	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	20	60,857	60,857	60,857	60,857
Reserves	21	34,466	23,101	6,825	3,364
		95,323	83,958	67,682	64,221
Minority interest		8,890	8,220	-	-
TOTAL EQUITY		104,213	92,178	67,682	64,221
LIABILITIES					
Non-current liabilities					
Hire purchase and lease creditors	22	6,214	8,324	-	-
Term loans	23	15,692	13,358	-	-
Deferred tax liabilities	24	4,989	3,633	-	-
		26,895	25,315	-	-
Current liabilities					
Trade payables	25	17,306	10,966	-	-
Other payables and accruals	26	9,941	9,094	410	423
Amounts owing to subsidiaries	16	-	-	5,036	4,896
Hire purchase and lease creditors	22	3,353	3,041	-	-
Term loans	23	5,194	4,160	-	-
Bank overdrafts - secured	27	2,979	1,024	-	-
Dividends payable		2,282	1,826	2,282	1,826
Current tax payable		654	504	-	-
		41,709	30,615	7,728	7,145
TOTAL LIABILITIES		68,604	55,930	7,728	7,145
TOTAL EQUITY AND LIABILITIES		172,817	148,108	75,410	71,366

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

INCOME STATEMENTS

for the financial year ended 30 June 2010

		Group		Company	
	NOTE	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	28	265,501	229,424	13,620	7,040
Cost of services		(201,938)	(174,086)	-	-
Gross profit		63,563	55,338	13,620	7,040
Other income		1,766	2,959	89	106
Administrative expenses		(42,094)	(37,388)	(3,529)	(2,850)
Finance costs		(1,464)	(1,607)	-	-
Share of profit in an associate		34	31	-	-
Profit before tax	29	21,805	19,333	10,180	4,296
Tax expense	30	(4,724)	(4,285)	(2,155)	(1,369)
Profit for the financial year		17,081	15,048	8,025	2,927
Attributable to:					
Equity holders of the Company		16,438	13,564	8,025	2,927
Minority interest		643	1,484	-	-
		17,081	15,048	8,025	2,927
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic earnings per ordinary share	32	13.51	11.14		

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2010

GROUP	Attributable to equity holders of the Company			Total RM'000	Minority interest RM'000	Total equity RM'000
	Share capital RM'000	Exchange translation reserve RM'000	Retained earnings RM'000			
Balance as at 1 July 2008	60,857	525	13,072	74,454	5,945	80,399
Foreign currency translations	-	48	-	48	35	83
Income and expense recognised directly in equity	-	48	-	48	35	83
Profit for the financial year	-	-	13,564	13,564	1,484	15,048
Total recognised income and expense for the financial year	-	48	13,564	13,612	1,519	15,131
Ordinary share capital contributed by minority shareholders of a subsidiary	-	-	-	-	756	756
Dividends paid (Note 31)	-	-	(4,108)	(4,108)	-	(4,108)
Balance as at 30 June 2009	60,857	573	22,528	83,958	8,220	92,178
Foreign currency translations	-	(509)	-	(509)	(214)	(723)
Income and expense recognised directly in equity	-	(509)	-	(509)	(214)	(723)
Profit for the financial year	-	-	16,438	16,438	643	17,081
Total recognised income and expense for the financial year	-	(509)	16,438	15,929	429	16,358
Acquisition of a subsidiary (Note 10)	-	-	-	-	241	241
Dividends paid (Note 31)	-	-	(4,564)	(4,564)	-	(4,564)
Balance as at 30 June 2010	60,857	64	34,402	95,323	8,890	104,213

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2010 (cont'd)

COMPANY	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2008	60,857	4,545	65,402
Profit for the financial year	-	2,927	2,927
Dividends paid (Note 31)	-	(4,108)	(4,108)
Balance as at 30 June 2009	60,857	3,364	64,221
Profit for the financial year	-	8,025	8,025
Dividends paid (Note 31)	-	(4,564)	(4,564)
Balance as at 30 June 2010	60,857	6,825	67,682

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

CASH FLOW STATEMENTS

for the financial year ended 30 June 2010

		Group		Company	
	NOTE	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		21,805	19,333	10,180	4,296
Adjustments for:					
Allowance for doubtful debts		1,128	573	-	-
Allowance for doubtful debts no longer required		(458)	(373)	-	-
Amortisation of prepaid lease payments for land	8, 41	-	-	-	-
Bad debts recovered		(2)	(6)	-	-
Bad debts written off		59	252	-	-
Depreciation of property, plant and equipment	7	6,368	5,447	-	-
Dividend income		-	-	(11,680)	(5,100)
Gain on disposal of property, plant and equipment		(147)	(321)	-	-
Impairment loss on goodwill on consolidation	10	23	-	-	-
Interest expense		1,464	1,607	-	-
Interest income		(226)	(297)	(88)	(106)
Property, plant and equipment written off	7	19	76	-	-
Share of profit in an associate	11	(34)	(31)	-	-
Unrealised gain on foreign currency transactions		-	(32)	-	-
Operating profit/(loss) before working capital changes		29,999	26,228	(1,588)	(910)
(Increase)/Decrease in trade receivables		(17,314)	7,089	-	-
(Increase)/Decrease in other receivables, deposits and prepayments		(889)	694	(26)	(196)
Increase/(Decrease) in trade payables		5,718	(1,836)	-	-
Increase/(Decrease) in other payables and accruals		700	603	(13)	(48)
Decrease in amount owing by an associate		28	45	-	-

CASH FLOW STATEMENTS

for the financial year ended 30 June 2010 (cont'd)

NOTE	Group		Company	
	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000
Cash generated from /(used in) operations	18,242	32,823	(1,627)	(1,154)
Interest paid	(92)	(94)	-	-
Tax paid	(3,462)	(3,289)	-	-
Tax refunded	28	335	-	335
Net cash from/(used in) operating activities	14,716	29,775	(1,627)	(819)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of:				
- additional interest in a subsidiary		-	(1,750)	(1)
- subsidiary for cash, net of cash and cash equivalents	10	74	-	-
(Advances to)/Repayments from subsidiaries		-	(8,077)	1,266
Advances from subsidiaries		-	140	3,168
Dividend received		-	9,525	3,825
Interest received		226	88	106
Placements of fixed deposits pledged to licensed banks		(1,082)	-	-
Withdrawals of fixed deposits pledged to licensed banks		967	-	-
Proceeds from disposal of property, plant and equipment		940	-	-
Purchase of property, plant and equipment	7(a)	(15,801)	-	-
Net cash (used in)/from investing activities		(14,676)	(74)	8,364

CASH FLOW STATEMENTS

for the financial year ended 30 June 2010 (cont'd)

		Group		Company	
	NOTE	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from shares issued to minority shareholders		-	756	-	-
Dividend paid		(4,108)	(4,083)	(4,108)	(4,083)
Drawdown of bankers' acceptances		1,980	-	-	-
Repayment of bankers' acceptances		(1,980)	(2,237)	-	-
Drawdown of revolving credit		1,600	-	-	-
Repayments of revolving credit		(1,600)	(1,500)	-	-
Drawdown of term loans		6,000	-	-	-
Repayments of term loans		(4,874)	(5,745)	-	-
Repayments of hire purchase and lease creditors		(3,322)	(2,234)	-	-
Interest paid		(1,372)	(1,513)	-	-
Net cash used in financing activities		(7,676)	(16,556)	(4,108)	(4,083)
Net (decrease)/increase in cash and cash equivalents		(7,636)	11,150	(5,809)	3,462
Cash and cash equivalents at beginning of financial year		22,999	11,864	11,302	7,840
Effect of changes in foreign exchange		(68)	(15)	-	-
Cash and cash equivalents at end of financial year	18 (e)	15,295	22,999	5,493	11,302

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 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 ('RM'), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 20 October 2010.

2. PRINCIPAL ACTIVITIES

The company is principally engaged in investment holding. The principle activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ('FRSs') 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 except as otherwise stated in the financial statements.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation (cont'd)

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 acquired, liabilities assumed 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 (see Note 4.6 to the financial statements on 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 business combination; and
- (b) recognise immediately in profit or loss any excess remaining after the reassessment.

Where a business combination includes more than one exchange transaction, any adjustment to the fair values 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. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently convertible or exercisable are taken into consideration.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation (cont'd)

Where losses applicable to the minority in a subsidiary exceed the minority's 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 financial year between the minority interest and equity holders of the Company.

Transactions with minority interests are treated as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in profit or loss. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

4.3 Property, plant and equipment and depreciation

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

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 asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Property, plant and equipment and depreciation (cont'd)

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates are as follows:

Long-term leasehold land	1%
Buildings	2%
Machinery, furniture and fittings	7.5% - 25%
Office equipment	7.5% - 66%
Renovations	10% - 25%
Motor vehicles	10% - 20%
Forklifts	20%
Storage containers	10%
Tug boats and barges	5%
Prime movers and trailers	10%

Freehold land has unlimited useful life and is not depreciated.

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. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.7 to the financial statements on impairment of assets).

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. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

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 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 asset, 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 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Leases and hire purchase (cont'd)

(a) Finance leases and hire purchase (cont'd)

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or 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

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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

(c) Leases of land

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.

Prior to 1 July 2009, the Group treated leases of land as operating leases and had classified these leases as prepaid lease payments for land. The lump-sum upfront lease payments made on entering into or acquiring leasehold land are accounted for as prepaid lease payments for land and are amortised over the lease term on a straight line basis.

During the current financial year, the Group has early adopted Amendment to FRS 117 *Leases* as permitted by paragraph 69A in the Amendment to FRS 117. Upon adoption of this Amendment, the Group reassessed such leases as finance leases and reclassified the unamortised carrying amounts as property, plant and equipment.

The effect of early adoption of this Amendment is disclosed in Note 41 to the financial statements.

4.5 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company have power to control 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.

Interests in subsidiaries (including any long term investments and receivables), which are eliminated on consolidation, are stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Investments (cont'd)

(b) Associate

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the Company's separate financial statements, an investment in associate is stated at cost less impairment losses, if any.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated balance sheet is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investments.

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 investment in the associate.

The Group's share of the profit or loss of the associate during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in the associate equals or exceeds its interest in the associate, the carrying amounting of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. Where the reporting dates of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in reporting dates is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening period.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Investments (cont'd)

(c) Other investments

Non-current investments other than investments in subsidiaries, associates, jointly controlled entities and investment properties are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

All current investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments.

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

4.6 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. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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 associates' identifiable assets, liability and contingent liabilities at the date of acquisition.

Goodwill relating 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 liabilities over the cost of investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

4.7 Impairment of assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries and associate), deferred tax assets and non-current asset 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Impairment of assets (cont'd)

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible 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.

Following the adoption of FRS 8 *Operating Segments* as disclosed in Note 4.17 to the financial statements, the consequential amendment to FRS 136 *Impairment of Assets* is also mandatory for financial periods beginning on or after 1 July 2009. This amendment requires goodwill acquired in a business combination to be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8.

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 profit or loss 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-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

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 asset's recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only 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 profit or loss.

4.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Financial instruments (cont'd)

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

4.8.1 Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheets when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(a) Receivables

Trade receivables and other receivables, including amounts owing by related parties, are classified as loans and receivables under FRS 132 *Financial Instruments: Disclosure and Presentation*.

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

Receivables are not held for trading purposes.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, deposits and other short term, highly liquid investments with original maturities of three (3) months or less which are readily convertible to cash and are subject to insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(c) Payables

Liabilities for trade and other amount payable, including amounts owing to related parties are recognised at the fair value of the consideration to be paid in the future for goods and services received.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Financial instruments (cont'd)

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

(d) Interest bearing loans and borrowings

Interest bearing loans and borrowings are initially recognised at the fair value of consideration received less directly attributable costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(e) Equity instruments

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 profit or loss.

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

If the Company reacquires its own equity instruments, 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.

4.8.2 Financial instruments not recognised on the balance sheets

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

4.9 Borrowing costs

Borrowing costs that are directly attributable to 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 completed, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by a foreign subsidiary on distributions to the Group and Company, and real property gains taxes payable on disposals of properties.

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 substantively enacted by the balance sheet date.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits 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 profits 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 profits will be available, such reductions will be reversed to the extent of the taxable profits.

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 income taxes relate to the same taxation authority.

Deferred tax will be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.12 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

4.13 Employee benefits

4.13.1 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Employee benefits (cont'd)

4.13.1 Short term employee benefits (cont'd)

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.

4.13.2 Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

4.14 Foreign currencies

4.14.1 Functional and presentation currency

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

4.14.2 Foreign currency transactions and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into functional currency at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.14.3 Foreign operations

Financial statements of foreign operations are translated at financial year end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are recognised as a separate component of equity.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Foreign currencies (cont'd)

4.14.3 Foreign operations (cont'd)

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of foreign operations are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the balance sheet date.

4.15 Revenue recognition

Revenue is measured at the fair value of the net 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 and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Services

Revenue from freight and forwarding is recognised in profit or loss when the services are rendered. Income is recognised in the profit or loss on an accrual basis.

(b) Management fees

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

(c) Dividend income

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

(d) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(e) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 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.

The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets.

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 before the initial classification as held for sale and fair value less costs to sell. The differences, if any, 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.

If the Group has classified an asset as held for sale but subsequently the criteria for classification is no longer met, the Group ceases to classify the asset as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

- (a) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale; and
- (b) its recoverable amount at the date of the subsequent decision not to sell.

4.17 Operating segments

During the previous financial year, segment reporting was presented based on geographical segments of the Group. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Operating segments (cont'd)

Following the adoption of FRS 8 *Operating Segments* during the current financial year, operating segments are defined as components of the Group that:

- (a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:
 - (i) the combined reported profit of all operating segments that did not report a loss; and
 - (ii) the combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) per cent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS

5.1 New FRSs adopted during the current financial year

- (a) FRS 8 and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for the disclosure of information on the Group's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this Standard are based on the information about the components of the Group that management uses to make decisions about operating matters. This Standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance, as elaborated in Note 4.17 to the financial statements.

In accordance with the transitional provisions of FRS 8, segment information for prior years that is reported as comparative information for the initial year of application has been restated to conform to requirements of FRS 8, as disclosed in Note 36 to the financial statements.

- (b) Amendment to FRS 117 *Leases* removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made retrospectively in accordance with FRS 108.

As at the reporting date, the Group has carrying amount of prepaid lease payments for land of RM11,819,000 (see Note 8 to the financial statements). The Group has reclassified the prepaid lease payments for land held in accordance with FRS 116 upon adoption of this amendment.

5.2 New FRSs not adopted

- (a) FRS 4 *Insurance Contracts* and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202²⁰⁰⁴ *General Insurance Business* and FRS 203²⁰⁰⁴ *Life Insurance Business*.

This Standard applies to all insurance contracts, including reinsurance contracts that an entity issues and to reinsurance contracts that it holds. This Standard prohibits provisions for potential claims under contracts that are not in existence at the reporting date, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. This Standard also requires an insurer to keep insurance liabilities in its balance sheet until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.

By virtue of the exemption provided under paragraph 41AA of FRS 4, the impact of applying FRS 4 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 Accounting Policies, Change in Accounting Estimates and Errors is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.2 New FRSs not adopted (cont'd)

- (b) FRS 7 *Financial Instruments: Disclosures* and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation*.

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance. By virtue of the exemption provided under paragraph 44AB of FRS 7, the impact of applying FRS 7 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.

- (c) FRS 123 *Borrowing Costs* and the consequential amendments resulting from FRS 123 are mandatory for annual periods beginning on or after 1 January 2010.

This Standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

The Group does not expect any significant impact on the financial statements arising from the adoption of this Standard.

- (d) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

This Standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on the financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 is not disclosed.

- (e) Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations* are mandatory for annual financial periods beginning on or after 1 January 2010.

These amendments clarify that vesting conditions comprise service conditions and performance conditions only. Cancellations by parties other than the Group are accounted for in the same manner as cancellations by the Group itself and features of a share-based payment that are non-vesting conditions are included in the grant date fair value of the share-based payment.

These amendments are not relevant to the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.2 New FRSs not adopted (cont'd)

- (f) Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The cost method of accounting for an investment has also been removed pursuant to these amendments.

The Group does not expect any significant impact on the financial statements arising from the adoption of these Amendments.

- (g) IC Interpretation 9 *Reassessment of Embedded Derivatives* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

The Group does not expect any significant impact on the financial statements arising from the adoption of this Interpretation.

- (h) IC Interpretation 10 *Interim Financial Reporting and Impairment* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The Group does not expect any significant impact on the financial statements arising from the adoption of this Interpretation in future.

- (i) IC Interpretation 11 FRS 2 – *Group and Treasury Share Transactions* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires share-based payment transactions in which the Group receives services from employees as consideration for its own equity instruments to be accounted for as equity-settled, regardless of the manner of satisfying the obligations to the employees.

If the Group grants rights to its equity instruments to the employees of its subsidiaries, this Interpretation requires the Group to recognise the equity reserve for the obligation to deliver the equity instruments when needed whilst the subsidiaries shall recognise the remuneration expense for the services received from employees.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.2 New FRSs not adopted (cont'd)

- (i) IC Interpretation 11 FRS 2 – *Group and Treasury Share Transactions* is mandatory for annual periods beginning on or after 1 January 2010. (cont'd)

If the subsidiaries grant rights to equity instruments of the Group to its employees, this Interpretation requires the Group to account for the transaction as cash-settled, regardless of the manner the subsidiaries obtain the equity instruments to satisfy its obligations.

The Interpretation is not relevant to the Group's operations.

- (j) IC Interpretation 13 *Customer Loyalty Programmes* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires the separation of award credits as a separately identifiable component of sales transactions involving the award of free or discounted goods or services in the future. The fair value of the consideration received or receivable from the initial sale shall be allocated between the award credits and the other components of the sale.

If the Group supplies the awards itself, the consideration allocated to the award credits shall only be recognised as revenue when the award credits are redeemed. If a third party supplies the awards, the Group shall assess whether it is acting as a principal or agent in the transaction.

If the Group is acting as the principal in the transaction, it shall measure its revenue as the gross consideration allocated to the award credits. If the Group is acting as an agent, it shall measure its revenue as the net amount retained on its own account, and recognise the net amount as revenue when the third party becomes obliged to supply the awards and entitled to receive the consideration for doing so.

The Interpretation is not relevant to the Group's operations.

- (k) IC Interpretation 14 FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. This Interpretation clarifies that an economic benefit is available if the Group can realise it at some point during the life of the plan or when the plan liabilities are settled, and that it does not depend on how the Group intends to use the surplus.

A right to refund is available to the Group in stipulated circumstances and the economic benefit available shall be measured as the amount of the surplus at the balance sheet date less any associated costs. If there are no minimum funding requirements, the economic benefit available shall be determined as a reduction in future contributions as the lower of the surplus in the plan and the present value of the future service cost to the Group. If there is a minimum funding requirement for contributions relating to the future accrual of benefits, the economic benefit available shall be determined as a reduction in future contributions at the present value of the estimated future service cost less the estimated minimum funding required in each financial year.

This Interpretation is not relevant to the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.2 New FRSs not adopted (cont'd)

- (l) FRS 101 *Presentation of Financial Statements* is mandatory for annual periods beginning on or after 1 January 2010.

FRS 101 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

This Standard introduces the titles 'statement of financial position' and 'statement of cash flows' to replace the current titles 'balance sheet' and 'cash flow statement' respectively. A new statement known as the 'statement of comprehensive income' is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

This Standard introduces a new requirement to disclose information on the objectives, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124 *Related Party Disclosures*. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

Apart from the new presentation and disclosure requirements described, the Group does not expect any other impact on the financial statements arising from the adoption of this Standard.

- (m) Amendments to FRS 139, FRS 7 and IC Interpretation 9 are mandatory for annual periods beginning on or after 1 January 2010.

These amendments permit reclassifications of non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) out of the fair value through profit or loss category in rare circumstances. Reclassifications from the available-for-sale category to the loans and receivables category are also permitted provided there is intention and ability to hold that financial asset for the foreseeable future. All of these reclassifications shall be subjected to subsequent reassessments of embedded derivatives.

These amendments also clarifies the designation of one-sided risk in eligible hedged items and streamlines the terms used throughout the Standards in accordance with the changes resulting from FRS 101.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.2 New FRSs not adopted (cont'd)

- (m) Amendments to FRS 139, FRS 7 and IC Interpretation 9 are mandatory for annual periods beginning on or after 1 January 2010. (cont'd)

By virtue of the exemptions provided under paragraphs 103AB of FRS 139 and 44AB of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of the FRS 139 and FRS 7 respectively as required by paragraph 30(b) of FRS 108 are not disclosed. However, the Group does not expect any impact on the financial statements arising from the adoption of the amendment to IC Interpretation 9.

- (n) Amendments to FRS 132 *Financial Instruments: Presentation* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments requires certain puttable financial instruments, and financial instruments that impose an obligation to deliver to counterparties a pro rata share of the net assets of the entity only on liquidation to be classified as equity.

Puttable financial instruments are defined as financial instruments that give the holder the right to put the instrument back to the issuer for cash, or another financial asset, or are automatically put back to the issuer upon occurrence of an uncertain future event or the death or retirement of the instrument holder.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

- (o) Improvements to FRSs (2010) are mandatory for annual periods beginning on or after 1 January 2010.

Amendment to FRS 5 *Non-current Assets Held for Sale and Discont'd Operations* clarifies that the disclosure requirements of this Standard specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 8 clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 107 *Statement of Cash Flows* clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 108 clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.2 New FRSs not adopted (cont'd)

- (o) Improvements to FRSs (2010) are mandatory for annual periods beginning on or after 1 January 2010. (cont'd)

Amendment to FRS 110 *Events after the Reporting Period* clarifies the rationale for not recognising dividends declared after the reporting date but before the financial statements are authorised for issue. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 116 *Property, Plant and Equipment* removes the definition pertaining the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of 'investment property' in FRS 140 *Investment Property*. This amendment also replaces the term 'net selling price' with 'fair value less costs to sell', and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 *Revenue* rather than FRS 5. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 118 clarifies reference made on the term 'transaction costs' to the definition in FRS 139. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 119 *Employee Benefits* clarifies the definitions in this Standard by consistently applying settlement dates within twelve (12) months in the distinction between short-term employee benefits and other long-term employee benefits. This amendment also provides additional explanations on negative past service cost and curtailments. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. This amendment is not relevant to the Group's operations.

Amendment to FRS 123 clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 127 *Consolidated and Separate Financial Statements* clarifies that investments measured at cost shall be accounted for in accordance with FRS 5 when they are held for sale in accordance with FRS 5. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.2 New FRSs not adopted (cont'd)

- (o) Improvements to FRSs (2010) are mandatory for annual periods beginning on or after 1 January 2010. (cont'd)

Amendment to FRS 128 *Investments in Associates* clarifies that investments in associates held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on the nature and extent of any significant restrictions on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. This amendment also clarifies that impairment loss recognised in accordance with FRS 136 *Impairment of Assets* shall not be allocated to any asset, including goodwill, that forms the carrying amount of the investment. Accordingly, any reversal of that impairment loss shall be recognised in accordance with FRS 136. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 129 *Financial Reporting in Hyperinflationary Economies* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. This amendment also clarifies that assets and liabilities that are measured at fair value are exempted from the requirement to apply historical cost basis of accounting. This amendment is not relevant to the Group's operations.

Amendment to FRS 131 *Interests in Joint Ventures* clarifies that venturers' interests in jointly controlled entities held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on related capital commitments. This amendment also clarifies that a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities shall be made. This amendment is not relevant to the Group's operations.

Amendment to FRS 134 *Interim Financial Reporting* clarifies the need to present basic and diluted earnings per share for an interim period when the entity is within the scope of FRS 133 *Earnings Per Share*. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 136 clarifies the determination of allocation of goodwill to each cash-generating unit whereby each unit shall not be larger than an operating segment as defined in FRS 8 before aggregation. This amendment also requires additional disclosures if the fair value less costs to sell is determined using discounted cash flow projections.

Amendment to FRS 138 *Intangible Assets* clarifies the examples provided in this Standard in measuring the fair value of an intangible asset acquired in a business combination. This amendment also removes the statement on the rarity of situations whereby the application of the amortisation method for intangible assets results in a lower amount of accumulated amortisation than under the straight line method. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 140 clarifies that properties that are being constructed or developed for future use as investment property are within the definition of 'investment property'. This amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier. This amendment is not relevant to the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.2 New FRSs not adopted (cont'd)

- (p) Amendments to FRS 132 is mandatory for annual periods beginning on or after 1 January 2010 and 1 March 2010 in respect of the transitional provisions in accounting for compound financial instruments and classification of rights issues respectively.

These amendments remove the transitional provisions in respect of accounting for compound financial instruments issued before 1 January 2003 pursuant to FRS 132²⁰⁰⁴ *Financial Instruments: Disclosure and Presentation*. Such compound financial instruments shall be classified into its liability and equity components when FRS 139 first applies.

The amendments also clarifies that rights, options or warrants to acquire a fixed number of the Group's own equity instruments for a fixed amount of any currency shall be classified as equity instruments rather than financial liabilities if the Group offers the rights, options or warrants pro rata to all of its own existing owners of the same class of its own non-derivative equity instruments.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

- (q) FRS 1 *First-time Adoption of Financial Reporting Standards* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 1 and shall be applied when the Group adopts FRSs for the first time via the explicit and unreserved statement of compliance with FRSs. An opening FRS statement of financial position shall be prepared and presented at the date of transition to FRS, whereby:

- (i) All assets and liabilities shall be recognised in accordance with FRSs;
- (ii) Items of assets and liabilities shall not be recognised if FRSs do not permit such recognition;
- (iii) Items recognised in accordance with previous GAAP shall be reclassified in accordance with FRSs; and
- (iv) All recognised assets and liabilities shall be measured in accordance with FRSs.

All resulting adjustments shall therefore be recognised directly in retained earnings at the date of transition to FRSs.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

- (r) FRS 3 *Business Combinations* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 3 and now includes business combinations involving mutual entities and those achieved by way of contract alone. Any non-controlling interest in an acquiree shall be measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The time limit on the adjustment to goodwill due to the arrival of new information on the crystallisation of deferred tax benefits shall be restricted to the measurement period resulting from the arrival of the new information. Contingent liabilities acquired arising from present obligations shall be recognised, regardless of the probability of outflow of economic resources.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.2 New FRSs not adopted (cont'd)

- (r) FRS 3 *Business Combinations* is mandatory for annual periods beginning on or after 1 July 2010. (cont'd)

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combination, including contingent consideration, shall be measured and recognised at fair value at acquisition date.

In business combinations achieved in stages, the acquirer shall remeasure its previously held equity interest at its acquisition date fair value and recognise the resulting gain or loss in profit or loss.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

- (s) FRS 127 *Consolidated and Separate Financial Statements* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 127 and replaces the current term 'minority interest' with a new term 'non-controlling interest' which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Group loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be measured at its fair value at the date when control is lost.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

- (t) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010, except for Amendments to FRS 139 which is mandatory for annual periods beginning on or after 1 January 2010.

Amendments to FRS 2 *Share-based Payments* clarifies that transactions in which the Group acquired goods as part of the net assets acquired in a business combination or contribution of a business on the formation of a joint venture are excluded from the scope of this Standard. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.2 New FRSs not adopted (cont'd)

- (t) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010, except for Amendments to FRS 139 which is mandatory for annual periods beginning on or after 1 January 2010. (cont'd)

Amendments to FRS 5 clarifies that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendment also clarifies that in determining whether a sale is highly probable, the probability of shareholders' approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 138 clarifies that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combination, the price paid by the Group reflects the expectations of the Group of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets. The useful life of a reacquired right recognised as an intangible asset in a business combination shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combination, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 139 remove the scope exemption on contracts for contingent consideration in a business combination. Accordingly, such contracts shall be recognised and measured in accordance with the requirements of FRS 139. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to IC Interpretation 9 clarifies that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

- (u) IC Interpretation 12 *Service Concession Arrangements* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to operators for public-to-private service concession arrangements, whereby infrastructure within the scope of this Interpretation shall not be recognised as property, plant and equipment of the operator. The operator shall recognise and measure revenue in accordance with FRS 111 *Construction Contracts* and FRS 118 for the services performed. The operator shall also account for revenue and costs relating to construction or upgrade services in accordance with FRS 111.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.2 New FRSs not adopted (cont'd)

- (u) IC Interpretation 12 *Service Concession Arrangements* is mandatory for annual periods beginning on or after 1 July 2010. (cont'd)

Consideration received or receivable by the operator for the provision of construction or upgrade services shall be recognised at its fair value. If the consideration consists of an unconditional contractual right to receive cash or another financial asset from the grantor, it shall be classified as a financial asset. Conversely, if the consideration consists of a right to charge users of the public service, it shall be classified as an intangible asset.

This Interpretation is not relevant to the Group's operations.

- (v) IC Interpretation 15 *Agreements for the Construction of Real Estate* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the Group may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be split into separately identifiable components.

An agreement for the construction of real estate shall be accounted for in accordance with FRS 111 if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract.

An agreement for the construction of real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with FRS 118. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of FRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

At the reporting date, the Group recognises revenue and associated costs from the construction of real estate by reference to the stage of completion of the construction works.

This Interpretation is not relevant to the Group's operations.

- (w) IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to hedges undertaken on foreign currency risk arising from net investments in foreign operations and the Group wishes to qualify for hedge accounting in accordance with FRS 139.

Hedge accounting is applicable only to the foreign exchange differences arising between the functional currency of the foreign operation and the functional currency of any parent (immediate, intermediate or ultimate parent) of that foreign operation. An exposure to foreign currency risk arising from a net investment in a foreign operation may qualify for hedge accounting only once in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.2 New FRSs not adopted (cont'd)

- (w) IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* is mandatory for annual periods beginning on or after 1 July 2010. (cont'd)

Hedging instruments designated in the hedge of a net investment in a foreign operation may be held by any companies within the Group, as long as the designation, documentation and effectiveness requirements of FRS 139 are met. The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

- (x) IC Interpretation 17 *Distributions of Non-cash Assets to Owners* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to non-reciprocal distributions of non-cash assets by the Group to its owners in their capacity as owners, as well as distributions that give owners a choice of receiving either non-cash assets or a cash alternative. This Interpretation also applies to distributions in which all owners of the same class of equity instruments are treated equally.

The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the Group. The liability shall be measured at the fair value of the assets to be distributed. If the Group gives its owners a choice of receiving either a non-cash asset or a cash alternative, the dividend payable shall be estimated by considering the fair value of both alternatives and the associated probability of the owners' selection.

At the end of each reporting period, the carrying amount of the dividend payable shall be remeasured and any changes shall be recognised in equity. At the settlement date, any difference between the carrying amounts of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss.

This Interpretation is not relevant to the Group's operations.

- (y) Amendment to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters* is mandatory for annual periods beginning on or after 1 January 2011.

This amendment permits a first-time adopter of FRSs to apply the exemption of not restating comparatives for the disclosures required in Amendments to FRS 7 (see Note 5.2(z) to the financial statements).

The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

- (z) Amendments to FRS 7 *Improving Disclosures about Financial Instruments* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments require enhanced disclosures of fair value of financial instruments based on the fair value hierarchy, including the disclosure of significant transfers between Level 1 and Level 2 of the fair value hierarchy as well as reconciliations for fair value measurements in Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.2 New FRSs not adopted (cont'd)

- (z) Amendments to FRS 7 *Improving Disclosures about Financial Instruments* are mandatory for annual periods beginning on or after 1 January 2011. (cont'd)

By virtue of the exemption provided under paragraph 44G of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of FRS 7 as required by paragraph 30(b) of FRS 108 are not disclosed.

- (A) Amendments to FRS 1 *Additional Exemptions for First-time Adopters* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments permits a first-time adopter of FRSs to apply the exemption of not restating the carrying amounts of oil and gas assets determined under previous GAAP.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

- (B) Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments clarify the scope and the accounting for group cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction.

Consequently, IC Interpretation 8 *Scope of FRS 2* and IC Interpretation 11 have been superseded and withdrawn.

This amendment is not relevant to the Group's operations.

- (C) IC Interpretation 4 *Determining whether an Arrangement contains a Lease* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. This assessment shall be made at the inception of the arrangement and subsequently reassessed if certain condition(s) in the Interpretation is met.

The Group does not expect any impact on the financial statements arising from the adoption of this amendment because there are no arrangements dependent on the use of specific assets in the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.2 New FRSs not adopted (cont'd)

- (D) IC Interpretation 18 *Transfers of Assets from Customers* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation applies to agreements in which an entity receives from a customer an item of property, plant and equipment that must be used to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The entity receiving the transferred item is required to assess whether the transferred item meets the definition of an asset set out in the Framework. The credit entry would be accounted for as revenue in accordance with FRS 118.

This Interpretation is not relevant to the Group's operations.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Critical judgements made in applying accounting policies

The following are judgements 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.

- (a) Non-current assets classified as held for sale

Certain non-current assets have been classified as non-current assets classified as held for sale as the management has committed to a plan to sell the assets and liabilities as at the balance sheet date. Barring any unforeseen circumstances, the Group expects that the sale of the assets and liabilities to be completed within the next twelve (12) months.

- (b) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

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.

- (a) 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 subsidiaries 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 subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

6.2 Key sources of estimation uncertainty (cont'd)

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(c) Depreciation of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. It is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(d) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of allowance for doubtful debts. Where expectations differ from the original estimates, the differences will impact the carrying value of receivables.

(e) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2009 RM'000 (Restated)	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the year RM'000	Translations adjustments RM'000	Reclassified to non- current asset classified as held for sale (Note 19) RM'000	Acquisition of a subsidiary (Note 10) RM'000	Balance as at 30.6.2010 RM'000
Carrying amount									
Freehold land	236	-	-	-	-	-	-	-	236
Long-term leasehold land	11,819	-	-	-	(139)	-	(644)	-	11,036
Buildings	29,161	-	-	-	(617)	-	(4,281)	-	24,263
Machinery, furniture and fittings	2,488	372	-	-	(349)	2	-	22	2,535
Office equipment	2,964	1,340	(2)	(19)	(1,026)	15	-	5	3,277
Renovations	292	-	-	-	(55)	5	-	38	280
Motor vehicles	3,030	3,311	(325)	-	(865)	35	-	-	5,186
Forklifts	1,074	1,383	-	-	(287)	-	-	-	2,170
Storage containers	1,212	172	(440)	-	(247)	-	-	-	697
Tug boats and barges	22,083	4,828	-	-	(1,410)	(910)	-	-	24,591
Prime movers and trailers	9,264	8,490	(26)	-	(1,373)	-	-	-	16,355
	83,623	19,896	(793)	(19)	(6,368)	(853)	(4,925)	65	90,626

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

	At 30.6.2010		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	236	-	236
Long-term leasehold land	11,664	628	11,036
Buildings	26,153	1,890	24,263
Machinery, furniture and fittings	3,920	1,385	2,535
Office equipment	7,674	4,397	3,277
Renovations	505	225	280
Motor vehicles	9,145	3,959	5,186
Forklifts	2,665	495	2,170
Storage containers	1,856	1,159	697
Tug boats and barges	30,757	6,166	24,591
Prime movers and trailers	18,754	2,399	16,355
	113,329	22,703	90,626

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

Group	Balance as at 1.7.2008 RM'000	Effect on early adoption of Amend- ment to FRS 117 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Deprecia- tion charge for the year RM'000	Transla- tions adjust- ments RM'000	Reclassi- fied from non- current asset clas- sified as held for sale RM'000	Reclassi- fications RM'000	Balance as at 30.6.2009 RM'000 (Restated)
Carrying amount										
Freehold land	236	-	-	-	-	-	-	-	-	236
Long-term leasehold land	-	11,301	-	-	-	(148)	-	666	-	11,819
Buildings	25,309	-	-	-	-	(748)	-	4,600	-	29,161
Machinery, furniture and fittings	2,271	-	548	-	(5)	(324)	(3)	-	1	2,488
Office equipment	2,518	-	1,457	(1)	(33)	(962)	(15)	-	-	2,964
Renovations	303	-	33	-	-	(43)	(1)	-	-	292
Motor vehicles	1,856	-	1,849	-	-	(645)	(30)	-	-	3,030
Forklifts	350	-	926	-	-	(202)	-	-	-	1,074
Storage containers	1,418	-	146	(31)	(38)	(282)	-	-	(1)	1,212
Tug boats and barges	18,810	-	4,332	-	-	(1,266)	207	-	-	22,083
Prime movers and trailers	6,317	-	3,774	-	-	(827)	-	-	-	9,264
	59,388	11,301	13,065	(32)	(76)	(5,447)	158	5,266	-	83,623

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

	At 30.6.2009		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000 (Restated)
Freehold land	236	-	236
Long-term leasehold land	12,462	643	11,819
Buildings	31,769	2,608	29,161
Machinery, furniture and fittings	3,742	1,254	2,488
Office equipment	6,561	3,597	2,964
Renovations	451	159	292
Motor vehicles	6,894	3,864	3,030
Forklifts	1,282	208	1,074
Storage containers	2,667	1,455	1,212
Tug boats and barges	27,102	5,019	22,083
Prime movers and trailers	10,295	1,031	9,264
	103,461	19,838	83,623

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

	Group	
	2010 RM'000	2009 RM'000
Purchase of property, plant and equipment	19,896	13,065
Financed by hire purchase and lease arrangements	(1,508)	(5,968)
Financed by term loans	(2,587)	(3,633)
Cash payments on purchase of property, plant and equipment	15,801	3,464

- (b) As at 30 June 2010, the net carrying amount of the Group's property, plant and equipment under hire purchase and lease arrangements are as follows:

	Group	
	2010 RM'000	2009 RM'000
Machinery, furniture and fittings	-	69
Motor vehicles	2,742	2,606
Office equipments	-	151
Forklifts	711	938
Prime movers and trailers	9,022	9,265
	12,475	13,029

Details of the terms of the hire purchase and lease arrangements are disclosed in Note 22 and 37 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

- (c) Property, plant and equipment pledged as securities for banking facilities granted to the Group as disclosed in Note 23 and 27 to the financial statements are as follows:

	Group	
	2010 RM'000	2009 RM'000 (Restated)
Carrying amount		
Freehold land	236	236
Long-term leasehold land	11,036	11,819
Buildings	23,801	28,689
Barges	14,179	14,938
	<u>49,252</u>	<u>55,682</u>

8. PREPAID LEASE PAYMENTS FOR LAND

Group	Balance as at 1.7.2009 RM'000 (Restated)	Reclassified from asset held for sale RM'000	Amortisation charge for the year RM'000	Balance as at 30.6.2010 RM'000
Carrying amount				
Long term leasehold land	-	-	-	-

Group	Balance as at 1.7.2008 RM'000	Reclassified from asset held for sale RM'000	Amortisation charge for the year RM'000	Effect on early adoption of Amendment to FRS 117 (Note 41) RM'000	Balance as at 30.6.2009 RM'000 (Restated)
Carrying amount					
Long term leasehold land	11,301	666	(148)	(11,819)	-

During current financial year, the Group early adopted Amendment to FRS 117 *Lease* as permitted by paragraph 69A which have resulted in retrospective adjustments. Upon adoption of this Amendment, the Group reassessed such leases as finance leases and reclassified the unamortised carrying amounts as property, plant and equipment.

The effect of early adoption of this Amendment is also disclosed in Note 41 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

9. INTERESTS IN SUBSIDIARIES

	Company	
	2010	2009
	RM'000	RM'000
Unquoted equity shares, at cost	37,679	35,929
Equity loan to a subsidiary	14,161	14,161
	<u>51,840</u>	<u>50,090</u>

Equity loan to a subsidiary is unsecured, interest-free and no repayment is stipulated.

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by Company		Principal activities
		2010	2009	
Citra Multimodal Services Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
FM-Hellmann Worldwide Logistics Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
FM Worldwide Logistics (Penang) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
Freight Management (Ipoh) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
Freight Management (M) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
Freight Management (Melaka) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
Freight Management (Penang) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
Advance International Freight Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
Perspektif Gemilang Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Freight Management MSC Sdn. Bhd.	Malaysia	100%	100%	Developing, providing and maintaining IT software application solutions
#TCH Marine Pte. Ltd.	Singapore	51%	51%	Charterers of barges and tugboats

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

9. INTERESTS IN SUBSIDIARIES (CONT'D)

Name of company	Country of incorporation	Interest in equity held by Company		Principal activities
		2010	2009	
#FM Marine Pte. Ltd.	Singapore	100%	100%	Charterers of barges and tugboats
Icon Line (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	Investment holding
+Icon Freight International Inc.	British Virgin Islands	100%	100%	Provision of management services
Subsidiaries of Icon Line (Malaysia) Sdn. Bhd.				
+^PT Icon Freight Indonesia	Indonesia	49%	49%	Provision of freight services
+Icon Freight Services Pty. Ltd.	Australia	55%	55%	Provision of integrated freight and logistic services
*^Icon Freight Services Co. Ltd.	Thailand	49%	-	Provision of freight services

^ Deemed subsidiary by virtue of control in the company where the control of the entity is by virtue of management control.

+ Subsidiaries are consolidated based on unaudited management financial statements for the financial year ended 30 June 2010. The financial statements of these subsidiaries are not required to be audited in its country of incorporation for current year.

* Subsidiary audited by BDO Member Firm in Thailand.

Subsidiaries not audited by BDO Member Firms.

- (a) In the previous financial year, the Company had incorporated a wholly-owned company limited by shares known as Icon Freight International Inc. in British Virgin Islands. The authorised share capital is USD50,000 comprising 50,000 ordinary shares of USD1.00 each and the current paid-up capital is USD100.

During the financial year, Icon Freight International Inc. has commenced its operation and is principally engaged in the provision of management services.

- (b) In the previous financial year, the Company's subsidiary, Icon Line (Malaysia) Sdn. Bhd. subscribed for 22,050 shares of IDR100,000 each at par for a total cash consideration of IDR2,205,000,000 in ordinary share capital of PT Icon Freight Indonesia ("PTIF"), representing 49% of the issued and paid-up ordinary share capital of PTIF. PTIF is deemed subsidiary of the Company by virtue of control where the control of the entity is by virtue of management control. PTIF is principally engaged in the provision of freight services.
- (c) On 2 July 2009, the Company's subsidiary, Icon Line (Malaysia) Sdn. Bhd. has subscribed for 24,500 shares of THB100 each at par for a total cash consideration of THB2,450,000 or equivalent to RM255,000 in the capital of Icon Freight Services Co. Ltd. ("IFSC"), a company incorporated in Thailand, representing 49% of the issued and paid-up capital of IFSC. IFSC is deemed subsidiary of the Company by virtue of control where the control of the entity is by virtue of management control. IFSC is principally engaged in the provision of freight services.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

9. INTERESTS IN SUBSIDIARIES (CONT'D)

- (d) During the financial year, the Company has additionally subscribed for 1,750,000 newly issued ordinary shares of a wholly-owned subsidiary, Citra Multimodal Services Sdn. Bhd. ("CMS"), for a total cash consideration of RM1,750,000. There was no impact to the financial statements of the Group as the Company remained as holding company of CMS.

10. ACQUISITION OF A SUBSIDIARY

On 2 July 2009, the wholly-owned subsidiary of the Company, Icon Line (Malaysia) Sdn. Bhd. has acquired 49% of the total issued and paid-up share capital of Icon Freight Services Co. Ltd., a company incorporated in Thailand which is engaged in the provision of freight services for a cash consideration of THB2,450,000 or equivalent to RM255,000. The Company regards Icon Freight Services Co. Ltd. as a deemed subsidiary by virtue of control where the control of the entity is by virtue of management control.

The acquired subsidiary has contributed the following results to the Group during the financial year:

	2010 RM'000
Revenue	6,309
Loss for the financial year	(69)

The summary of effects on acquisition of the subsidiary on date of acquisition is as follows:

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Property, plant and equipment	65	65
Receivables	922	922
Cash and bank balances	329	329
Payables	(843)	(843)
Net identifiable assets and liabilities	473	473
Less: Minority interests	(241)	
Group's share of net assets	232	
Goodwill on acquisition (Note 13)	23	
Total cost of acquisition	255	

The cash outflow on acquisition is as follows:

	2010 RM'000
Purchase consideration settled in cash	255
Cash and cash equivalents of subsidiary acquired	(329)
Net cash inflow of Group on acquisition	(74)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

11. INVESTMENT IN AN ASSOCIATE

	Group	
	2010 RM'000	2009 RM'000
Unquoted equity shares, at cost	49	49
Share of post acquisition reserves	131	97
	<u>180</u>	<u>146</u>

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

Name of company	Interest in equity held by Group		Principal activity
	2010	2009	
FM Distribution Sdn. Bhd.	49%	49%	Provision of warehouse services

The summarised financial information of the associate is as follows:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Non-current asset	2	2
Current assets	381	342
Total assets	<u>383</u>	<u>344</u>
Current liabilities	155	185
Total liabilities	<u>155</u>	<u>185</u>
Results		
Revenue	1,132	929
Profit for the financial year	<u>69</u>	<u>63</u>

12. OTHER INVESTMENT

	Group	
	2010 RM'000	2009 RM'000
Unquoted shares in Malaysia, at cost	<u>3</u>	<u>3</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

13. GOODWILL ON CONSOLIDATION

Group	Balance as at 1.7.2009 RM'000	Addition (Note 10) RM'000	Impairment loss for the financial year RM'000	Balance as at 30.6.2010 RM'000
Goodwill on consolidation	1,674	23	(23)	1,674
	<div> <div>←</div> <div>At 30.6.2010</div> <div>→</div> </div>			
		Cost RM'000	Accumulated impairment RM'000	Carrying amount RM'000
Goodwill on consolidation		1,697	(23)	1,674

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:

- Pre-tax cash flow projections based on the most recent financial budgets and from its ultimate disposal covering a five (5) years period.
- Pre-tax discount rate of 9.17% 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

	Group	
	2010 RM'000	2009 RM'000
Third parties	50,428	32,890
Less: Allowance for doubtful debts	(1,414)	(959)
	49,014	31,931

- Trade receivables are non-interest bearing and the normal trade credit terms granted range from 7 to 70 days from date of invoice.
- Included in trade receivables is an amount of RM2,070,000 (2009: RM269,000) owing by a company in which a Director of the Company is the common director.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

14. TRADE RECEIVABLES (CONT'D)

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

	2010 RM'000	Group 2009 RM'000
Bad debts written off	183	222

(d) Information on financial risks of trade receivables is disclosed in Note 37 to the financial statements.

(e) The currency exposure profile of trade receivables are as follows:

	2010 RM'000	Group 2009 RM'000
Ringgit Malaysia	37,462	24,449
US Dollar	4,509	3,299
Singapore Dollar	4,381	2,997
Australian Dollar	1,487	984
Thai Baht	764	8
Indonesian Rupiah	411	192
Others	-	2
	49,014	31,931

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Other receivables	925	185	208	6
Deposits	633	545	1	1
Prepayments	2,365	2,092	19	195
	3,923	2,822	228	202

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The currency exposure profile of other receivables, deposits and prepayments are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	3,317	2,562	228	202
Indonesian Rupiah	258	102	-	-
Australian Dollar	182	47	-	-
Thai Baht	96	-	-	-
Singapore Dollar	70	111	-	-
	<u>3,923</u>	<u>2,822</u>	<u>228</u>	<u>202</u>

16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

Company

The amounts owing by/(to) subsidiaries represent advances and payments made on behalf which are unsecured, interest-free and repayable on demand in cash and cash equivalents.

17. AMOUNT OWING BY AN ASSOCIATE

Group

The amount owing by an associate represents trade transactions and payments made on behalf which are unsecured, interest-free and payable upon demand in cash and cash equivalents except for trade transactions which have a credit term of 30 days from the date of invoice.

Amount owing by an associate is denominated in Ringgit Malaysia ("RM").

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash and bank balances	14,286	12,608	2,493	1,202
Fixed deposits with licensed banks	4,368	4,580	-	-
Short term deposit-Repo	3,000	10,100	3,000	10,100
	<u>21,654</u>	<u>27,288</u>	<u>5,493</u>	<u>11,302</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

18. CASH AND CASH EQUIVALENTS (CONT'D)

- (a) The fixed deposits of the Group as at 30 June 2010 have maturity period of 14 days to 12 months (2009: 14 days to 12 months).
- (b) Included in the fixed deposits with licensed banks of the Group is an amount of RM3,380,000 (2009: RM3,265,000) which has been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 27 to the financial statements.
- (c) Information on financial risks of cash and bank balances is disclosed in Note 37 to the financial statements.
- (d) The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	16,796	23,649	5,493	11,302
Singapore Dollar	2,153	1,088	-	-
US Dollar	1,792	1,409	-	-
Indonesian Rupiah	801	1,084	-	-
Thai Baht	62	-	-	-
Australian Dollar	50	58	-	-
	<u>21,654</u>	<u>27,288</u>	<u>5,493</u>	<u>11,302</u>

- (e) For the purpose of cash flow statements, cash and cash equivalents comprise the following balance sheet amounts:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash and bank balances	14,286	12,608	2,493	1,202
Fixed deposits with licensed banks	4,368	4,580	-	-
Short term deposit - Repo	3,000	10,100	3,000	10,100
	<u>21,654</u>	<u>27,288</u>	<u>5,493</u>	<u>11,302</u>
Less : Bank overdrafts - secured (Note 27)	(2,979)	(1,024)	-	-
Less : Fixed deposits pledged to licensed banks	(3,380)	(3,265)	-	-
	<u>15,295</u>	<u>22,999</u>	<u>5,493</u>	<u>11,302</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

19. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

Certain asset of the Group was presented as non-current asset classified as held for sale following the Group's commitment to sell the asset. As at balance sheet date, the disposal is at the finalisation stage pending for transfer of land title and consent from the authorities. The management expect the disposal to be completed within next twelve (12) months.

As at 30 June 2010, the amounts of the non-current assets classified as held for sale were as follows:

	Group	
	2010 RM'000	2009 RM'000
Long-term leasehold land	644	-
Building	4,281	-
	<u>4,925</u>	<u>-</u>

20. SHARE CAPITAL

	Group and Company			
	2010		2009	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM0.50 each:				
Authorised	200,000	100,000	200,000	100,000
Issued and fully paid	<u>121,714</u>	<u>60,857</u>	<u>121,714</u>	<u>60,857</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per share at meeting of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

21. RESERVES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non distributable:				
Exchange translation reserve	64	573	-	-
Distributable:				
Retained earnings	<u>34,402</u>	<u>22,528</u>	<u>6,825</u>	<u>3,364</u>
	<u>34,466</u>	<u>23,101</u>	<u>6,825</u>	<u>3,364</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21. RESERVES (CONT'D)

(a) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Retained earnings

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

The Company has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt account to frank the payment of dividends out of its entire retained earnings without incurring additional tax liabilities. Upon full utilisation of tax credits under Section 108 of the Income Tax Act, 1967, the Company could move to single tier system.

22. HIRE PURCHASE AND LEASE CREDITORS

	Group	
	2010 RM'000	2009 RM'000
Minimum hire purchase and lease payments:		
- not later than one year	3,833	3,660
- later than one year and not later than five years	6,632	9,091
	10,465	12,751
Less: Future interest charges	(898)	(1,386)
Present value of hire purchase and lease liabilities	9,567	11,365
Repayable as follows:		
Current liabilities:		
- not later than one year	3,353	3,041
Non-current liabilities:		
- later than one year and not later than five years	6,214	8,324
	9,567	11,365

Information of financial risks of hire purchase and lease creditors is disclosed in Note 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

23. TERM LOANS

	Group	
	2010 RM'000	2009 RM'000
Secured		
Term loan I	2,100	3,103
Term loan II	-	572
Term loan III	444	1,130
Term loan IV	1,434	2,370
Term loan V	6,606	7,169
Term loan VI	897	1,474
Term loan VII	1,034	1,700
Term loan VIII	2,533	-
	15,048	17,518
Unsecured		
Term loan IX	2,874	-
Term loan X	2,964	-
	5,838	-
Total term loans	20,886	17,518
Term loans are repayable as follows:		
Current liabilities:		
- not later than one year	5,194	4,160
Non-current liabilities:		
- later than one year and not later than two years	4,516	3,561
- later than two years and not later than five years	7,548	5,603
- later than five years	3,628	4,194
	15,692	13,358
	20,886	17,518

- (a) Term loan I is repayable by 48 monthly instalments of SGD31,500 which is equivalent to RM72,419 (2009: RM75,695). Term loan I bears interest at 1.50% per annum above the bank's prime rate.

The term loan I is secured by way of mortgage over a barge and accompanying deed of covenants and is guaranteed by one of the directors of a subsidiary.

- (b) Term loan II had been fully settled during current financial year. Term loan III is repayable by 48 monthly instalments of SGD24,543 which is equivalent to RM56,424 (2009: RM58,977). Term loan III bears interest at 1.25% per annum above the bank's prime rate.

The term loans III is secured by way of a charge over an open mortgage of a subsidiary's barge and is guaranteed by one of the directors of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

23. TERM LOANS (CONT'D)

- (c) Term loan IV and V are repayable by 180 monthly instalments of RM41,400 and RM66,200 respectively and bear interest at 1.0% per annum above the effective cost of fund of the bank.

The term loans IV and V are secured by way of a charge over long term leasehold land of a subsidiary and are guaranteed by the Company.

- (d) Term loan VI and VII are repayable by 48 monthly instalments of SGD18,520 and SGD21,365 which are equivalent to RM42,577 (2009: RM44,504) and RM49,118 (2009: RM51,340) respectively. Term loan VI and VII bear interest at 2.5% per annum over the bank's prevailing swap offer rate.

The term loans VI and VII are secured by way of mortgage over barge and are guaranteed by the Company via a deed of guarantee SGD2,106,000 by the Company, which is equivalent to RM4,842,000 (2009: RM5,061,000).

- (e) Term loan VIII is repayable by 48 monthly instalment of SGD23,440 which is equivalent to RM53,889 and bears interest at 1.50% per annum over the bank's prevailing prime rate.

The term loan VIII is secured by way of a first mortgage over the barge and is guaranteed by one of the directors of a subsidiary.

- (f) Term loan IX and X are repayable by 60 monthly instalments of RM58,488 and RM50,000 respectively and bear interest at flat rate of 6.35% and 5.80% per annum respectively.

The term loan IX and X are guaranteed by the Company.

- (g) Information on financial risks of borrowings and its remaining maturity is disclosed in Note 37 to the financial statements.

- (h) The currency exposure profile of term loans are as follows:

	Group	
	2010 RM'000	2009 RM'000
Ringgit Malaysia	13,878	9,539
Singapore Dollar	7,008	7,979
	<u>20,886</u>	<u>17,518</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

24. DEFERRED TAX

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Balance as at 1 July	3,473	2,943	-	-
Recognised in the income statements (Note 30)				
- originating and reversal of temporary differences	1,529	521	-	-
- (over)/under provision in prior years	(41)	9	-	-
Recognised in equity				
- foreign currency translation	(5)	-	-	-
Balance as at 30 June	4,956	3,473	-	-
Presented after appropriate offsetting:				
Deferred tax assets, net	(33)	(160)	-	-
Deferred tax liabilities, net	4,989	3,633	-	-
	4,956	3,473	-	-

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deferred tax assets				
Balance as at 1 July	313	215	-	-
Recognised in the income statements				
- Unused tax losses	(143)	97	-	-
- Unabsorbed capital allowances	1	1	-	-
- Others	33	-	-	-
Balance as at 30 June	204	313	-	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

24. DEFERRED TAX (CONT'D)

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deferred tax liabilities				
Balance as at 1 July	3,786	3,158	-	-
Recognised in the income statements				
- Property, plant and equipment	1,382	641	-	-
- Unrealised loss on foreign currency transactions	(8)	(13)	-	-
Balance as at 30 June	5,160	3,786	-	-

- (c) The components of deferred tax assets and liabilities as at the end of the financial year prior to offsetting are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deferred tax assets				
Unused tax losses	44	187	-	-
Unabsorbed capital allowances	127	126	-	-
Others	33	-	-	-
	204	313	-	-
Deferred tax liabilities				
Property, plant and equipment	5,160	3,778	-	-
Unrealised gain on foreign currency transactions	-	8	-	-
	5,160	3,786	-	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

24. DEFERRED TAX (CONT'D)

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unused tax losses	2,133	1,022	2,069	979
Unabsorbed capital allowances	6	59	-	-
Others	92	125	-	-
	<u>2,231</u>	<u>1,206</u>	<u>2,069</u>	<u>979</u>

Deferred tax assets of a subsidiary have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under current tax legislation.

25. TRADE PAYABLES

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted range from 7 to 90 days from date of invoices.
- (b) Information on financial risk of trade payables is disclosed in Note 37 to the financial statements.
- (c) Included in trade payables is an amount of RM13,000 (2009: Nil) owing to companies in which Directors of the subsidiaries are the common directors.
- (d) The currency exposure profile of trade payables are as follows:

	Group	
	2010 RM'000	2009 RM'000
Ringgit Malaysia	11,373	7,373
US Dollar	3,103	2,128
Australian Dollar	1,151	651
Singapore Dollar	666	485
Thai Baht	429	57
Indonesian Rupiah	343	59
Euro	105	81
British Pound	31	38
Japanese Yen	14	3
Hong Kong Dollar	13	5
Others	78	86
	<u>17,306</u>	<u>10,966</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Other payables	2,833	2,129	-	-
Accruals	7,108	6,965	410	423
	<u>9,941</u>	<u>9,094</u>	<u>410</u>	<u>423</u>

- (a) Included in other payables is an amount of RM227,000 (2009: RM188,000) owing to companies in which Directors of the subsidiaries are the common directors.
- (b) The currency exposure profile of other payables and accruals are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	8,821	8,345	410	423
Australian Dollar	437	237	-	-
Singapore Dollar	413	381	-	-
Indonesian Rupiah	191	131	-	-
Thai Baht	79	-	-	-
	<u>9,941</u>	<u>9,094</u>	<u>410</u>	<u>423</u>

27. BANK OVERDRAFTS - SECURED

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

- fixed deposits with licensed bank of the Group (Note 18).
- freehold land and buildings, long term leasehold land and buildings and barges of the Group (Note 7).
- fixed and floating charge over the assets of a subsidiary.

The bank overdrafts of the Group are also guaranteed by one of the Directors of a subsidiary and the Company.

Information on financial risk of bank overdrafts - secured is disclosed in Note 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Services rendered	265,501	229,424	-	-
Dividend income	-	-	11,680	5,100
Management fees	-	-	1,940	1,940
	<u>265,501</u>	<u>229,424</u>	<u>13,620</u>	<u>7,040</u>

29. PROFIT BEFORE TAX

	Group		Company	
	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000
Profit before tax is arrived at after charging:				
Allowance for doubtful debts	1,128	573	-	-
Amortisation of prepaid lease payments for land (Note 8)	-	-	-	-
Auditors' remuneration:				
- statutory				
- current year	162	162	42	40
- (over)/under provision in prior year	(22)	33	-	-
- non-statutory	3	3	3	3
Bad debts written off	59	252	-	-
Depreciation of property, plant and equipment (Note 7)	6,368	5,447	-	-
Directors' remuneration:				
Fees:				
- payable by the Company	300	300	300	300
- payable by the subsidiaries	145	67	-	-
Other emoluments:				
- paid by the Company	31	33	31	33
- paid by the subsidiaries	6,397	4,106	-	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

29. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Impairment loss on goodwill (Note 13)	23	-	-	-
Interest expense on:				
- bank overdrafts	82	65	-	-
- hire purchase and lease	692	569	-	-
- term loans	667	944	-	-
- bankers' acceptances	13	16	-	-
- revolving credit	10	13	-	-
Property, plant and equipment written off (Note 7)	19	76	-	-
Rental of hostel	12	-	-	-
Rental of office equipment	100	86	-	-
Rental of premises	746	656	-	-
And crediting:				
Allowance for doubtful debts no longer required	458	373	-	-
Bad debts recovered	2	6	-	-
Gross dividend from subsidiaries	-	-	11,680	5,100
Gain on disposal of property, plant and equipment	147	321	-	-
Gain on foreign currency transactions:				
- realised	385	1,623	2	-
- unrealised	-	32	-	-
Interest income on:				
- fixed deposits and repo	217	272	86	100
- current and savings accounts	9	22	2	6
- foreign current accounts	-	3	-	-
Management fees received from subsidiaries	-	-	1,940	1,940
Rental income	558	450	-	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

30. TAX EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current tax expense based on profit for the financial year	3,328	3,691	2,155	1,275
Deferred tax (Note 24)	1,529	521	-	-
	4,857	4,212	2,155	1,275
(Over)/Under provision in prior years:				
- income tax	(92)	64	-	94
- deferred tax (Note 24)	(41)	9	-	-
	(133)	73	-	94
	4,724	4,285	2,155	1,369

The Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated taxable profit for the fiscal year.

Tax expenses for foreign subsidiaries are calculated at the rates prevailing in those respective jurisdictions.

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

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Tax at Malaysian statutory tax rate	25.00	25.00	25.00	25.00
Tax effects in respect of:				
Non-allowable expenses	2.84	4.15	1.00	4.68
Non-taxable income	(1.01)	(0.33)	(7.51)	-
Deferred asset not recognised	1.17	-	2.68	-
Lower tax rate in foreign jurisdiction	(0.60)	(1.57)	-	-
Utilisation of previously unrecognised tax losses and unutilised capital allowances	(0.04)	-	-	-
Investment tax incentive	(3.04)	(1.71)	-	-
Tax exempt income	(2.05)	(3.76)	-	-
	22.27	21.78	21.17	29.68

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

30. TAX EXPENSE (CONT'D)

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
(Over)/Under provision in prior years:				
- income tax	(0.42)	0.33	-	2.19
- deferred tax	(0.19)	0.05	-	-
Average effective tax rate	21.66	22.16	21.17	31.87

31. DIVIDENDS

	Group and Company			
	2010		2009	
	Gross dividend per share sen	Amount of dividend net of tax RM'000	Gross dividend per share sen	Amount of dividend net of tax RM'000
Final dividend, less tax of 25% in respect of the financial year ended 30 June 2009/2008	2.5	2,282	2.5	2,282
Interim dividend, less tax of 25% in respect of the financial year ended 30 June 2010/2009	2.5	2,282	2.0	1,826
	5.0	4,564	4.5	4,108

A final dividend in respect of the year ended 30 June 2010 of 2.5 sen per ordinary share, less tax of 25%, amounting to RM2,282,000 has been proposed by the Directors after the balance sheet date for members' 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 members, will be accounted for as an appropriation of retained earnings in the year ending 30 June 2011.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

32. EARNINGS PER ORDINARY SHARE

Basic

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.

	2010 '000	Group 2009 '000
Profit attributable to equity holders of the Company (RM)	16,438	13,564
Weighted average number of ordinary shares in issue:	121,714	121,714
Basic earnings per ordinary share (sen)	13.51	11.14

Diluted

The Company has no dilutive potential ordinary share as at balance sheet date and therefore the diluted earnings per ordinary share has not been presented.

33. 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.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

The relationships and identities between the Group and its other related parties are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

33. RELATED PARTY DISCLOSURES (CONT'D)

(a) Identities of related parties (cont'd)

Related parties	Relationships
Poo Hua Pte. Ltd.	Related by a common director of a subsidiary, namely Tay Nguang Yeow Andrew
FM Distribution Sdn. Bhd.	An associate of Freight Management (M) Sdn. Bhd.
Triways Logistics (Thailand) Co. Ltd.	Related by a common director of a subsidiary, namely Lim Kok Wee

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Freight charges received/ receivable from:				
- Tuck Sun & Co (M) Sdn. Bhd.	1	2	-	-
- TS Freight Services Sdn. Bhd.	25	23	-	-
- Triways Logistics (Thailand) Co. Ltd.	514	-	-	-
- Poo Hua Pte. Ltd.	10,181	10,477	-	-
Freight charges paid/payable to:				
- FM Forwarding Sdn. Bhd.	2,249	2,321	-	-
- Tuck Sun & Co (M) Sdn. Bhd.	9	6	-	-
- Advance Logistics Sdn. Bhd.	3,569	3,182	-	-
- TS Freight Services Sdn. Bhd.	2	1	-	-
- Triways Logistics (Thailand) Co. Ltd.	106	-	-	-
Rental income received/ receivable from:				
- FM Distribution Sdn. Bhd.	540	432	-	-
Rental expenses paid/payable to:				
- Poo Hua Pte. Ltd.	-	43	-	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

33. RELATED PARTY DISCLOSURES (CONT'D)

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Warehouse services received/ receivable from:				
- FM Distribution Sdn. Bhd.	212	52	-	-
Administrative expenses paid/payable to a subsidiary	-	-	2,388	1,833
Gross dividend received from subsidiaries	-	-	11,680	5,100
Management fees received from subsidiaries	-	-	1,940	1,940

The related party transactions described above were carried out on negotiated commercial terms.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short term employee benefits	5,595	3,726	31	33
Contributions to defined contribution plans	833	413	-	-
	6,428	4,139	31	33

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

34. CAPITAL COMMITMENTS

	2010 RM'000	Group 2009 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
- contracted but not provided for	1,085	977

35. CONTINGENT LIABILITIES - UNSECURED

	2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	2009 RM'000
Bankers' guarantees in favour of third parties	2,597	3,062	-	-
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries, limit up to RM64,748,600 (2009: RM66,460,300)	-	-	29,061	25,954
Corporate guarantee given to financial institutions for hire purchase and lease facilities granted to subsidiaries, limit up to RM1,553,400 (2009: RM1,831,000)	-	-	508	1,062

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the Directors are of the view that the fair values of the above unsecured corporate guarantees for banking facilities of subsidiaries are negligible.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

36. OPERATING REPORTING

The Company and its subsidiaries are principally in the freight and forwarding industry. The Group has arrived at five (5) reportable segments that are organised and managed separately according to the nature of services which is either logistics or marine, which requires different business and marketing strategies.

The reportable segments are Malaysia, Australia, Indonesia, Thailand and Singapore which involved in two separate natures of services summarised as below:

(a) Logistics

There are four (4) reportable segments involved in provision of integrated freight and logistics services such as sea freight, air freight, rail freight, warehouse and distribution, haulage and other freight services, which are operated by companies in Malaysia, Australia, Indonesia and Thailand.

(b) Marine

There is one (1) reportable segment engaged as charterers and operators of barges and tugboats, which is operated by companies in Singapore.

Other operating segments that do not constitute reportable segments comprise operations related to investment holdings and provision of management services, provision of IT application solutions and support services.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses such as goodwill impairment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one year.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

36. OPERATING REPORTING (CONT'D)

	Malaysia RM'000	Australia RM'000	Logistics Indonesia RM'000	Thailand RM'000	Marine Singapore RM'000	Other operating segment RM'000	Elimination RM'000	Total RM'000
2010								
Revenue								
Sales to external customers	205,188	17,752	12,707	5,962	23,892	-	-	265,501
Inter-segment sales	2,354	134	436	347	-	3,226	(6,497)	-
Total revenue	207,542	17,886	13,143	6,309	23,892	3,226	(6,497)	265,501
Results								
Segment results	22,233	498	2,258	90	2,254	(4,131)	56	23,258
Impairment loss on goodwill	-	-	-	-	-	-	(23)	(23)
Finance costs	(1,116)	(25)	(20)	-	(303)	-	-	(1,464)
Share of profit in an associate	34	-	-	-	-	-	-	34
Profit before tax	21,151	473	2,238	90	1,951	(4,131)	33	21,805
Tax expense								(4,724)
Profit for the financial year								17,081

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

36. OPERATING REPORTING (CONT'D)

	Logistics					Marine		Other operating segment	Elimination	Total
	Malaysia	Australia	Indonesia	Thailand	Singapore	RM'000	RM'000			
2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets										
Segment assets	119,666	2,619	3,227	1,151	31,311	13,973	-	-	-	171,947
Investment in an associate	-	-	-	-	-	180	-	-	-	180
Deferred tax assets	-	-	-	33	-	-	-	-	-	33
Current tax assets	256	-	9	138	-	254	-	-	-	657
Total assets										172,817
Liabilities										
Segment liabilities	47,264	1,822	847	491	9,440	3,097	-	-	-	62,961
Deferred tax liabilities	4,063	-	-	-	-	926	-	-	-	4,989
Current tax liabilities	640	14	-	-	-	-	-	-	-	654
Total liabilities										68,604
Other segment information										
Capital expenditure	14,587	-	29	52	5,013	215	-	-	-	19,896
Depreciation	4,468	86	95	28	1,441	250	-	-	-	6,368
Other non-cash income	(611)	-	-	-	(12)	-	-	-	-	(623)
Other non-cash expenses other than depreciation	697	215	48	207	54	-	-	-	-	1,221

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

36. OPERATING REPORTING (CONT'D)

	Logistics		Marine		Other operating segment		Total
	Malaysia RM'000	Australia RM'000	Indonesia RM'000	Singapore RM'000	RM'000	Elimination RM'000	RM'000
2009							
Revenue							
Sales to external customers	183,028	15,515	5,900	24,981	-	-	229,424
Inter-segment sales	1,574	74	248	-	2,275	(4,171)	-
Total revenue	184,602	15,589	6,148	24,981	2,275	(4,171)	229,424
Results							
Segment results	19,212	(136)	1,168	4,039	(3,374)	-	20,909
Finance costs	(1,137)	(30)	(16)	(424)	-	-	(1,607)
Share of profit in an associate	31	-	-	-	-	-	31
Profit before tax	18,106	(106)	1,152	3,615	(3,374)	-	19,333
Tax expense							(4,285)
Profit for the financial year							15,048

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

36. OPERATING REPORTING (CONT'D)

2009	Logistics					Marine		Other operating segment	Elimination	Total
	Malaysia RM'000	Australia RM'000	Indonesia RM'000	Singapore RM'000						
Assets										
Segment assets	96,868	1,577	2,281	29,299				17,472	-	147,497
Investment in an associate	-	-	-	-				146	-	146
Deferred tax assets	-	160	-	-				-	-	160
Current tax assets	7	44	-	-				254	-	305
Total assets										148,108
Liabilities										
Segment liabilities	38,490	1,086	487	9,344				2,386	-	51,793
Deferred tax liabilities	2,667	-	-	-				966	-	3,633
Current tax liabilities	502	-	-	2				-	-	504
Total liabilities										55,930
Other segment information										
Capital expenditure	7,590	60	515	4,339				561	-	13,065
Depreciation	3,693	87	58	1,272				337	-	5,447
Other non-cash income	(695)	(39)	-	(1)				-	-	(735)
Other non-cash expenses other than depreciation	761	135	3	5				-	-	904

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

37. 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.

The Group is exposed mainly to foreign currency risk, interest rate risk, liquidity and cash flow risk, and credit risk. Information on the management of the related exposures are detailed below.

(i) Foreign currency risk

The Group and the Company are exposed to foreign currency risk on transactions that are denominated in currencies other than functional currencies of the operating entities.

It is not the Group's or the Company's policy to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows on transactions denominated in foreign currency as transactions denominated in foreign currency are minimal.

The Group is also exposed to foreign currency risk in respect of its overseas investments. The Group and the Company do not hedge this exposure with foreign currency borrowings.

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'000	Singapore Dollar RM'000	Australian Dollar RM'000	Indonesian Rupiah RM'000	Thai Baht RM'000	Total RM'000
At 30 June 2010						
<u>Trade receivables</u>						
US Dollar	3,386	-	408	621	94	4,509
Singapore Dollar	2,275	-	-	-	43	2,318
Ringgit Malaysia	-	2,064	-	-	-	2,064
	5,661	2,064	408	621	137	8,891
<u>Cash and cash equivalents</u>						
US Dollar	826	-	273	693	-	1,792
Ringgit Malaysia	-	171	-	-	-	171
	826	171	273	693	-	1,963

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (cont'd)

(i) Foreign currency risk (cont'd)

	Functional currencies					
	Ringgit Malaysia RM'000	Singapore Dollar RM'000	Australian Dollar RM'000	Indonesian Rupiah RM'000	Thai Baht RM'000	Total RM'000
At 30 June 2010						
<u>Trade payables</u>						
US Dollar	2,713	-	92	227	71	3,103
Singapore Dollar	12	-	-	-	1	13
Euro	105	-	-	-	-	105
Thai Baht	38	52	-	-	-	90
Australian Dollar	22	-	-	-	-	22
Ringgit Malaysia	-	1,217	-	-	-	1,217
Others	120	-	16	-	-	136
	3,010	1,269	108	227	72	4,686
At 30 June 2009						
<u>Trade receivables</u>						
US Dollar	2,858	-	174	267	-	3,299
Singapore Dollar	364	-	-	-	-	364
Ringgit Malaysia	-	1,687	-	-	-	1,687
Others	8	-	-	1	-	9
	3,230	1,687	174	268	-	5,359
<u>Cash and cash equivalents</u>						
US Dollar	1,220	-	8	181	-	1,409
Singapore Dollar	2	-	-	-	-	2
Ringgit Malaysia	-	1,646	-	-	-	1,646
	1,222	1,646	8	181	-	3,057
<u>Trade payables</u>						
US Dollar	1,960	-	26	142	-	2,128
Singapore Dollar	4	-	1	-	-	5
Australian Dollar	60	-	-	-	-	60
Ringgit Malaysia	-	474	-	-	-	474
Others	237	14	20	-	-	271
	2,261	488	47	142	-	2,938

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (cont'd)

(ii) Interest rate risk

The Group's fixed-rate deposits with licensed financial institutions and borrowings are exposed to a risk of changes in their fair values due to changes in market interest rates. The Group's and Company's floating or variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not exposed to interest rate risk. The Group monitors the interest rates on borrowings closely to ensure that the borrowings are maintained at favourable rates. There is no formal hedging policy with respect to interest rate exposure.

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 interest rate risk:

Group	NOTE	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
At 30 June 2010									
Fixed rate instruments									
Fixed deposits	18	3.17	4,368	-	-	-	-	-	4,368
Short term deposits - Repo	18	1.37	3,000	-	-	-	-	-	3,000
Hire purchase and lease creditors	22	5.98	3,353	3,020	2,331	846	17	-	9,567
Term loans	23	6.07	1,133	1,130	1,170	1,210	1,195	-	5,838
Floating rate instruments									
Bank overdrafts	27	5.86	2,979	-	-	-	-	-	2,979
Term loans	23	4.94	4,061	3,386	2,089	1,242	642	3,628	15,048

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (cont'd)

(ii) Interest rate risk (cont'd)

Group	NOTE	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
At 30 June 2009									
Fixed rate instruments									
Fixed deposits	18	4.30	4,580	-	-	-	-	-	4,580
Short term deposits - Repo	18	2.07	10,100	-	-	-	-	-	10,100
Hire purchase and lease creditors	22	6.02	3,041	2,948	2,632	2,075	669	-	11,365
Term loan	23	6.13	572	-	-	-	-	-	572
Floating rate instruments									
Bank overdrafts	27	3.34	1,024	-	-	-	-	-	1,024
Term loans	23	4.47	3,588	3,561	2,984	1,481	1,138	4,194	16,946

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (cont'd)

(iii) Liquidity and cash flow 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. In addition, the Group strives to maintain available banking facilities at a reasonable level to meet its business needs.

(iv) Credit risk

Cash deposits and trade receivables may give 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 (1) month, extending up to three (3) 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.

The concentration of credit risk in respect of trade receivables are 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, the Directors believe that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Group's trade receivables.

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

(b) Fair values

The carrying amounts of the financial instruments of the Group and the Company as at balance sheet approximate their fair values due to the relatively short term maturity of the financial instruments except as set out below:

	Group		Company	
	Carrying amount RM'000	Fair Value RM'000	Carrying amount RM'000	Fair value RM'000
At 30 June 2010				
Recognised				
Unquoted investment	3	#	-	-
Hire purchase and lease creditors	9,567	9,732	-	-
Term loans	5,838	5,859	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair values (cont'd)

	Group		Company	
	Carrying amount RM'000	Fair Value RM'000	Carrying amount RM'000	Fair value RM'000
At 30 June 2009				
Recognised				
Unquoted investment	3	#	-	-
Hire purchase and lease creditors	11,365	11,498	-	-
Term loan	572	539	-	-

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

The methods and assumptions used by management to determine the fair values of the financial instruments are as follows:

- The carrying amounts of financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.
- The fair values of term loans, hire purchase and lease creditors have been determined using discounted cash flows technique. The discount rates used are based on the market rates for the similar borrowings of the same remaining maturities.

38. EMPLOYEE BENEFITS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Salaries, wages and bonuses	23,150	20,572	31	33
Contributions to defined contribution plans	2,429	2,184	-	-
Social security contributions	192	160	-	-
Other benefits	994	879	9	6
	26,765	23,795	40	39

Included in the employee benefits of the Group and of the Company is Directors' remuneration amounting RM6,428,000 (2009: RM4,139,000) and RM31,000 (2009: RM33,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 2 July 2009, the Company announced that its wholly-owned subsidiary, Icon Line (Malaysia) Sdn. Bhd. ("ILSB") has subscribed for 24,500 shares of THB100 each at par for a total cash consideration of THB2,450,000 in the capital of Icon Freight Services Co. Ltd. ("IFSC"), a company incorporated in Thailand, representing 49% of the issued and paid up share capital of IFSC.

It was mutually agreed that the nominal value of the shares to be allotted be changed from THB500 to THB100 per share.

- (b) On 9 December 2009, the Company announced that the Company had acquired one (1) ordinary share in Symphony Express Sdn. Bhd. ("SESB") for a cash consideration of RM1 only, representing 50% of the issued and paid share capital of SESB.
- (c) On 25 March 2010, the Company announced that its wholly-owned subsidiary, ILSB had entered into a Memorandum of Understanding ("the MOU") with Mr. Dang Anh Binh ("Dang") to form a joint venture company for the purpose of starting a freight forwarding business in Vietnam. The shareholdings of ILSB and Dang in the proposed joint venture company shall be in proportion of 51% and 49%.

On 6 April 2010, the Company announced that its wholly-owned subsidiary, ILSB together with Dang had incorporated a joint venture company in Ho Chi Minh City, Vietnam known as Icon Freight Services Company Limited ("IFSC Vietnam"). The value of capital contribution in IFSC Vietnam by ILSB is VND255,000,000 only, representing 51% of the capital of IFSC Vietnam, while Dang held the remaining VND245,000,000 or 49% of the capital via his Company, Dang Anh Binh Company Limited. IFSC Vietnam is principally engaged in provision of freight services. The capital contribution was completed on 1 July 2009.

- (d) On 5 May 2010, the Group received a deposit amounting to RM153,000 for the disposal of a property at Kawasan Perusahaan Bandar Sultan Suleiman, Port Klang for a consideration of RM5,100,000.

On 23 June 2010, Company announced that a wholly-owned subsidiary, Perspektif Gemilang Sdn. Bhd. had entered into a Sale and Purchase Agreement with third parties to dispose of the leasehold land with a building erected for a total cash consideration of RM5,100,000. As at 30 June 2010, the disposal has yet been completed, pending for transfer of land title and consent from the authorities. However, consent from the authorities was obtained on 5 August 2010.

40. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

- (a) On 1 July 2010, the Company announced that its wholly-owned subsidiary, ILSB had made a capital contribution of VND255,000,000 in cash to the capital of IFSC Vietnam, a joint venture company in Ho Chi Minh City, Vietnam, representing 51% of the issued and paid up share capital of IFSC Vietnam. Upon completion of the capital contribution, IFSC Vietnam become a 51% owned subsidiary of ILSB.
- (b) On 1 July 2010, further to the announcement to Bursa Malaysia Securities Berhad on 9 December 2009 that the Company had acquired one (1) ordinary share in SESB for a cash consideration of RM1 only, the Company subscribed for additional 7,999 ordinary shares of RM1 each at par, representing 80% of the enlarged issued and paid-up share capital of SESB for a total cash consideration of RM7,999. Upon completion of the subscription, SESB become a subsidiary of the Company.
- (c) On 25 August 2010, the Company has been allotted 960,000 ordinary shares of RM1.00 each in a wholly-owned subsidiary, ILSB by way of capitalising part of the amount owing by ILSB. The 960,000 ordinary shares shall be treated as fully paid in the capital of the ILSB and rank pari passu in all respects with existing issued ordinary shares in the capital of the ILSB.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

41. COMPARATIVE FIGURES

Certain comparatives figures for the financial year ended 30 June 2009 have been reclassified/restated due to the following reasons:

- (a) Effects arising from the early adoption of Amendment to FRS 117 Leases, as permitted by paragraph 69A, which have resulted in retrospective adjustments. Leasehold land held by the Group for own use were reclassified from prepaid lease payments for land as previously reported to property, plant and equipment; and
- (b) To conform to the current year's presentation.

	As previously stated RM'000	Effect on early adoption of Amendment to FRS 117/ Reclassification RM'000	As restated RM'000
Balance sheets			
Group			
Property, plant and equipment	71,804	11,819	83,623
Prepaid lease payments for land	11,819	(11,819)	-
Company			
Interests in subsidiaries	35,929	14,161	50,090
Amount owing by a subsidiary	14,161	(14,161)	-
Cash flow statements			
Group			
Cash flows from operating activities:			
- Amortisation of prepaid lease payments for land	148	(148)	-
- Depreciation of property, plant and equipment	5,299	148	5,447
Notes to the financial statements			
Group			
Profit before tax			
Profit before tax is arrived at after charging:			
- Amortisation of prepaid lease payments for land	148	(148)	-
- Depreciation of property, plant and equipment	5,299	148	5,447

ANALYSIS OF SHAREHOLDINGS

as at 5 October 2010

SHARE CAPITAL

Authorised share capital	: RM100,000,000
Issued and paid up share capital	: RM60,857,143
Class of shares	: Ordinary shares of RM0.50 each
Voting rights	: One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shareholders	%
Less Than 100	105	7.17	4,725	0.00
100 To 1,000	344	23.50	107,714	0.09
1,001 To 10,000	683	46.65	3,305,473	2.72
10,001 to 100,000	275	18.78	8,819,217	7.24
100,001 to Less Than 5%	54	3.70	30,975,243	25.45
5% And Above	3	0.2	78,501,914	64.50
TOTAL	1,464	100.00	121,714,286	100.00

DIRECTORS' SHAREHOLDINGS

Names	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
CHEW CHONG KEAT	31,902,597	26.21	-	-
YANG HENG LAM	22,276,031	18.30	175,000 *	0.14
GAN SIEW YONG	5,281,642	4.34	-	-
DATUK DR HJ NOORDIN BIN HJ AB RAZAK	-	-	-	-
AARON SIM KWEE LEIN	-	-	-	-
ONG LOOI CHAI	1,429,928	1.17	-	-
CHUA TIONG HOCK	-	-	24,342,857 ^	20.00
KHUA KIAN KEONG	-	-	24,342,857 ^	20.00
(alternate director to Chua Tiong Hock)				

* Deemed interested in shares held by his spouse by virtue of Section 134 of the Companies Act 1965.

^ Deemed interested in shares held via Singapore Enterprises Private Limited by virtue of Section 6A of the Companies Act 1965.

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders		Direct Interest		Indirect Interest	
		No. of Shares Held	%	No. of Shares Held	%
1	CHEW CHONG KEAT	31,902,597	26.21		
2	SINGAPORE ENTERPRISES PRIVATE LIMITED	24,342,857	20.00		
3	YANG HENG LAM	22,276,031	18.30	175,000 *	0.14

* Deemed interested in shares held by his spouse by virtue of Section 134 of the Companies Act 1965.

ANALYSIS OF SHAREHOLDINGS

as at 5 October 2010 (cont'd)

TOP 30 SHAREHOLDERS AS AT 5 OCTOBER 2010

No.	Names	No. of Shares Held	%
1	CHEW CHONG KEAT	31,902,597	26.21
2	SINGAPORE ENTERPRISES PRIVATE LIMITED	24,342,857	20.00
3	YANG HENG LAM	22,276,031	18.30
4	GAN SIEW YONG	5,281,642	4.34
5	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (BERMUDA))	2,783,500	2.29
6	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD (GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF))	1,586,857	1.30
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD (CIMB BANK FOR RICKOH CORPORATION SDN BHD (MY0507))	1,500,000	1.23
8	ONG LOOI CHAI	1,429,928	1.17
9	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD (GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF))	1,200,000	0.99
10	SEE KOK HING	1,148,042	0.94
11	FOO SOOK WAN	1,112,328	0.91
12	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR YOONG FUI KIEN (C))	1,053,357	0.87
13	CHIN YEW SOON	1,000,000	0.82
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR WONG TET FUI (8054679))	855,300	0.70
15	AMSEC NOMINEES (TEMPATAN) SDN BHD (AMTRUSTEE BERHAD FOR AMG INSURANCE BERHAD (S/HOLDERS FND))	785,700	0.65
16	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD (GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (NULF 1))	705,000	0.58
17	CHIN YEW SOON	557,442	0.46
18	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR MORGAN STANLEY & CO INTERNATIONAL PLC (CLIENT))	555,000	0.46
19	LIN, KUANG	500,000	0.41
20	CHEW PHEK YING	500,000	0.41
21	WONG LEE CHOO	480,131	0.39
22	YVONNE KALATHINI A/P M. VIJAYARAJ	440,000	0.36
23	RICHARD ENG	380,000	0.31
24	GOH CHONG WENG	375,347	0.31
25	TANG GEONG KOANG	375,000	0.31
26	TODA TORU	357,142	0.29
27	AMSEC NOMINEES (TEMPATAN) SDN BHD (AMLIFE INSURANCE BERHAD (FM-AMAB-SH))	328,300	0.27
28	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD (DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR PRUSMALL-CAP FUND)	325,028	0.27
29	SO TIAM HOK	300,557	0.25
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR FONG KIAN FATT (E-IMO))	299,942	0.25

LIST OF PROPERTIES

held as at 30 June 2010

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 30.06.10 RM'000
HS (D) 72751, PT 144740, Mukim Hulu Kinta, Daerah Kinta, Negeri Perak. Postal Address: No 26, Jalan SCI 1/10, Sunway City, 31150 Ipoh, Perak Darul Ridzuan.	1 1/2 storey terrace industrial factory	Tenanted	4,490	99 years ending on 27 October 2097	9 years	13 September 1996	307
Geran No. 2893, Lot 1841 seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang. Postal Address: No 4453, Jalan Bagan Luar, 12000 Butterworth, Penang.	Three (3) storey terrace shophouse	Office	1,019	Freehold	35 years	22 October 1994	421
Geran No 2892, Lot 1840, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang. Postal Address: No 4454, Jalan Bagan Luar, 12000 Butterworth, Penang.	Three (3) storey terrace shophouse	Office	1,021	Freehold	35 years	25 June 2002	462
Master Title: H.S (D) 49488 and 49489, PT 49974 and 49975 Mukim Klang, Daerah Klang, Negeri Selangor. Postal Address: No 78-2A, 2nd Floor, Jalan Sg. Chandong 15, Pulau Indah, 42100 Port Klang, Selangor Darul Ehsan.	Office Unit	Vacant	Nil	99 years ending on 11 March 2005	10 years	23 September 1998	68
Master Title: H.S (D) 49488 and 49489, PT 49974 and 49975 Mukim Klang, Daerah Klang, Negeri Selangor. Postal Address: No. 78-2B 2nd Floor, Jalan Sg. Chandong 15, Pulau Indah, 42100 Port Klang, Selangor Darul Ehsan	Office Unit	Vacant	Nil	99 years ending on 11 March 2095	10 years	23 September 1998	62

LIST OF PROPERTIES

held as at 30 June 2010 (cont'd)

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 30.06.10 RM'000
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 2015	4 years	16 September 2005	11,036 (Land)
Postal Address: Lot 37, Jalan Lebuhan Sultan Mohamad 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.	Warehouse cum 2-storey office building						23,179 (Building)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the Company will be held at Function Room: St Andrew, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Thursday, 25 November 2010 at 10.00 a.m. for the following purposes:

1. To receive the Audited Financial Statements for the year ended 30 June 2010 and the Reports of the Directors and the Auditors thereon.
(Please refer to Note No.2)

2. To approve the payment of Directors' Fees amounting to RM300,000 in respect of the financial year ended 30 June 2010.

ORDINARY RESOLUTION 1

3. To re-elect the following Directors retiring in accordance with Article 109 of the Articles of Association of the Company:

- (a) Mr. Yang Heng Lam
- (b) Mr. Chua Tiong Hock

ORDINARY RESOLUTION 2
ORDINARY RESOLUTION 3

4. To approve the payment of a final dividend of 2.5 sen per share less Malaysian Income tax for the year ended 30 June 2010.

ORDINARY RESOLUTION 4

5. To re-appoint Messrs BDO as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

ORDINARY RESOLUTION 5

As Special Business

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

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

"THAT, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 under Part A of the Circular to Shareholders dated 3 November 2010, provided that such transactions are necessary for the day-to-day operations; and undertaken in the ordinary course of business, on arms length basis, on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company ('the Shareholders' Mandate') .

THAT such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

- (b) the expiration of the period within which the next AGM after that date 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) is 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 hereby authorized to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

ORDINARY RESOLUTION 6

7. **Ordinary Resolution - Proposed Renewal of Authority for 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 Main Market 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 121,714,286 ordinary shares of RM0.50 each as at 30 June 2010 and an amount not exceeding the total retained profits of RM6,825,266 based on the latest audited financial statements of the Company as at 30 June 2010, 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 7

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

8. Ordinary Resolution - Authority to Issue shares

"**THAT** subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue and allot not more than ten percent (10%) of the issued capital of the Company at any time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorized to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

ORDINARY RESOLUTION 8

CLOSURE OF BOOKS

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Fourteenth Annual General Meeting, a final dividend of 2.5 sen per share less Malaysian Income tax, will be payable on 20 January 2011 to shareholders whose names appear in the Record of Depositors at the close of business on 31 December 2010 .

A Depositor shall qualify for entitlement only in respect of:

- a) Shares transferred into the Depositor's Securities Account before 5.00 p.m. on 31 December 2010 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

TAN ENK PURN (MAICSA 7045521)
LIM HOOI MOOI (MAICSA 0799764)
Company Secretaries

Kuala Lumpur
3 November 2010

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

NOTES

1. Appointment of Proxy

- 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.
- A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
- 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.
- The instrument of proxy must be deposited at the Company's Registered Office at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not later than forty-eight hours before the time appointed for holding the meeting.

2. Agenda No. 1

This item of the Agenda is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

3. EXPLANATORY NOTES ON SPECIAL BUSINESS

(A) Ordinary Resolution 6

The proposed Ordinary Resolution 6 seeking Shareholders' Mandate to allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature is to enable the Company to comply with Paragraph 10.09, Part E of the Listing Requirements for the Main Market of Bursa Malaysia Securities Berhad. The mandate will take effect from the date of the passing of the Ordinary Resolution until the next Annual General Meeting of the Company.

(B) Ordinary Resolution 7

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (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 3 November 2010 which is despatched together with the Company's 2010 Annual Report.

(C) Ordinary Resolution 8

Ordinary Resolution No. 8 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and if passed, will empower the Directors of the Company pursuant to Section 132D of the Companies Act, 1965, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to this General Mandate does not exceed 10% of the issued share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

This is a renewal of the mandate obtained from the members at the last Annual General Meeting on 30 November 2009. The Company did not utilize the mandate that was approved last year.

The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.



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 _____ (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 Fourteenth Annual General Meeting of the Company to be held at Function Room: St Andrew, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Thursday, 25 November 2010 and at any adjournment thereof.

AGENDA 1

To receive of the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 30 June 2010.

My/our proxy is to vote as indicated below:

AGENDA 2-8

Ordinary Resolutions	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		

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

Dated this _____ day of _____ 2010

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 and the provisions of Section 149(1)(b) of the Act shall not apply to 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 Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not later than forty-eight (48) hours before the time appointed for holding the meeting.

Please fold along this line (1)

The Company Secretary

FREIGHT MANAGEMENT HOLDINGS BHD

(Company No. 380410-P)

Level 18, The Gardens North Tower

Mid Valley City, Lingkaran Syed Putra

59200 Kuala Lumpur

Please fold along this line (2)

CONTACT PARTICULARS OF FREIGHT MANAGEMENT GROUP

MALAYSIA		
	Tel	Fax
Head Office FREIGHT MANAGEMENT HOLDINGS BHD. Wisma Freight Management, Lot 37, Lebuah Sultan Mohamed 1, Kaw. Perindustrian Bandar Sultan Suleiman, 42000 Port Klang. Email : gen@fmmalaysia.com.my Website : www.fmmalaysia.com.my	03-3176 1111	03-3176 8634
Location of Subsidiary Offices FREIGHT MANAGEMENT (M) SDN. BHD. Wisma Freight Management, Lot 37, Lebuah Sultan Mohamed 1, Kaw. Perindustrian Bandar Sultan Suleiman, 42000 Port Klang. Email : gen@fmmalaysia.com.my	03-3176 1111	03-3176 8634
FREIGHT MANAGEMENT (M) SDN. BHD. (JB branch) No. 68-2, Jalan Molek 2/2, Taman Molek, 81100 Johor Bahru. Email : michelle.ting@fmmalaysia.com.my	07-351 7918	07-352 0918
FREIGHT MANAGEMENT (PENANG) SDN. BHD. No. 4453, Jalan Bagan Luar, 12000 Butterworth, Penang. Malaysia. Email : export_penang@fmmalaysia.com.my import_penang@fmmalaysia.com.my	04-331 4358	04-331 4368 04-323 4368
FREIGHT MANAGEMENT (IPOH) SDN. BHD. No. 7A (1 st Floor), Persiaran Greentown 9, Greentown Business Centre, 30450 Ipoh, Perak Darul Ridzuan. Email : fmipoh@fmmalaysia.com.my	05-242 1358 05-243 1611	05-255 1380 05-255 1446
FREIGHT MANAGEMENT (MELAKA) SDN. BHD. 47A, Jalan Melaka Baru 22, Taman Melaka Baru, Batu Berendam, 75350 Melaka, Malaysia. Email : cs_mel@fmmalaysia.com.my	06-317 5143 06-317 5144	06-317 5202
ADVANCE INTERNATIONAL FREIGHT SDN. BHD. Lot 37, Lebuah Sultan Mohamed 1, Kaw. Perindustrian Bandar Sultan Suleiman, 42000 Port Klang. Selangor Darul Ehsan, Malaysia. Email : alog@fmmalaysia.com.my	03-3176 8001	03-3176 2005 03-3176 1005
FM-HELLMANN WORLDWIDE LOGISTICS SDN. BHD. (KLIA-office) Lot E3-A (1st flr) Block E, Southern Common Amenities Facilities (SCAF), Kuala Lumpur International Airport, 64000 KLIA, Selangor Darul Ehsan.	03-8787 2990	03-8787 2933 03-8787 2934
(KLIA-Warehouse & Operation office) Lot B2B-1, Cargo Forwarders Building, Malaysia Airlines Freight Forwarders Complex, Kuala Lumpur International Airport, 64000 KLIA, Selangor Darul Ehsan.	03-8787 2990	03-8787 2933

CONTACT PARTICULARS OF FREIGHT MANAGEMENT GROUP (cont'd)

MALAYSIA		
	Tel	Fax
Location of Subsidiary Offices (cont'd)		
(KELANA JAYA) Block F-08-3, 3rd Floor, Plaza Kelana Jaya, Jalan SS7/13A, 47310 Kelana Jaya, Selangor Darul Ehsan. Email : fmhwlairsteamys.com	03-7877 0017	03-7877 0120
FM WORLDWIDE LOGISTICS (PENANG) SDN. BHD. Block A-Unit 8, Cargo Agent Building, MAS Cargo Complex, Penang International Airport, 11900 Bayan Lepas Penang. Email : ptan@my.hellmann.net	04-640 4943 04-640 4944	04-640 4948
CITRA MULTIMODAL SERVICES SDN. BHD. Lot 37, Lebuhr Sultan Mohamed 1, Kaw. Perindustrian Bandar Sultan Suleiman, 42000 Port Klang. Email : doreen@citra.com.my / blcheah@citra.com.my	03-3176 6888	03-3176 3993 03-3176 4209
OVERSEAS		
TCH MARINE PTE. LTD. Block 1, Beach Road, # 01-4747, Singapore 190001. Email : tchtay@singnet.com.sg	65-6294 8422	65-6298 9172
ICON FREIGHT SERVICES PTY. LTD. Unit 4, 75 Queen Victoria Street, Fremantle WA 6160, Australia. Email : brad@iconfs.com.au	61-8-9433 1400	61-8-9433 1422
PT Icon Freight Indonesia (Jakarta HQ) Rukun Artha Gading Niaga Blok H, Jalan Bulevar Artha Gading, No. 11, Kelapa Gading Barat, Jakarta Utara 14240, Indonesia.	021-4585 6727 021-4585 0905	021-4585 0906
ICON FREIGHT SERVICES CO. LTD. 731/6 Ratchadapisek Road, Bangpongpan, Yannawa, Bangkok 10120, Thailand.	662-683 6352	662-683 6358
ICON FREIGHT SERVICES CO., LTD. C3, 5th Floor, The 21st Century Building, 326/1, Ung Van Khiem, Binh Thanh District, HCM City, Vietnam.	848-5445 8428	848-5445 8436

EXTENSIVE WORLDWIDE COVERAGE

Network of 108 independent agents covering 128 ports in more than 47 countries.

Region - Country/ (Port)

ASIA-PACIFIC			
 BANGLADESH Chittagong Dhaka	 HONGKONG Hongkong	 PAKISTAN Karachi	 VIETNAM Ho Chi Minh Hanoi, Tanchang Haiphong
 BRUNEI Muara	 INDIA Calcutta, Chennai Mumbai, New Delhi Nhava Sheva Bangalore, Cochin	 PHILIPPINES Manila Cebu	 MYANMAR Yangon
 CHINA Dalian, Huangpu Ningbo, Qingdao Shanghai, Shekou Xiamen, Xingang Yantian, Nanjing Nansha, Nantong Sanshui, Shenzen Tianjin, Zhanjiang Zhongshan, Fuqing Guoming, Lianhuashan, Zhangjiagang	 INDONESIA Belawan Jakarta Surabaya Batam Island Pontianak	 SINGAPORE Singapore	 AUSTRALIA Adelaide, Brisbane Freemantle Sydney Melbourne
 CAMBODIA Sihanoukville	 JAPAN Hakata, Kobe Moji, Nagoya Osaka, Shimizu Tokyo, Yokohama	 SRI LANKA Colombo	 NEW ZEALAND Auckland, Timaru Lyttelton, Wellington Tuaranga, Napier New Plymouth Port Chalmers
 KOREA Busan	 TAIWAN Kaoshiung Keelung Taipei Taichung	 THAILAND Bangkok Lat Krabang Laem Chabang	
EUROPE			
 FRANCE LeHavre Paris	 UNITED KINGDOM Felixstowe, Liverpool London, Dublin Southampton Grangemouth Thamesport	 NETHERLANDS Amsterdam Rotterdam	 SWITZERLAND Basel, Geneve
 GERMANY Hamburg		 PORTUGAL Leixoes	 ITALY Genoa, Venice
			 BELGIUM Antwerp
AMERICAS			
 U.S.A Los Angeles New York, Chicago Longbeach	 GUATEMALA Guatemala City Puerto Quezal	 CANADA Montreal Vancouver, Toronto	 ARGENTINA Buenos Aires
		 BRAZIL Santos	 MEXICO Mexico City Manzanillo
MIDDLE EAST			
 KUWAIT Kuwait	 BAHRAIN Bahrain	 EGYPT Alexandria Sokhna Port	 SAUDI ARABIA Ad Damman Jeddah, Riyadh
 IRAN Bandar Abbas	 QATAR Doha	 OMAN Muscat	 U. ARAB EMIRATES Dubai, Jabel Ali
AFRICA & THE WEST INDIES			
 NIGERIA Apapa	 SOUTH AFRICA Durban, Johannesburg Cape Town	 GAMBIA Benjul	 SWAZILAND Matsapha
 KENYA Mombasa	 CAMEROON Douala	 GHANA Tema	