



FREIGHT MANAGEMENT HOLDINGS BHD
(380410-P)



PUTTING
OUR **BEST**
FREIGHT
FORWARD

ANNUAL REPORT 2012

Financial Highlights

FINANCIAL INDICES OF FREIGHT MANAGEMENT HOLDINGS BHD (FMHB)

Consolidated Financial Results as at 30 June

STATEMENTS OF COMPREHENSIVE INCOME

(RM'000)

	2008	2009	2010	2011	2012
Revenue	221,999	229,424	265,501	295,488	327,101
Profit Before Taxation	16,518	19,333	21,805	24,002	28,030
Profit After Tax and Non-Controlling Interests	12,167	13,564	16,438	19,712	20,872
Net Dividend Paid	4,083	4,108	4,564	4,564	6,491*
Net Earning Per Share (sen)	7.50 [^]	8.36 [^]	10.13 [^]	12.15 [^]	12.86
Gross Dividend Per Share (sen)	4.50	4.50	5.00	5.00	4.00

* Single-tier Tax Exempt Dividend

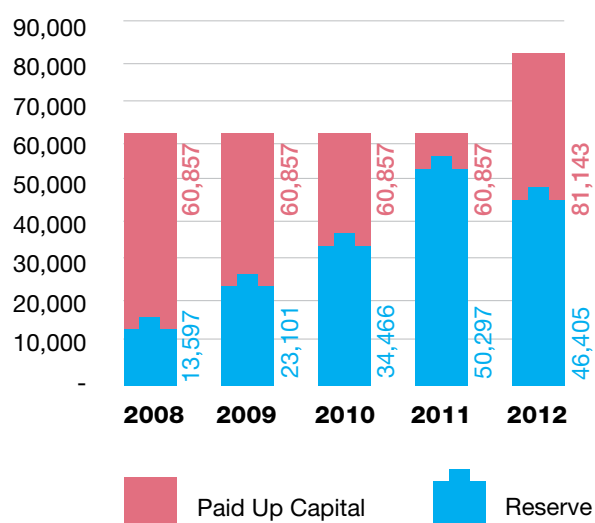
STATEMENTS OF FINANCIAL POSITION

(RM'000)

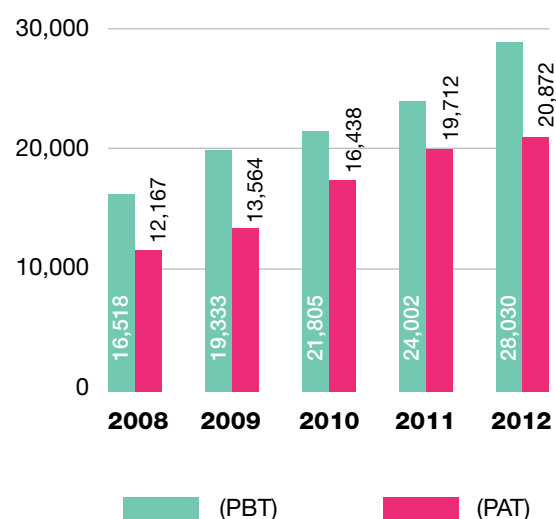
	2008	2009	2010	2011	2012
No. of shares in issue ('000)	121,714	121,714	121,714	121,714	162,286
Paid-up Share Capital	60,857	60,857	60,857	60,857	81,143
Reserve	13,597	23,101	34,466	50,297	46,405
Net Assets per Share (RM)	0.46 [^]	0.52 [^]	0.59 [^]	0.68 [^]	0.79

[^] The comparative figures have been adjusted to take into account the issuance of bonus shares on the basis of 1:3 in the financial year ended 30 June 2012.

SHAREHOLDERS' FUNDS (RM'000)



PROFIT BEFORE TAX/ PROFIT AFTER TAX AND NON-CONTROLLING INTEREST (RM'000)



REVENUE ANALYSIS (RM MILLION)

CONTRIBUTION BY SERVICE TYPE

	2008	2009	2010	2011	2012
Seafreight	133.9	131.7	156.7	175.0	185.0
Railfreight	11.3	6.5	3.5	2.8	3.2
Airfreight	21.2	19.2	24.6	26.5	30.8
Tug & barge	22.7	25.0	23.9	20.4	19.4
3PL & Warehousing	8.5	10.5	11.0	20.0	29.3
Customs brokerage	22.3	28.1	32.0	32.1	33.2
Haulage	2.1	7.0	9.7	11.1	13.4
Landfreight	-	1.4	4.1	7.6	12.8
TOTAL	222.0	229.4	265.5	295.5	327.1

REVENUE ANALYSIS BY SERVICE TYPE

	2008	2009	2010	2011	2012
Import	52.0	53.6	62.8	77.5	102.5
Export	114.4	102.5	126.0	134.4	129.2
TOTAL	166.4	156.1	188.8	211.9	231.7

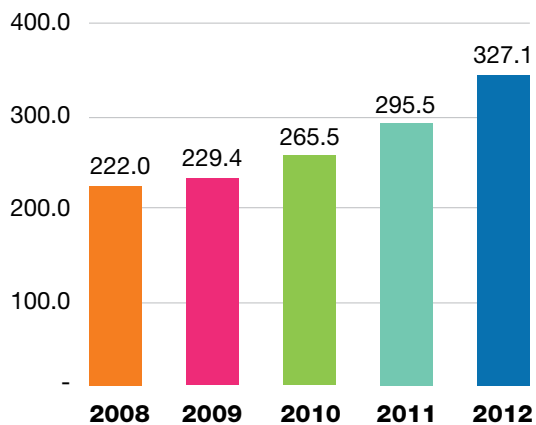
The above information includes Seafreight, Airfreight and Railfreight, and Landfreight Services.

REVENUE ANALYSIS BY CONTAINER MODE

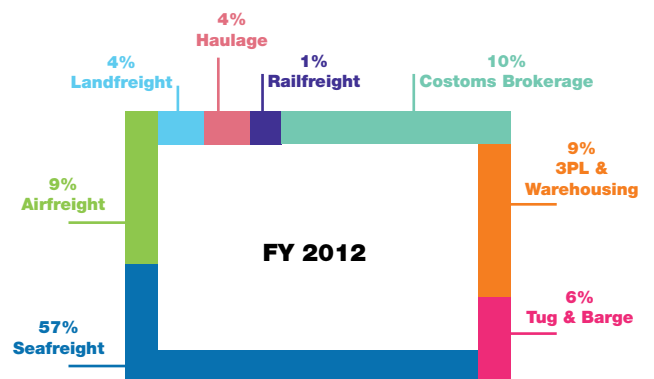
	2008	2009	2010	2011	2012
FCL	87.7	78.8	92.3	92.0	98.0
LCL	57.5	58.0	71.9	93.4	102.9
TOTAL	145.2	136.8	164.2	185.4	200.9

This mode covers Seafreight and Railfreight and Landfreight Services.

TURNOVER (RM Million)



REVENUE CONTRIBUTION BY SERVICES



Corporate Structure



FREIGHT MANAGEMENT HOLDINGS BHD

380410-P

INVESTMENT HOLDING & OTHER SERVICES

100%

Perspektif Gemilang Sdn Bhd

100%

Icon Freight International Inc

100%

Freight Management MSC Sdn Bhd

PROVISION OF TUG AND BARGE SERVICES

51%

TCH Marine Pte Ltd, Singapore

PROVISION OF FREIGHT SERVICES

100%

FM Global Logistics (M) Sdn Bhd

└─ Branch

- Port Klang
- Penang
- Ipoh
- Melaka
- Johor
- Kuantan

100%

FM Contract Logistics Sdn Bhd

49%

FM Distribution Sdn Bhd

100%

Citra Multimodal Services Sdn Bhd

100%

Dependable Global Express Malaysia

100%

Advance International Freight Sdn Bhd

100%

FM-Hellmann Worldwide Logistics Sdn Bhd

100%

Exterian Enterprise Sdn Bhd

100%

FM Worldwide Logistics (Penang) Sdn Bhd

80%

Symphony Express Sdn Bhd

100%

Icon Line (Malaysia) Sdn Bhd

75%

FM Global Logistics Pty Ltd, Australia

49%

FM Global Logistics Co., Ltd , Thailand

49%

PT FM Global Logistics, Indonesia

51%

FM Global Logistics Company Limited, Vietnam

100%

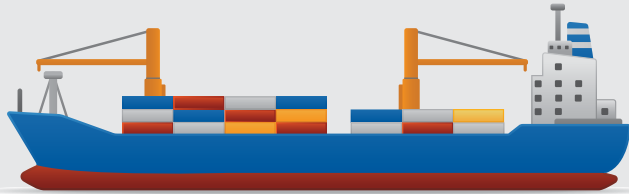
FM Global Logistics (S'pore) Pte Ltd, Singapore



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Services offered by the 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.



Project Management

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



3PL and Warehousing

FM Group operates a total of about 600,000 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.

Land Transportation

FM's fleet of 36 trucks, 48 prime movers and 332 trailers 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.





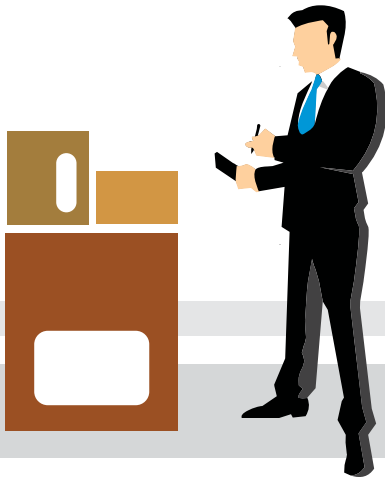
Bulk Services

Freight Management through its subsidiary TCH Marine Pte Ltd, with a fleet of 7 Barges and 9 Tugboats is a leading tug and barge operator; servicing the Straits of Malacca.



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.



Customs Clearance

FM Group, with a team of > 100 personnel nationwide, is able to offer professional and efficient customs clearance for both sea and air services.



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.



Your Connection To The World

FMHB is one of the leading international freight forwarders in Malaysia, operating as an Intermediate agent between importers / exporters and carriers.

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)

Wong Wai Foong (f)
(MAICSA 7001358)

REGISTERED OFFICE

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

HEAD / MANAGEMENT OFFICE

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

PRINCIPAL BANKERS

Hong Leong 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)

Board of Directors



Directors' Profile

DATUK DR HJ NOORDIN BIN HJ AB RAZAK

Aged 67, 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 Malay 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, Institute Pemikiran Kreatif Malaysia (INSPEK) and the National Deputy Chairman and Secretary General of the Malaysian Red Crescent. 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 51, 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 30 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 49, 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 the business development and operations of the Group, which includes exploring overseas market and overseeing the development of marketing and Group strategies.

He has more than 30 years experience in freight and logistics industry and has been instrumental in securing and maintaining major customers for the Group.

GAN SIEW YONG

Aged 50, 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 30 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 44, 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 FMP and has been instrumental in the growth and development of the Penang subsidiary since.

Directors' Profile (cont'd)

AARON SIM KWEE LEIN

Aged 46, 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 FMHB'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 a 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. Thereafter, he has been involved in providing 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 44, 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 currently the president of Singapore Metal and Machinery Association, a council member and vice-chairman of International Affairs Committee at Singapore Chinese Chamber of Commerce & Industry, a council member and vice-chairman of Trade & Industry Committee at Singapore-China Business Association, a board member and head of External Affairs at Singapore Thong Chai Medical Institute. He also serves as a vice-president at Pei Tong Primary School advisory committee, an executive committee member at Singapore Ann Kway Association, and a vice-president at Nanyang Kuah Si Association. He is also a patron at Telok Blangah Citizens' Consultative Committee.

Mr Khua is board chairman of Fujian Anxi No.8 Middle School, vice-president of Anxi Charity Federation and Anxi Fenglai Guitou Charity Federation. He was awarded "Outstanding Charitable Works Contribution" by Fujian Provincial Government, PRC.

CHUA TIONG HOCK

Aged 59, 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 FMHB'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 is also a director of Sabana Shari'ah Compliant REIT, as well as a number of other subsidiaries in the Freight Links Group.

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 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.

**We Chartered
our course
of international
distinction**



Chairman's Statement

Dear Valued Shareholders,

“

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Freight Management Holdings Bhd ('FMHB') and its group of companies ('Group'), for the financial year ended 30 June 2012 ('FY2012').

”

DATUK DR HJ NOORDIN BIN HJ AB RAZAK

CHAIRMAN / INDEPENDENT NON-EXECUTIVE DIRECTOR



INTRODUCTION

The first half of the year under review ('1HFY2012') was largely characterized by a series of challenges; the struggling US economy, the ongoing Eurozone economic crisis and a competitive operating environment. Despite several policy actions taken by the European Union leaders, the second bailout program for Greece and the introduction of various European Stability Mechanisms to alleviate financial market tension, growth in global economic activity for the second half of the year under review ('2HFY2012') remained moderate. While the Japanese economy was recovering from the post-earthquake reconstruction efforts, the other Asian countries, China, India and ASEAN member states were affected by the weaker external environment.

On the local front, the Malaysian economy is expected to grow at a slower pace of between 4.5% and 5% in year 2012 (5.1% in year 2011). Despite the moderation in growth, Malaysia's economic fundamentals remain strong and resilient. Based on Malaysia's Economic Report

2012/2013, Malaysia's gross exports grew 8.7% to RM694.5 billion while imports expanded 8.6% to RM574.2 billion in 2011/2012, which is encouraging. We expect the implementation of the Economic Transformation Programme and sustained export/import trade growth to create further opportunities for the local logistics industry.

Against the backdrop of what has been a challenging period, the Group is pleased to announce that we have once again achieved another year of commendable performance, as we registered our 8th year of consecutive profit growth.

FY2012 FINANCIAL REVIEW

For FY2012, the Group's consolidated revenue surged past the RM300 million mark for the first time as it expanded 10.7% year-on-year to RM327.1 million (2011: RM295.5 million). Profit before taxation for the Group increased by 16.8% to RM28.0 million while net profit after tax and non-controlling interest grew by 5.9% to RM20.9 million. Earnings per share stood at 12.86 sen (2011 : 12.15 sen) whilst Net Assets per share increased

to RM0.79 (2011 : RM0.68).

During FY2012, we successfully completed a Bonus Issue of 40.57 million new FMHB shares to shareholders on the basis of one (1) Bonus Share for every three (3) existing shares held. Besides the Bonus Issue, we also completed the issue of 24.34 million Free Warrants to shareholders, on the basis of one (1) Free Warrant for every five (5) existing shares held. The Bonus and Free Warrants Issues were intended to reward our loyal shareholders for their continuing support. Additionally, the increase in the number of shares that our shareholders now own in FMHB would also improve the liquidity and marketability of our shares on Bursa Malaysia Securities. As for the Free Warrants, it provided shareholders with the opportunity to increase their participation in the equity of FMHB at a predetermined exercise price during the tenure of the Free Warrants. Additionally, proceeds arising from the exercise of the Free Warrants would further strengthen FMHB's capital base and provided it with additional funds to facilitate the future growth of its operations.

Chairman's Statement (cont'd)



BUSINESS REVIEW

• FREIGHT DIVISION

The Group's Freight division which comprise of Seafreight, Airfreight, Landfreight and Railfreight was the main revenue contributor in FY2012, registering healthy growth in all segments. Revenue for the Freight division surged to RM231.9 million (2011: RM211.9 million), a rise of RM20.0 million, of which RM10.0 million came from our mainstay Seafreight business. This favourable performance was due to stronger demand for export seafreight, particularly in the full container load ('FCL') service, which was boosted by higher exports from Malaysia. Landfreight played an equally active role with higher intensity in the cross-border trucking business, as it registered revenue of RM12.8 million (2011 : RM7.6 million). This is a highly satisfactory performance, considering that the Landfreight service was partially affected by the floods in Thailand during the year. Our Airfreight service also gained strength in FY2012 as it reported a revenue increase of RM4.3 million to RM30.8 million (2011: RM26.5 million), as our efforts in penetrating the fashion logistics business bore

fruits. Our Railfreight revenue also recorded a 16.7% growth to RM3.2 million (2011: RM2.8 million), although it remains a relatively small contributor to overall Group revenue.

• DOMESTIC LOGISTICS DIVISION

Whilst the Freight division, particularly seafreight, has traditionally been FMHB's core business activity, the Group is pleased to report significant growth in our Domestic logistics division, as we seek to broaden our earnings base within the logistics industry. This division, which comprises of Third-party Logistic ('3PL') & Warehousing, Customs Brokerage and Haulage services, reported a combined revenue growth of 20%

against the previous financial year ended 30 June 2011 ('FY2011'). Total revenue for the year was RM75.8 million, compared to RM63.2 million in FY2011.

3PL & Warehousing service reported a revenue of RM29.3 million (2011: RM20 million), a jump

Bonus Issue

40.57 mil

Free Warrant

24.34 mil



Chairman's Statement (cont'd)



of RM9.3 million or 46% growth. This service benefitted from a full year's revenue contribution from Shell Malaysia Trading Sdn Bhd, which appointed the Group as its outsourced 3PL service contractor in early 2011. During the year, the Group's warehouse space also increased by about 100,000 square feet with the addition of two warehouse facilities in Seberang Prai, Penang. With these additional warehouse facilities in the northern region of Peninsular Malaysia, the Group successfully secured several new multinational customers.

The Group's Haulage service, which caters to in-house demand, reported a 20.2% increase in revenue to RM13.4 million, due to the rise in volume handled by the Group. Meanwhile, the performance of the Customs Brokerage service, which is a supporting service to the Group's core businesses, was relatively flat.

• TUG & BARGE

Although the Tug & Barge service reported a slight RM1.0 million drop in revenue, this service has

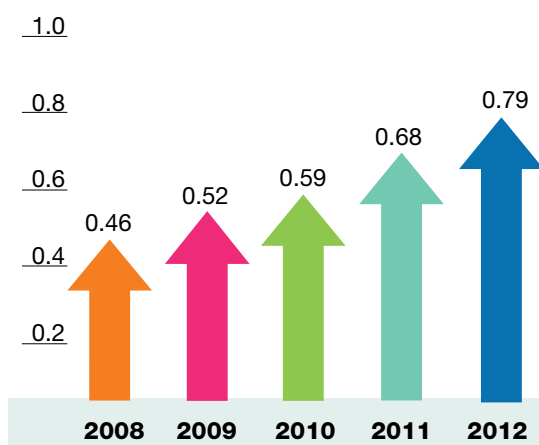
registered a successful turnaround to report higher profit. The improved performance followed a successful fleet rationalization exercise and also ongoing cost management and operational efficiency measures. In addition to this, demand for this service has also recovered during the year.

• OVERSEAS BUSINESS UNITS

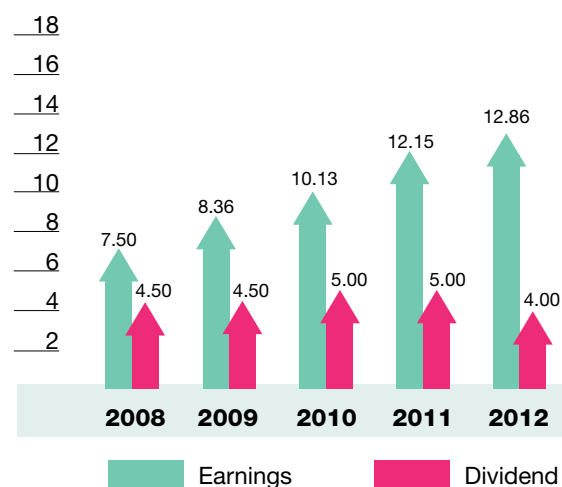
FMHB's overseas subsidiaries, namely Indonesia, Thailand, Vietnam and Australia, performed well in spite of the ongoing global economic uncertainties. Our Indonesia subsidiary reported a net profit growth of 606% (2011: -109%) while the subsidiary in Vietnam reported its maiden profit in its second year of operation. The Australia subsidiary similarly reported a healthy growth of 37% (2011 : 43%). For our Thailand subsidiary, its performance was less favorable due partly to business disruption as a result of the major flood.

Chairman's Statement (cont'd)

NET ASSETS PER SHARE (RM)



SHAREHOLDERS' REWARD (PER SHARE) (SEN)



DIVIDENDS

In line with the performance of the Group, the Board had declared and paid an interim single-tier tax-exempt dividend of 1.5 sen in July 2012.

The Board is also pleased to recommend a final single-tier tax-exempt dividend of 2.5 sen per share for FY2012, to be approved by shareholders at the forthcoming Annual General Meeting on 22nd November 2012. With this final dividend, the total dividend payout for the year would amount to RM6,491,426 of FY2012's net profits.

BUSINESS OUTLOOK AND PROSPECTS

In view of the lingering global economic uncertainties and sluggish market conditions, the Group foresees another challenging year in FY2013. However, we are optimistic of the long-term prospects of the logistics industry. For instance, in Malaysia, Frost & Sullivan has projected the logistics industry to post a healthy 10.3% growth to RM129.93 billion in 2012. It also expects the industry to **expand at a compounded annual growth rate of 11.6 % to reach a market size of RM203.71 billion in 2016.**

This favorable outlook augurs well for the logistics industry in Malaysia and the Group is confident of sailing through the current challenges and emerge stronger than ever. Our growth focus for FY2013 will be on the following key areas:-

- to grow the freight division by tapping into new markets for its LCL & FCL services;
- to expand the 3PL & Warehousing services, targeting higher occupancy and better efficiencies; and
- to continue with our regional expansion within Malaysia as well as in the ASEAN region to promote revenue growth.

FMHB's core strength is our well-established position as a diversified service provider offering value-added one-stop services for our customers. We are optimistic of our long-term potential and are constantly looking for new opportunities in logistics-related businesses to strengthen our business and enhance shareholders' value. We view ASEAN as a sweet spot in the global economy as the countries in this region have strong growth potential which will propel volume expansion, and FMHB is well entrenched to capitalize on this growth. The Group

will leverage on its integrated network of agents to grow the international freight services by securing new business whilst improving our yields and preserving our margins through optimizing operational efficiency and strict cost control regime.

Going forward and barring unforeseen circumstances, the Board is hopeful that the Group's performance for FY2013 will continue to remain on a growth path.

ACKNOWLEDGEMENT

I will like to thank my fellow Directors, the Management and staff for their contribution towards the success and continued growth of FMHB. My deepest appreciation also goes to our shareholders, valued customers, suppliers, bankers, business associates and the various government authorities for their confidence in and continued support for the Group.

Corporate Social Responsibility



The Group does not have a formal Corporate Social Responsibility (“CSR”) Policy. However, the Group is a socially responsible corporation that supports and contributes positively to the sustainable development of the economy and the community where the Group operates. It places importance on its CSR and remains committed to care for the environment and employees, fostering strong relationships with business associates and supporting worthy community welfare causes as part of its business ethics and responsibilities.



MARKETPLACE

The Group is committed to provide quality services to our customers through our available resources. It also aims for continuous improvement towards building long term relationships with all its stakeholders. Our website (www.fmgloballogistics.com) provides access to the information on the Group’s financials and operations of the Group.

HUMAN CAPITAL

Our employees play a pivotal role in ensuring success of our business. We place great emphasis on the development and training of our employees to enable them to reach their full potential. The Group has carried out various activities to improve the employees knowledge, quality of life and foster a sense of belonging, such as:

- Conducting in-house training for the staff on human capital, safety, accounting, technical issues and management skills. Where specialist training is required, the staff were sent for external trainings; and
- Various staff activities including festival celebrations and sporting events through the In-House Sports Club.

Not forgetting the health and welfare of our employees, adequate health care benefits such as panel doctors, medical insurance and personal accident insurance were provided to our employees. Staff uniforms and free refreshments were provided to all employees to promote conducive working environment.

COMMUNITY

The Group undertook various initiatives throughout FY2012 to offer assistance and contributions to the charitable organisations and welfare homes. During the year, the Group has assisted trainees from various universities and institutes of higher learning to undergo their practical training. Suitable candidates have been identified for employment after they have completed their training.

ENVIRONMENT & WORKPLACE

At FMHB we understand the importance of responsible Environment, Health and Safety management to our growth, profitability and long term success.

Guided by our value of CSR, we are committed to ensuring a safe and healthy work environment for our

employees and all who are affected by our business operations. One of our highest priorities is to provide a safe and healthy workplace. We also expect our employees to take individual responsibility for their health and safety and to exhibit and encourage safe work behaviors.

We have implemented a variety of company-wide processes including improved awareness, communication, monthly safety tips and accident investigation programs to improve our safety performance.

Regular health and safety training were conducted to instill safety awareness to the employees. Fire and emergency drills were carried out periodically to ensure continuous improvement to the safety practices. Employees working in the warehouses were required to wear proper safety attires to reduce the risk of injuries.



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 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

1.0 Composition of the Audit Committee

- 1.1 The Audit Committee shall comprise at least 3 directors.
- 1.2 Alternate director shall not be appointed as members of the Audit Committee.
- 1.3 Majority of the Audit Committee shall be independent directors.
- 1.4 All members of the Audit Committee must be non-executive directors.
- 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.

Audit Committee Report (cont'd)

TERMS OF REFERENCE (CONT'D)

1.0 Composition of the Audit Committee (cont'd)

- 1.6 Members of the Audit Committee shall elect a Chairman from among their members who shall be an independent director.

2.0 Duties of the Audit Committee

The duties of the Audit Committee shall include the following:-

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

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

Audit Committee Report (cont'd)

TERMS OF REFERENCE (CONT'D)

2.0 Duties of the Audit Committee (cont'd)

- 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.

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

Audit Committee Report (cont'd)

TERMS OF REFERENCE (CONT'D)

4.0 Procedure of the Audit Committee (cont'd)

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; and
- (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 reports directly to the audit committee.

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 2012 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 2012;
- 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 2012 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 assists 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 2012.

Cost incurred for the internal audit function of the Group in respect of the financial year ended 30 June 2012 amounting to approximately RM48,000.

Statement on Corporate Governance

The Board of Directors (“the Board”) of Freight Management Holdings Bhd (“FMHB”) 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 8 to 10 in this Annual Report.

Board Meeting

The Board meets at least five times a year and 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)

1. THE BOARD OF DIRECTORS (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	4/5
Gan Siew Yong	5/5
Aaron Sim Kwee Lein	5/5
Ong Looi Chai	5/5
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

Senior Management staff or professional advisers appointed by the Company to advise the Company on its corporate proposals were invited to attend the Board meetings and to provide the Board with explanation and clarifications to facilitate informed decision making 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. In addition, schedule of matters reserved will be formalised specifically for the Board's future decision making.

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 have successfully attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").

The Directors are mindful that they should receive continuous training to broaden their perspectives and keep abreast with the new statutory and regulatory requirements, and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties. The Directors are empowered by the Board to evaluate and assess his own individual training needs and are encouraged to attend seminars to further enhance their business acumen and professionalism in discharging their duties effectively.

During the year, four directors have attended the training as disclosed below. Due to their extensive travel schedule, directors other than disclosed below did not attend any formal designed scheduled training programs.

Details of training and development programmes attended by director are as follows:-

Gan Siew Yong	- Listing Requirement of Bursa Malaysia on Corporate Disclosure Policy and Overview on Chapter 10 - Transactions
Yang Heng Lam	- Activate Asia: Asean-China, Awakening of a New Economy
Ong Looi Chai	- The Service Leadership Workshop

The Board also attends internal briefing conducted by the Company Secretary on amendments to Listing Requirements, updates on rules & regulations of other statutory authorities as well as on the Financial Reporting Standards by the External Auditors.

2. BOARD COMMITTEES

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

Audit Committees

The composition, terms of reference and summary of activities of the Audit Committee are disclosed in the Audit Committee Report on pages 17 to 20 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.

Statement on Corporate Governance (cont'd)

2. BOARD COMMITTEES (CONT'D)

Nomination Committee (cont'd)

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 Term of Reference, include:-

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

The RC is authorised 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.

Statement on Corporate Governance (cont'd)

2. BOARD COMMITTEES (CONT'D)

Remuneration Committee (cont'd)

Details of the remuneration packages for the Directors of the Group for the financial year ended 30 June 2012 are as follows:-

	Executive Directors RM	Non-Executive Directors RM
* Fees	180,000	120,000
Salaries & other emoluments	19,000	13,000

* Subject to the approval of shareholders.

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

	Number of Directors	
	Executive	Non-Executive
RM50,000 and below	1	2
RM50,001 to RM100,000	3	1

3. SHAREHOLDERS

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

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

Shareholders and members of the public can obtain information on the Company through the Company's website at www.fmgloballogistics.com 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 27 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 19 to 20 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.

Statement on Internal Control (cont'd)

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.

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.

Statement on Internal Control (cont'd)

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;
- Quarterly 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 quarterly 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 24 October 2012.

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 2012.
- 3. Options, Warrants or Convertible Securities**
During the financial year, the Company issued 24,342,857 five (5) year 2012/2017 free warrants.
- 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 non-audit fees paid and payable to the external auditors by the Group for the financial year ended 30 June 2012 amounted to RM26,500.
- 7. Variation in Results**
The Group’s audited results for the financial year ended 30 June 2012 did not vary by 10% or more from the unaudited results which were announced to Bursa Malaysia Securities Berhad on 28 August 2012.
- 8. Profit Guarantee**
There were no profit guarantees given by the Group during the financial year ended 30 June 2012.
- 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 2012.
- 10. Recurrent Related Party Transactions**
All recurrent related party transactions entered into by the Group during the financial year are disclosed in Note 32 of the financial statement in pages 116 to 118 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 for the year ended 30 June 2012, 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 24 October 2012.



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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 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 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 /(Loss) for the financial year	<u>21,954</u>	<u>(1,155)</u>
Attributable to:		
Owners of the parent	20,872	(1,155)
Non-controlling interests	<u>1,082</u>	<u>-</u>
	<u>21,954</u>	<u>(1,155)</u>

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM'000
In respect of the financial year ended 30 June 2011:	
Final dividend of 2.5 sen per ordinary share, less tax of 25%, paid on 15 December 2011	2,282
In respect of the financial year ended 30 June 2012:	
Interim single tier dividend of 1.5 sen per ordinary share, paid on 16 July 2012	<u>2,434</u>
	<u>4,716</u>

The Directors propose a final single tier dividend of 2.5 sen per ordinary share, amounting to RM4,057,000 in respect of the financial year ended 30 June 2012, subject to the approval of the members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

Directors' Report (cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its authorised share capital from RM100,000,000 to RM125,000,000 by the creation of an additional 50,000,000 ordinary shares of RM0.50 each.

The issued and paid-up share capital of the Company were increased from RM60,857,143 to RM81,142,858 by way of bonus issue of 40,571,429 new ordinary shares of RM0.50 each at par on the basis of one (1) new ordinary share for every three (3) existing ordinary shares.

The Company did not issue any new 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 for 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 the ordinary shares in the Company during the financial year ended 30 June 2012 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 1.7.2011	Bonus issue	Bought	Sold	Balance as at 30.6.2012

Shares in the Company

Direct interests

Chew Chong Keat	31,902,597	10,634,613	-	-	42,537,210
Gan Siew Yong	5,281,642	1,760,547	-	-	7,042,189
Yang Heng Lam	22,276,031	7,425,343	-	-	29,701,374
Ong Looi Chai	1,429,928	476,642	89,300	-	1,995,870

Directors' Report (cont'd)

DIRECTORS' INTERESTS (CON'T)

	Number of ordinary shares of RM0.50 each			
	Balance as at 1.7.2011	Bonus issue	Bought	Sold

Shares in the Company

Indirect interests

Khua Kian Keong	24,342,857	8,114,285	-	-	32,457,142
Chua Tiong Hock	24,342,857	8,114,285	-	-	32,457,142
Yang Heng Lam	175,000*	58,333	189,866	-	423,199*

	Number of warrants over ordinary shares of RM0.50 each			
	Balance as at 1.7.2011	Allotted^	Bought	Sold

Warrants in the Company

Direct interests

Chew Chong Keat	-	6,380,633	-	(100,000)	6,280,633
Gan Siew Yong	-	1,056,347	-	-	1,056,347
Yang Heng Lam	-	4,455,285	56,900	-	4,512,185
Ong Looi Chai	-	285,990	-	-	285,990

Indirect interests

Khua Kian Keong	-	4,868,658	-	-	4,868,658
Chua Tiong Hock	-	4,868,658	-	-	4,868,658
Yang Heng Lam	-	35,000	-	-	35,000*

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

^ Free warrants allotted.

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 the shares of the Company or of its related corporations during the financial year.

Directors' Report (cont'd)

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 other than the following:

- i. remuneration received or due and receivable by certain Directors as directors/executives of the subsidiaries; and
- ii. deemed benefits arising from related party transactions as disclosed in Note 32 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 the 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 statements of comprehensive income and statements of financial position 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.
- (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.

Directors' Report (cont'd)

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

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

- (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 or 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 this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 20 December 2011, the Company announced that its wholly-owned subsidiary, Icon Line (Malaysia) Sdn. Bhd. ("ILSB") has subscribed for additional 120,000 ordinary shares of Australian Dollar 1.00 each at par for a total cash consideration of Australian Dollar 120,000 in FM Global Logistics Pty. Ltd., Australia ("FMGLA") pursuant to a rights issue exercise carried out by FMGLA. Upon completion of the rights issue allotment, ILSB's investment in FMGLA has been increased from 55% to 75%.
- (b) On 6 January 2012, the Company announced that the bonus issue of 40,571,429 ordinary shares of RM0.50 each in Freight Management Holdings Bhd ("FMHB") ("Bonus Shares") on the basis of one (1) Bonus Share for every three (3) existing shares of RM0.50 each held in FMHB has been completed.
- (c) On 13 January 2012, the Company announced that the issuance of 24,342,857 free warrants in FMHB ("Free Warrants") on the basis of one (1) Free Warrant for every five (5) existing shares of RM0.50 each held in FMHB has been completed. The Company had fixed the exercise price for the Free Warrants at RM0.97 each.
- (d) On 13 March 2012, the Company announced that its wholly-owned subsidiary, Citra Multimodal Sdn. Bhd. ("CMS") had incorporated a wholly-owned subsidiary, Dependable Global Express Malaysia Sdn. Bhd. ("DGEXM") in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 ordinary share of RM1.00 each of which 100 share has been issued and fully paid-up.
- (e) On 29 June 2012, the Company announced that its wholly-owned subsidiary, FM Global Logistics (M) Sdn. Bhd. ("FMGLM") had incorporated a wholly-owned subsidiary, FM Contract Logistics Sdn. Bhd. ("FMCL") in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 ordinary share of RM1.00 each of which 2 share has been issued and fully paid-up.

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

24 October 2012

Ong Looi Chai

Director

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 43 to 139 have been drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2012 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Chew Chong Keat
Director

Ong Looi Chai
Director

Port Klang
24 October 2012

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 139 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)
24 October 2012)

Chew Chong Keat

Before me:

Independent Auditors' Report

to the member of Freight Management Holdings Bhd

Report on the Financial Statements

We have audited the financial statements of Freight Management Holdings Bhd, which comprise the statements of financial position as at 30 June 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 138.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2012 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

Independent Auditors' Report

to the member of Freight Management Holdings Bhd (cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, 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 8 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 purposes 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 Reporting Responsibilities

The supplementary information set out in Note 40 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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 in Malaysia 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
24 October 2012

Law Kian Huat

2855/06/14 (J)
Chartered Accountant

Statements of Financial Position

as at 30 June 2012

		Group		Company	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	113,497	105,795	-	-
Interests in subsidiaries	8	-	-	63,387	51,687
Investment in an associate	10	200	190	-	-
Other investment	11	3	3	-	-
Deferred tax assets	22	-	4	-	-
Goodwill on consolidation	12	1,674	1,674	-	-
		115,374	107,666	63,387	51,687
Current assets					
Trade receivables	13	62,535	56,028	-	-
Other receivables, deposits and prepayments	14	7,112	8,749	37	30
Amounts owing by subsidiaries	15	-	-	16,094	36,832
Amount owing by an associate	16	8	-	-	-
Current tax assets		630	1,346	253	955
Cash and cash equivalents	17	36,800	27,173	16,793	9,091
		107,085	93,296	33,177	46,908
TOTAL ASSETS		222,459	200,962	96,564	98,595

Statements of Financial Position

as at 30 June 2012 (cont'd)

		Group		Company	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	81,143	60,857	81,143	60,857
Reserves	19	46,405	50,297	7,473	33,630
		127,548	111,154	88,616	94,487
Non-controlling interests		10,514	9,320	-	-
TOTAL EQUITY		138,062	120,474	88,616	94,487
LIABILITIES					
Non-current liabilities					
Hire purchase and lease creditors	20	1,680	3,907	-	-
Term loans	21	23,863	18,399	-	-
Deferred tax liabilities	22	7,148	5,628	-	-
		32,691	27,934	-	-
Current liabilities					
Trade payables	23	26,181	23,524	-	-
Other payables and accruals	24	9,791	9,859	447	430
Amounts owing to subsidiaries	15	-	-	5,067	1,396
Amount owing to an associate	16	-	12	-	-
Hire purchase and lease creditors	20	2,772	3,260	-	-
Term loans	21	6,199	6,658	-	-
Bank overdrafts - secured	25	2,802	3,001	-	-
Short term bank loan - secured	26	-	2,500	-	-
Dividend payable		2,434	2,282	2,434	2,282
Current tax liabilities		1,527	1,458	-	-
		51,706	52,554	7,948	4,108
TOTAL LIABILITIES		84,397	80,488	7,948	4,108
TOTAL EQUITY AND LIABILITIES		222,459	200,962	96,564	98,595

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

Statements of Comprehensive Income

for the financial year ended 30 June 2012

		Group		Company	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	27	327,101	295,488	3,701	37,148
Cost of services		(242,496)	(224,930)	-	-
Gross profit		84,605	70,558	3,701	37,148
Other income		2,066	4,050	80	223
Administrative expenses		(56,974)	(48,697)	(4,483)	(3,737)
Finance costs		(1,677)	(1,919)	-	-
Share of profit in an associate		10	10	-	-
Profit/(Loss) before tax	28	28,030	24,002	(702)	33,634
Tax expense	29	(6,076)	(4,241)	(453)	(2,265)
Profit/(Loss) for the financial year		21,954	19,761	(1,155)	31,369
Other comprehensive income:					
Foreign currency translations		350	1,070	-	-
Total comprehensive income/(loss)		22,304	20,831	(1,155)	31,369
Profit/(Loss) attributable to:					
Owners of the parent		20,872	19,712	(1,155)	31,369
Non-controlling interests		1,082	49	-	-
		21,954	19,761	(1,155)	31,369
Total comprehensive income/(loss) attributable to:					
Owners of the parent		21,110	20,395	(1,155)	31,369
Non-controlling interests		1,194	436	-	-
		22,304	20,831	(1,155)	31,369
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic earnings per ordinary share	31	12.86	12.15		

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

Statements of Changes in Equity

for the financial year ended 30 June 2012

GROUP	Share capital RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 30 June 2010	60,857	64	34,402	95,323	8,890	104,213
Profit for the financial year	-	-	19,712	19,712	49	19,761
Foreign currency translations	-	683	-	683	387	1,070
Total comprehensive income	-	683	19,712	20,395	436	20,831
Transactions with owners:						
Dividends paid (Note 30)	-	-	(4,564)	(4,564)	-	(4,564)
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	(56)	(56)
Ordinary shares contributed by non-controlling interests of a subsidiary	-	-	-	-	50	50
Total transactions with owners	-	-	(4,564)	(4,564)	(6)	(4,570)
Balance as at 30 June 2011	60,857	747	49,550	111,154	9,320	120,474

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

Statements of Changes in Equity

for the financial year ended 30 June 2012 (cont'd)

GROUP	Share capital RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 30 June 2011	60,857	747	49,550	111,154	9,320	120,474
Profit for the financial year	-	-	20,872	20,872	1,082	21,954
Foreign currency translations	-	238	-	238	112	350
Total comprehensive income	-	238	20,872	21,110	1,194	22,304
Transactions with owners:						
Dividends paid (Note 30)	-	-	(4,716)	(4,716)	-	(4,716)
Ordinary shares issued pursuant to bonus issue (Note 18)	20,286	-	(20,286)	-	-	-
Total transactions with owners	20,286	-	(25,002)	(4,716)	-	(4,716)
Balance as at 30 June 2012	81,143	985	45,420	127,548	10,514	138,062

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

Statements of Changes in Equity

for the financial year ended 30 June 2012 (cont'd)

COMPANY	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 30 June 2010	60,857	6,825	67,682
Profit for the financial year	-	31,369	31,369
Total comprehensive income	-	31,369	31,369
Transaction with owners:			
Dividends paid (Note 30)	-	(4,564)	(4,564)
Balance as at 30 June 2011	60,857	33,630	94,487
Loss for the financial year	-	(1,155)	(1,155)
Total comprehensive loss	-	(1,155)	(1,155)
Transactions with owners:			
Dividends paid (Note 30)	-	(4,716)	(4,716)
Ordinary shares issued pursuant to bonus issue (Note 18)	20,286	(20,286)	-
Total transactions with owners	20,286	(25,002)	(4,716)
Balance as at 30 June 2012	81,143	7,473	88,616

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

Statements of Cash Flows

for the financial year ended 30 June 2012

		Group		Company	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		28,030	24,002	(702)	33,634
Adjustments for:					
Bad debts recovered		(30)	(15)	-	-
Bad debts written off		27	103	-	-
Depreciation of property, plant and equipment	7	8,662	7,708	-	-
Dividend income		-	-	(1,191)	(34,638)
Gain on disposal of property, plant and equipment		(126)	(2,046)	-	-
Impairment losses on:					
- goodwill on consolidation	12	-	179	-	-
- trade receivables	13	521	803	-	-
- interest in a subsidiary	8	-	-	350	-
Interest expense		1,677	1,919	-	-
Interest income		(225)	(339)	(80)	(223)
Property, plant and equipment written off	7	15	10	-	-
Reversal of impairment loss on trade receivables	13	(423)	(919)	-	-
Share of profit in an associate		(10)	(10)	-	-
Unrealised (gain)/loss on foreign currency transactions		(25)	41	-	-
Operating profit/(loss) before working capital changes		38,093	31,436	(1,623)	(1,227)
Increase in trade receivables		(6,496)	(6,260)	-	-
Decrease/(Increase) in other receivables, deposits and prepayments		1,753	(4,713)	(7)	198
Increase in trade payables		2,531	5,807	-	-
(Decrease)/Increase in other payables and accruals		(104)	(362)	17	20
(Increase)/Decrease in amount owing by an associate		(20)	140	-	-
Cash generated from/(used in) operations		35,757	26,048	(1,613)	(1,009)
Interest paid		(165)	(99)	-	-
Tax paid		(4,318)	(3,484)	(296)	-
Tax refunded		545	-	545	-
Net cash from/(used in) operating activities		31,819	22,465	(1,364)	(1,009)

Statements of Cash Flows

for the financial year ended 30 June 2012 (cont'd)

		Group		Company	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of:					
- additional interests in subsidiaries		-	-	(50)	(968)
- subsidiary for cash, net of cash and cash equivalents	9	-	(219)	-	(250)
Repayments from/(Advances to) subsidiaries		-	-	8,738	(19,237)
Dividend received		-	-	1,191	31,672
Return of capital from a subsidiary		-	-	-	1,370
Interest received		225	339	80	223
Placements of fixed deposits pledged to licensed banks		(108)	(93)	-	-
Proceeds from disposals of property, plant and equipment		174	7,971	-	-
Purchase of property, plant and equipment	7	(15,441)	(21,300)	-	-
Advances from/(Repayments to) subsidiaries		-	-	3,671	(3,639)
Net cash (used in)/from investing activities		(15,150)	(13,302)	13,630	9,171
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(4,564)	(4,564)	(4,564)	(4,564)
Dividend paid to non-controlling interests of a subsidiary		-	(56)	-	-
(Repayments)/Drawdown of revolving credit		(2,500)	2,500	-	-
Net drawdown of term loans		4,927	3,788	-	-
Net repayments of hire purchase and lease creditors		(3,302)	(3,657)	-	-
Ordinary share capital contributed by non-controlling interests of a subsidiary		-	50	-	-
Interest paid		(1,512)	(1,820)	-	-
Net cash used in financing activities		(6,951)	(3,759)	(4,564)	(4,564)
Net increase in cash and cash equivalents		9,718	5,404	7,702	3,598
Cash and cash equivalents at beginning of financial year		20,699	15,295	9,091	5,493
Cash and cash equivalents at end of financial year	17	30,417	20,699	16,793	9,091

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

Notes to the Financial Statements

30 June 2012

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, Lebuhraya 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 24 October 2012.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 8 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') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 40 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

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

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities over which the Company has the power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, so as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at either fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Group has applied the revised FRS 3 *Business Combinations* in accounting for business combinations from 1 July 2011 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation (cont'd)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate.

4.3 Business combinations

Business combinations from 1 July 2011 onwards

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;
- (b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and
- (c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Business combinations (cont'd)

Business combinations from 1 July 2011 onwards (continued)

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profits or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.7 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 July 2011

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values 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 values 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 4.7 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 that reassessment.

When 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.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 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 a 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.

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 the end of each reporting period, 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 4.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period 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.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of 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.

The minimum lease payments are apportioned between 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 and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interest in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.6 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.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Investments (cont'd)

(a) Subsidiaries (cont'd)

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

Equity loan

Equity loan represents non-trade loan granted by the Company to a subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future and is intended to provide the subsidiary with a long-term source of additional capital. It is, in substance, an addition to the Company's investment in the subsidiary and accordingly, is accounted for under FRS 127 as part of the investment in the subsidiary and measured at cost.

(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 accumulated impairment losses.

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 statement of financial position 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.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Investments (cont'd)

(b) Associate (cont'd)

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.

When the Group's share of losses in the associate equals to or exceeds its interest in the associate, the carrying amount 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. When the end of the reporting periods 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 end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

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

4.7 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and associate), and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

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.

Goodwill acquired in a business combination shall 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 profit or loss when the carrying amount of the asset or the CGU, including the goodwill, 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.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment of non-financial assets (cont'd)

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 assets' 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.

4.9 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.

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.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments (cont'd)

(a) Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are impaired, and through the amortisation process.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, 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.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

(i) Financial liabilities at fair value through profit or loss (cont'd)

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities 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.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

At the end of every reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are classified as 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.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

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.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to 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 costs 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 is recognised in profit or loss in the period in which they are incurred.

4.12 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 foreign subsidiaries on distributions to the Group and Company.

Taxes in the statements of comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group).

(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 statements of financial position 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 the end of each reporting period. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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 on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 reporting period.

4.13 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past events, and 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 a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period 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.

4.14 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.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Contingent liabilities and contingent assets (cont'd)

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 a contingent asset but disclose its existence where the 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 non-controlling interest.

4.15 Employee benefits

4.15.1 Short term employee benefits

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

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

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

4.15.2 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 contributions already paid and as an expense in the period in which the employees render their services.

4.16 Foreign currencies

4.16.1 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 the Company's functional and presentation currency.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Foreign currencies (cont'd)

4.16.2 Foreign currency translations 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 end of the reporting period are translated into functional currency at rates of exchange ruling at that date. 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 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.

4.16.3 Foreign operations

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

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 end of the reporting period.

4.17 Revenue recognition

Revenue is measured at the fair value of the net consideration received or receivable net of discounts and rebates.

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 and on accrual basis.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Revenue recognition (cont'd)

(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.

4.18 Operating segments

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 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.

Notes to the Financial Statements

30 June 2012 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 Operating segments (cont'd)

- (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) percent 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.

4.19 Earnings per share

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

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

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 New FRSs adopted during the current financial year

Title	Effective Date
Amendments to FRS 1 <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1 January 2011
Amendments to FRS 1 <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011
Amendments to FRS 7 <i>Improving Disclosures about Financial Instruments</i>	1 January 2011
IC Interpretation 4 <i>Determining Whether an Arrangement Contains a Lease</i>	1 January 2011
Amendments to IC Interpretation 14 <i>FRS 119 – Prepayments of a Minimum Funding Requirement</i>	1 July 2011

Notes to the Financial Statements

30 June 2012 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs adopted during the current financial year (cont'd)

Title	Effective Date
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2011
IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2011
Improvements to FRSs (2010)	1 January 2011

There is no impact upon adoption of the above new FRSs and Amendments to FRSs during the current financial year.

5.2 New Malaysian Financial Reporting Standards ('MFRSs') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') announced the issuance of the new MFRS framework that is applicable to entities other than private entities.

The Group is expected to apply the MFRS framework for the financial year ending 30 June 2013.

This would result in the Group preparing an opening MFRS statement of financial position as at 1 July 2011 which adjusts for differences between the classification and measurement bases in the existing FRS framework versus that in the new MFRS framework. This would also result in a restatement of the annual and quarterly financial performance for the financial year ending 30 June 2012 in accordance with MFRS which would form the MFRS comparatives for the annual and quarterly financial performance for the financial year ending 30 June 2013 respectively.

The MFRSs and IC Interpretations expected to be adopted are as follows:

	Effective Date
MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2012
MFRS 2 <i>Share-based Payment</i>	1 January 2012
MFRS 3 <i>Business Combinations</i>	1 January 2012
MFRS 4 <i>Insurance Contracts</i>	1 January 2012
MFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2012
MFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2012
MFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2012
MFRS 8 <i>Operating Segments</i>	1 January 2012
MFRS 9 <i>Financial Instruments</i>	1 January 2015
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11 <i>Joint Arrangements</i>	1 January 2013
MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13 <i>Fair Value Measurement</i>	1 January 2013

Notes to the Financial Statements

30 June 2012 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.2 New Malaysian Financial Reporting Standards ('MFRSs') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (cont'd)

The MFRSs and IC Interpretations expected to be adopted are as follows: (cont'd)

	Effective Date
MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2012
Amendments to MFRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
MFRS 102 <i>Inventories</i>	1 January 2012
MFRS 107 <i>Statement of Cash Flows</i>	1 January 2012
MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2012
MFRS 110 <i>Events After the Reporting Period</i>	1 January 2012
MFRS 111 <i>Construction Contracts</i>	1 January 2012
MFRS 112 <i>Income Taxes</i>	1 January 2012
MFRS 116 <i>Property, Plant and Equipment</i>	1 January 2012
MFRS 117 <i>Leases</i>	1 January 2012
MFRS 118 <i>Revenue</i>	1 January 2012
MFRS 119 <i>Employee Benefits</i>	1 January 2012
MFRS 119 <i>Employee Benefits (revised)</i>	1 January 2013
MFRS 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 January 2012
MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>	1 January 2012
MFRS 123 <i>Borrowing Costs</i>	1 January 2012
MFRS 124 <i>Related Party Disclosures</i>	1 January 2012
MFRS 126 <i>Accounting and Reporting by Retirement Benefit Plans</i>	1 January 2012
MFRS 127 <i>Consolidated and Separate Financial Statements</i>	1 January 2012
MFRS 127 <i>Separate Financial Statements</i>	1 January 2013
MFRS 128 <i>Investments in Associates</i>	1 January 2012
MFRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2013
MFRS 129 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2012
MFRS 131 <i>Interests in Joint Ventures</i>	1 January 2012
MFRS 132 <i>Financial Instruments: Presentation</i>	1 January 2012
MFRS 133 <i>Earnings Per Share</i>	1 January 2012
MFRS 134 <i>Interim Financial Reporting</i>	1 January 2012
MFRS 136 <i>Impairment of Assets</i>	1 January 2012
MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2012
MFRS 138 <i>Intangible Assets</i>	1 January 2012
MFRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2012
MFRS 140 <i>Investment Property</i>	1 January 2012
MFRS 141 <i>Agriculture</i>	1 January 2012
Improvements to MFRSs (2008)	1 January 2012
Improvements to MFRSs (2009)	1 January 2012
Improvements to MFRSs (2010)	1 January 2012
Amendments to MFRS 1 <i>Government Loans</i>	1 January 2013
Amendments to MFRS 7 <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013

Notes to the Financial Statements

30 June 2012 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.2 New Malaysian Financial Reporting Standards ('MFRSs') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (cont'd)

The MFRSs and IC Interpretations expected to be adopted are as follows: (cont'd)

	Effective Date
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRSs <i>Annual Improvements 2009 – 2011 Cycle</i>	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
MFRS 3 <i>Business Combinations</i> (as issued by the International Accounting Standards Board ('IASB') in March 2004)	1 January 2013
MFRS 127 <i>Consolidated and Separate Financial Statements</i> (as issued by the IASB in December 2003)	1 January 2013
IC Interpretation 1 <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 January 2012
IC Interpretation 2 <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 January 2012
IC Interpretation 4 <i>Determining Whether an Arrangement Contains a Lease</i>	1 January 2012
IC Interpretation 5 <i>Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 January 2012
IC Interpretation 6 <i>Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment</i>	1 January 2012
IC Interpretation 7 <i>Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies</i>	1 January 2012
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2012
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1 January 2012
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 January 2012
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	1 January 2012
IC Interpretation 14 <i>MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 January 2012
IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	1 January 2012
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 January 2012
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 January 2012

Notes to the Financial Statements

30 June 2012 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.2 New Malaysian Financial Reporting Standards ('MFRSs') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (cont'd)

The MFRSs and IC Interpretations expected to be adopted are as follows: (cont'd)

	Effective Date
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2012
IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2012
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
IC Interpretation 107 <i>Introduction of the Euro</i>	1 January 2012
IC Interpretation 110 <i>Government Assistance – No Specific Relation to Operating Activities</i>	1 January 2012
IC Interpretation 112 <i>Consolidation – Special Purpose Entities</i>	1 January 2012
IC Interpretation 113 <i>Jointly Controlled Entities – Non-Monetary Contributions by Venturers</i>	1 January 2012
IC Interpretation 115 <i>Operating Leases – Incentives</i>	1 January 2012
IC Interpretation 125 <i>Income Taxes – Changes in the Tax Status of an Entity or its Shareholders</i>	1 January 2012
IC Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	1 January 2012
IC Interpretation 129 <i>Service Concession Arrangements: Disclosures</i>	1 January 2012
IC Interpretation 131 <i>Revenue – Barter Transactions Involving Advertising Services</i>	1 January 2012
IC Interpretation 132 <i>Intangible Assets – Web Site Costs</i>	1 January 2012

The Group is in the process of assessing the impact of implementing the MFRS framework since the effects would only be observable for the financial year ending 30 June 2013.

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 and 1 January 2013

- (a) Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income* are mandatory for annual periods beginning on or after 1 July 2012.

These Amendments require the Group to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments) or otherwise. It does not change the option to present items of other comprehensive income either before tax or net of tax. However, if the items are presented before tax, then the tax related to each of the two groups of other comprehensive income items shall be shown separately.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 30 June 2014.

Notes to the Financial Statements

30 June 2012 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 and 1 January 2013 (cont'd)

- (b) MFRS 10 *Consolidated Financial Statements* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The investor is required to reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 30 June 2014.

- (c) Amendments to MFRS 1 *Government Loans* are mandatory for annual periods beginning on or after 1 January 2013.

These Amendments add an exception to the retrospective application of MFRSs. First-time adopters are required to apply MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* prospectively to government loans at a below-market rate of interest existing at the date of transition to MFRSs. As a result, the corresponding use its previous carrying amount of the loan is not recognised as a government grant and first-time adopters shall use its previous carrying amount of the loan at the date of transition to MFRSs as the carrying amount of the loan in the opening MFRS statement of financial position. Following the adoption of these amendments, the Group use its previous carrying amount of the loan as the carrying amount of the loan in the opening MFRS statement of financial position.

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

- (d) MFRS 11 *Joint Arrangements* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements are classified into two types; joint operations and joint ventures. A joint operation is a joint arrangement whereby joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangements. A joint operator recognises and measures the assets and liabilities in relation to its interest in the arrangement in accordance with applicable relevant MFRS whereas a joint venture recognises the investment using the equity method of accounting.

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

Notes to the Financial Statements

30 June 2012 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 and 1 January 2013 (cont'd)

- (e) MFRS 12 *Disclosure of Interests in Other Entities* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard establishes disclosure objectives and requirements that enable users of financial statements to evaluate the nature of, and risks associated with, the Group's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. If the minimum disclosures required in this Standard are not sufficient to meet the disclosure objectives, the Group is expected to disclose whatever additional information that is necessary to meet that objective.

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

- (f) MFRS 13 *Fair Value Measurements* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard applies to FRS that requires or permits fair value measurements or disclosures about fair value measurements. It explains how to measure fair value for financial reporting and does not require fair value measurements in addition to those already required or permitted by other MFRS. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The definition of fair value is a market-based measurement and not an entity-specific measurement whereby assumptions made by market participants would be used when pricing the asset or liability under current market conditions. Consequently, the Group's intention to hold an asset or to settle or fulfil a liability is not relevant when measuring fair value.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 30 June 2014.

- (g) MFRS 127 *Separate Financial Statements (revised)* is mandatory effective for annual periods beginning on or after 1 January 2013.

This revised Standard contains accounting requirements for investments in subsidiaries, joint ventures and associates when separate financial statements are prepared. The Company is required to account for those investments either at cost or in accordance with MFRS 9 in the separate financial statements.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 30 June 2014.

Notes to the Financial Statements

30 June 2012 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 and 1 January 2013 (cont'd)

- (h) MFRS 128 *Investments in Associates and Joint Ventures (revised)* is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard defines the equity method of accounting whereby the investment in an associate or joint venture is initially measured at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes its share of the profit or loss of the investee and the other comprehensive income of the investor includes its share of other comprehensive income of the investee.

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

- (i) MFRS 119 *Employee Benefits (revised)* is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard requires the Group to recognise all changes in the defined benefit obligations and in the fair value of related plan assets when those changes occur. The Group is also required to split the changes in the net defined benefit liability or asset into the following three components: service cost (presented in profit or loss), net interest on the net defined benefit liability (presented in profit or loss) and remeasurement of the net defined benefit liability (presented in other comprehensive income and not recycled through profit or loss).

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

- (j) IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* is mandatory for annual periods beginning on or after 1 January 2013.

This Interpretation clarifies that removed material that can be used to build up inventory is accounted for in accordance with the principles of MFRS 102 *Inventories*. The other removed material, that provides access to deeper levels of material that will be mined in future periods, is recognised as a non-current asset (referred to as a 'stripping activity asset') if recognition criteria are met. This Interpretation requires stripping activity assets to be measured at cost at initial recognition. Consequently, they are carried either at cost or revalued amount less depreciation or amortisation and any impairment losses.

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

Notes to the Financial Statements

30 June 2012 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 and 1 January 2013 (cont'd)

- (k) Amendments to MFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* are mandatory for annual periods beginning on or after 1 January 2013.

These Amendments require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 30 June 2014.

- (l) Annual Improvements 2009 – 2011 Cycle are mandatory for annual periods beginning on or after 1 January 2013.

Amendments to MFRS 1 *Repeated Application of MFRS 1* clarify that an entity that had applied MFRSs or IFRSs in the past but did not do so in its most recent previous annual financial statements must either apply MFRS 1 or MFRS 108 *Accounting Policies, Changes in Estimates and Errors* in the period that the entity decides to reapply the FRS framework. The Group does not expect any impact on the financial statements upon adoption of these Amendments.

Amendments to MFRS 1 *Borrowing Costs* clarify that a first-time adopter that capitalised borrowing costs in accordance with its previous GAAP before the date of transition to MFRSs shall carry forward without adjustment the amount previously capitalised at the date of transition. Any borrowing costs incurred after the date of transition that relate to qualifying assets under construction at the date of transition would be accounted for in accordance with MFRS 123 *Borrowing Costs*. The Group does not expect any impact on the financial statements upon adoption of these Amendments.

Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* clarify that an entity is required to present a third statement of financial position only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. Nevertheless, an entity may present comparative information in addition to the minimum comparative financial statements as long as that information is prepared in accordance with MFRSs. The Group does not expect any impact on the financial statements upon adoption of these Amendments.

Amendments to MFRS 116 *Classification of Servicing Equipment* clarify that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. The Group does not expect any impact on the financial statements upon adoption of these Amendments.

Notes to the Financial Statements

30 June 2012 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 and 1 January 2013 (cont'd)

- (l) Annual Improvements 2009 – 2011 Cycle are mandatory for annual periods beginning on or after 1 January 2013. (cont'd)

Amendments to MFRS 132 *Tax Effect of Distribution to Holders of Equity Instruments* clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with MFRS 112 *Income Taxes*. The Group does not expect any impact on the financial statements upon adoption of these Amendments.

Amendments to MFRS 134 *Interim Financial Reporting and Segment Information for Total Assets and Liabilities* clarify that an entity shall disclose the total assets and liabilities for a particular reportable segment only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment to be consistent with the requirements in MFRS 8 *Operating Segments*. The Group does not expect any impact on the financial statements upon adoption of these Amendments.

- (m) Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* are mandatory for annual periods beginning on or after 1 January 2014.

The Amendments clarify that the 'date of initial application' in MFRS 10 means 'the beginning of the annual reporting period in which MFRS 10 is applied for the first time'. Consequently, an entity is not required to adjust its previous accounting if:

- (a) The consolidated conclusion reached upon the application of MFRS 10 is the same as previous accounting; or
- (b) The entity had disposed of its interests in investees during a comparative period.

If an entity has to consolidate an investee that was not previously consolidated when applying MFRS 10 or concludes that it will no longer consolidate an investee that was previously consolidated, the amendments limit the requirement to present adjusted comparative information to the period immediately preceding the date of initial application. However, the entity is not prohibited from presenting adjusted comparative information for earlier periods.

A similar relief is also provided in MFRS 11 and MFRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structured entities in periods prior to the first annual period that MFRS 12 is applied.

Notes to the Financial Statements

30 June 2012 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 and 1 January 2013 (cont'd)

- (m) Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* are mandatory for annual periods beginning on or after 1 January 2014. (cont'd)

If, upon applying MFRS 10, an entity concludes that it shall consolidate an investee that was not previously consolidated and that control was obtained before the effective date of MFRS 3 *Business Combinations* and FRS 127 *Consolidated and Separate Financial Statements* issued by the Board in November 2011, the Amendments clarify that the entity can apply the earlier versions of MFRS 3 and MFRS 127, as issued by the International Accounting Standards Board in 2004.

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

- (n) Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities* are mandatory for annual periods beginning on or after 1 January 2014.

These Amendments provide the application guidance for criteria to offset financial assets and financial liabilities.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 30 June 2015.

- (o) MFRS 9 *Financial Instruments* is mandatory for annual periods beginning on or after 1 January 2015.

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Financial assets are subsequently measured at amortised cost or fair value. Financial liabilities are subsequently measured at amortised cost or fair value. However, changes due to own credit risk in relation to the fair value option for financial liabilities shall be recognised in other comprehensive income.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 30 June 2016.

- (p) *Mandatory Effective Date of MFRS 9 and Transition Disclosures* is effective immediately upon adoption of FRS 9.

This Amendment modifies the effective date of MFRS 9 from 1 January 2013 to 1 January 2015. Transitional provisions in MFRS 9 were also amended to provide certain relief from retrospective adjustments.

The Group is in the process of assessing the impact of implementing this Amendment since the effects would only be observable for the financial year ending 30 June 2016.

Notes to the Financial Statements

30 June 2012 (cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no changes in estimates as at the end of the reporting period.

6.2 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) 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.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial 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. The assumptions used are disclosed in Note 12 to the financial statements.

(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 profits 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.

Notes to the Financial Statements

30 June 2012 (cont'd)

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

6.3 Key sources of estimation uncertainty (cont'd)

(d) Impairment of receivables

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

(f) Income taxes

Significant judgement is required in determining the capital allowances, deductibility of certain expenses and taxability of certain income during the estimation of the provision for income taxes. There are transactions during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(g) Impairment of investments in subsidiaries

The management reviews the material investments in subsidiaries for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries are assessed by reference to the higher of its fair value less cost to sell and its value in use of the respective subsidiaries.

Estimating a value in use requires management to make an estimate of the expected future cash flows to be derived from continuing use of the asset and from its ultimate disposal, expectations about possible variations in the amount, timing of those cash flows, the time value of money, price for inherent uncertainty risk and other relevant factors.

As at 30 June 2012, the management assessed that the recoverable amount of investment in a subsidiary, based on fair value less cost to sell, exceeded its carrying amount and thus, an impairment loss of RM350,000 is recognised in profit or loss as disclosed in Note 8 to the financial statements.

Notes to the Financial Statements

30 June 2012 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2011 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the year RM'000	Translations adjustments RM'000	Balance as at 30.6.2012 RM'000
Carrying amount							
Freehold land	236	-	-	-	-	-	236
Long-term leasehold land	17,642	2,170	-	-	(208)	-	19,604
Buildings	31,953	5,087	-	-	(681)	-	36,359
Machinery, furniture and fittings	4,242	1,221	-	-	(661)	-	4,802
Office equipment	3,737	1,568	(3)	(15)	(1,274)	(3)	4,010
Renovations	238	1	-	-	(60)	(1)	178
Motor vehicles	6,852	1,435	(39)	-	(1,318)	(8)	6,922
Forklifts	1,741	1,598	-	-	(725)	-	2,614
Storage containers	591	178	(6)	-	(131)	-	632
Tug boats and barges	23,578	5	-	-	(1,474)	410	22,519
Prime movers and trailers	14,985	2,766	-	-	(2,130)	-	15,621
	105,795	16,029	(48)	(15)	(8,662)	398	113,497

Notes to the Financial Statements

30 June 2012 (cont'd)

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

Group	<-----At 30.6.2012----->		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	236	-	236
Long-term leasehold land	20,586	(982)	19,604
Buildings	39,502	(3,143)	36,359
Machinery, furniture and fittings	7,228	(2,426)	4,802
Office equipment	10,537	(6,527)	4,010
Renovations	460	(282)	178
Motor vehicles	11,867	(4,945)	6,922
Forklifts	4,381	(1,767)	2,614
Storage containers	1,798	(1,166)	632
Tug boats and barges	31,246	(8,727)	22,519
Prime movers and trailers	22,034	(6,413)	15,621
	149,875	(36,378)	113,497

Notes to the Financial Statements

30 June 2012 (cont'd)

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

Group	Balance as at 1.7.2010 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the year RM'000	Translations adjustments RM'000	Acquisition of a subsidiary (Note 9) RM'000	Balance as at 30.6.2011 RM'000
Carrying amount								
Freehold land	236	-	-	-	-	-	-	236
Long-term leasehold land	11,036	6,752	-	-	(146)	-	-	17,642
Buildings	24,263	8,262	-	-	(572)	-	-	31,953
Machinery, furniture and fittings	2,535	2,129	(1)	-	(427)	6	-	4,242
Office equipment	3,277	1,612	-	(10)	(1,149)	3	4	3,737
Renovations	280	22	-	-	(64)	-	-	238
Motor vehicles	5,186	3,054	(186)	-	(1,222)	20	-	6,852
Forklifts	2,170	118	-	-	(547)	-	-	1,741
Storage containers	697	67	(40)	-	(133)	-	-	591
Tug boats and barges	24,591	-	(773)	-	(1,564)	1,324	-	23,578
Prime movers and trailers	16,355	514	-	-	(1,884)	-	-	14,985
	90,626	22,530	(1,000)	(10)	(7,708)	1,353	4	105,795

Notes to the Financial Statements

30 June 2012 (cont'd)

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

Group	At 30.6.2011		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	236	-	236
Long-term leasehold land	18,416	(774)	17,642
Buildings	34,415	(2,462)	31,953
Machinery, furniture and fittings	6,057	(1,815)	4,242
Office equipment	9,194	(5,457)	3,737
Renovations	528	(290)	238
Motor vehicles	10,876	(4,024)	6,852
Forklifts	2,783	(1,042)	1,741
Storage containers	1,689	(1,098)	591
Tug boats and barges	30,675	(7,097)	23,578
Prime movers and trailers	19,268	(4,283)	14,985
	134,137	(28,342)	105,795

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

	Group	
	2012 RM'000	2011 RM'000
Purchase of property, plant and equipment	16,029	22,530
Financed by hire purchase and lease arrangements	(588)	(1,230)
Cash payments on purchase of property, plant and equipment	15,441	21,300

- (b) As at 30 June 2012, the net carrying amount of the Group's property, plant and equipment under hire purchase and lease arrangements are as follows:

	Group	
	2012 RM'000	2011 RM'000
Motor vehicles	2,500	3,052
Forklifts	-	324
Prime movers and trailers	6,786	7,905
	9,286	11,281

Details of the terms of the hire purchase and lease arrangements are disclosed in Notes 20 and 37 to the financial statements respectively.

Notes to the Financial Statements

30 June 2012 (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 Notes 21 and 25 to the financial statements are as follows:

	Group	
	2012	2011
	RM'000	RM'000
Carrying amount		
Freehold land	236	236
Long-term leasehold land	10,772	10,904
Buildings	30,212	23,289
Barges	6,261	11,814
	<u>47,481</u>	<u>46,243</u>

8. INTERESTS IN SUBSIDIARIES

	Company	
	2012	2011
	RM'000	RM'000
Unquoted equity shares, at cost	37,576	37,526
Equity loan to a subsidiary	<u>26,161</u>	<u>14,161</u>
	63,737	51,687
Less: Impairment loss	<u>(350)</u>	<u>-</u>
	<u>63,387</u>	<u>51,687</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
		2012	2011	
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

Notes to the Financial Statements

30 June 2012 (cont'd)

8. INTERESTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows: (cont'd)

Name of company	Country of incorporation	Interest in equity held by Company		Principal activities
		2012	2011	
FM Worldwide Logistics (Penang) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
FM Global Logistics (Ipoh) Sdn. Bhd. <i>(formerly known as Freight Management (Ipoh) Sdn. Bhd.)</i>	Malaysia	100%	100%	Provision of freight services
FM Global Logistics (M) Sdn. Bhd. <i>(formerly known as Freight Management (M) Sdn. Bhd.)</i>	Malaysia	100%	100%	Provision of freight services
FM Global Logistics (Melaka) Sdn. Bhd. <i>(formerly known as Freight Management (Melaka) Sdn. Bhd.)</i>	Malaysia	100%	100%	Provision of freight services
FM Global Logistics (Penang) Sdn. Bhd. <i>(formerly known as Freight Management (Penang) Sdn. Bhd.)</i>	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
Symphony Express Sdn. Bhd.	Malaysia	80%	80%	Provision of freight services
Exterian Enterprise Sdn. Bhd.	Malaysia	100%	100%	Provision of parcel services
#TCH Marine Pte. Ltd.	Singapore	51%	51%	Charterers of barges and tugboats
#FM Global Logistics (S'pore) Pte. Ltd. <i>(formerly known as FM Marine Pte. Ltd.)</i>	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

Notes to the Financial Statements

30 June 2012 (cont'd)

8. INTERESTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows: (cont'd)

Name of company	Country of incorporation	Interest in equity held by Company		Principal activities
		2012	2011	
Subsidiaries of Icon Line (Malaysia) Sdn. Bhd.				
+^PT. FM Global Logistics (formerly known as PT Icon Freight Indonesia)	Indonesia	49%	49%	Provision of freight services
+FM Global Logistics Pty. Ltd. (formerly known as Icon Freight Services Pty. Ltd.)	Australia	75%	55%	Provision of integrated freight and logistic services
*^FM Global Logistics Co., Ltd. (formerly known as Icon Freight Services Co., Ltd.)	Thailand	49%	49%	Provision of freight services
*FM Global Logistics Company Limited (formerly known as Icon Freight Services Co., Ltd.)	Vietnam	51%	51%	Provision of freight services
Subsidiary of Citra Multimodal Services Sdn. Bhd.				
Dependable Global Express Malaysia Sdn. Bhd.	Malaysia	100%	-	Provision of freight services
Subsidiary of FM Global Logistics (M) Sdn. Bhd. (formerly known as Freight Management (M) Sdn. Bhd.)				
FM Contract Logistics Sdn. Bhd.	Malaysia	100%	-	Provision of freight services

^ The financial statements of PTFM and FMGLT were consolidated as subsidiaries as the Group has power to govern the financial and operating policies of these companies.

+ Subsidiaries are consolidated based on unaudited management financial statements for the financial year ended 30 June 2012. 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 Firms.

Subsidiaries not audited by BDO Member Firms.

Notes to the Financial Statements

30 June 2012 (cont'd)

8. INTERESTS IN SUBSIDIARIES (CONT'D)

During the current financial year, the Company recognised an impairment loss of RM350,000 in respect of an investment in a subsidiary due to the recoverable amount is less than its carrying amount.

Financial year ended 30 June 2012

- (a) On 20 December 2011, the Company announced that its wholly-owned subsidiary, Icon Line (Malaysia) Sdn. Bhd. ("ILSB") has subscribed for additional 120,000 ordinary shares of Australian Dollar 1.00 each at par for a total cash consideration of Australian Dollar 120,000 in FM Global Logistics Pty. Ltd., Australia ("FMGLA") pursuant to a rights issue exercise carried out by FMGLA. Upon completion of the rights issue allotment, ILSB's investment in FMGLA has been increased from 55% to 75%.
- (b) On 13 March 2012, the Company announced that its wholly-owned subsidiary, Citra Multimodal Services Sdn. Bhd. ("CMS") had incorporated a wholly-owned subsidiary, Dependable Global Express Malaysia Sdn. Bhd. ("DGEXM") in Malaysia, with an authorised share capital of RM100,000 ordinary share of RM1.00 each of which 100 share has been issued and fully paid up.
- (c) On 29 June 2012, the Company announced that its wholly-owned subsidiary, FM Global Logistics (M) Sdn. Bhd. ("FMGLM") had incorporated a wholly-owned subsidiary, FM Contract Logistics Sdn. Bhd. ("FMCL") in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 ordinary share of RM1.00 each of which 2 share has been issued and paid up.

Financial year ended 30 June 2011

- (d) In the previous financial year, the Company announced that its wholly-owned subsidiary, Icon Line (Malaysia) Sdn. Bhd. ("ILSB") had made a capital contribution of VND255,000,000 in cash to the capital of Icon Freight Services Co., Ltd ("IFSC"), a joint venture company in Ho Chi Minh City, Vietnam, representing 51% of the issued and paid up share capital of IFSC. Upon completion of the capital contribution, IFSC become a 51% owned subsidiary of ILSB.
- (e) In the previous financial year, 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 Symphony Express Sdn. Bhd. ("SESB") for a total cash consideration of RM7,999. Upon completion of the subscription, SESB become a subsidiary of the Company.
- (f) In the previous financial year, the Company had been allotted 960,000 ordinary shares of RM1.00 each in a wholly-owned subsidiary, Icon Line Sdn. Bhd. ("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

30 June 2012 (cont'd)

9. ACQUISITION OF SUBSIDIARIES

Financial year ended 30 June 2011

On 15 November 2010, the Company acquired 100% of the total issued and paid-up share capital of Exterian Enterprise Sdn. Bhd., a company incorporated in Malaysia which is engaged in the business of parcel delivery services for a cash consideration of RM250,000.

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

	2011 RM'000
Revenue	1,482
Profit for the financial year	<u>10</u>

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

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Property, plant and equipment	4	4
Receivables	267	267
Cash and bank balances	31	31
Payables	(231)	(231)
Net identifiable assets and liabilities	<u>71</u>	<u>71</u>
Goodwill on acquisition (Note 12)	<u>179</u>	
Total cost of acquisition	<u>250</u>	

The cash outflow on acquisition was as follows:

	2011 RM'000
Purchase consideration settled in cash	250
Cash and cash equivalents of subsidiary acquired	<u>(31)</u>
Net cash outflow of Group on acquisition	<u>219</u>

If the acquisition of this subsidiary taken place at the beginning of the year, the Group's revenue would have been RM297,064,000 and the profit for the financial year would have been RM19,822,000.

Notes to the Financial Statements

30 June 2012 (cont'd)

10. INVESTMENT IN AN ASSOCIATE

	Group	
	2012 RM'000	2011 RM'000
Unquoted equity shares, at cost	49	49
Share of post acquisition reserves	151	141
	<u>200</u>	<u>190</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
	2012	2011	
FM Distribution Sdn. Bhd.	49%	49%	Provision of warehouse services

The summarised financial information of the associate is as follows:

	2012 RM'000	2011 RM'000
Assets and liabilities		
Non-current asset	1	1
Current assets	<u>292</u>	<u>272</u>
Total assets	<u>293</u>	<u>273</u>
Current liabilities	<u>24</u>	<u>24</u>
Total liabilities	<u>24</u>	<u>24</u>
Results		
Revenue	274	621
Profit for the financial year	<u>20</u>	<u>21</u>

Notes to the Financial Statements

30 June 2012 (cont'd)

11. OTHER INVESTMENT

	Group RM'000
Carrying amount	
2012	
Non-current	
Available-for-sale financial assets	
- Unquoted shares in Malaysia	3
2011	
Non-current	
Available-for-sale financial assets	
- Unquoted shares in Malaysia	3

12. GOODWILL ON CONSOLIDATION

2012	Balance as at 1.7.2011 RM'000	Impairment loss for the financial year RM'000	Balance as at 30.6.2012 RM'000
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Goodwill on consolidation	1,674	-	1,674
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	[-----As at 30.6.2012-----]		
	Cost RM'000	Accumulated impairment RM'000	Carrying amount RM'000

Goodwill on consolidation	1,876	(202)	1,674
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2011	Balance as at 1.7.2010 RM'000	Acquisition of a subsidiary (Note 9) RM'000	Impairment loss for the financial year RM'000	Balance as at 30.6.2011 RM'000
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Goodwill on consolidation	1,674	179	(179)	1,674
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	[-----As at 30.6.2011-----]		
	Cost RM'000	Accumulated impairment RM'000	Carrying amount RM'000

Goodwill on consolidation	1,876	(202)	1,674
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Notes to the Financial Statements

30 June 2012 (cont'd)

12. GOODWILL ON CONSOLIDATION (CONT'D)

Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The carrying amount of goodwill allocated to each unit is as follows:

	2012 RM'000	Group 2011 RM'000
Logistics	206	206
Marine	1,659	1,659
Others	11	11
	<hr/>	<hr/>
	1,876	1,876
Less: Impairment loss	(202)	(202)
	<hr/>	<hr/>
Goodwill on consolidation	1,674	1,674

As at 30 June 2012, management assessed that the recoverable amount of goodwill of the logistics and marine units, based on value in use calculations, exceeded its carrying amounts and therefore, no impairment is required.

Value-in-use was determined by discounting the future cash flows generated from the continuing use of the cash generating unit ('CGU') and was based on the following assumptions:

- (a) Pre-tax cash flow projections based on the most recent financial budgets covering a five (5)-year period.
- (b) Pre-tax discount rate of 8.80% was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital.
- (c) The anticipated annual revenue growth rate used in the cash flow budgets and plans is 5%.

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.

Based on the sensitivity analysis performed by management, a 1% increase in the discount rate used and a 1% decrease in revenue growth rate would result in a trivial difference in the impairment test outcome.

Notes to the Financial Statements

30 June 2012 (cont'd)

13. TRADE RECEIVABLES

	Group	
	2012	2011
	RM'000	RM'000
Third parties	63,804	57,236
Less: Impairment loss	(1,269)	(1,208)
	<u>62,535</u>	<u>56,028</u>

- (a) Trade receivables are non-interest bearing and the normal credit terms granted by the Group range from 7 to 60 days (2011: 7 to 60 days) from date of invoices. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (b) Included in trade receivables is an amount of RM1,288,000 (2011: RM1,479,000) owing by companies in which a Director of the Company is a common director.
- (c) The currency exposure profile of trade receivables are as follows:

	Group	
	2012	2011
	RM'000	RM'000
Ringgit Malaysia	46,805	42,920
US Dollar	7,059	5,718
Singapore Dollar	3,075	2,608
Australian Dollar	3,428	2,832
Thai Baht	1,035	1,349
Indonesian Rupiah	1,035	533
Others	98	68
	<u>62,535</u>	<u>56,028</u>

Notes to the Financial Statements

30 June 2012 (cont'd)

13. TRADE RECEIVABLES (CONT'D)

(d) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2012 RM'000	2011 RM'000
Neither past due nor impaired	48,524	43,613
Past due, not impaired		
1 to 30 days past due	7,156	7,418
31 to 60 days past due	3,093	3,063
61 to 90 days past due	1,140	869
91 to 120 days past due	680	548
More than 120 days	1,942	517
	14,011	12,415
Past due and impaired	1,269	1,208
	<u>63,804</u>	<u>57,236</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payment history. The trade receivables that are past due but not impaired are unsecured in nature.

Notes to the Financial Statements

30 June 2012 (cont'd)

13. TRADE RECEIVABLES (CONT'D)

- (d) The ageing analysis of trade receivables of the Group are as follows: (cont'd)

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

	Group Individually impaired	
	2012	2011
	RM'000	RM'000
Trade receivables, gross	1,269	1,208
Less: Impairment loss	(1,269)	(1,208)
	<u>-</u>	<u>-</u>

The reconciliation of movement in the impairment loss of trade receivables is as follows:

	Group	
	2012	2011
	RM'000	RM'000
At 1 July	1,208	1,414
Charge for the financial year	521	803
Written off	(37)	(164)
Reversal of impairment loss	(423)	(919)
Exchange differences	-	74
At 30 June	<u>1,269</u>	<u>1,208</u>

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

- (e) Information on financial risk of trade receivables is disclosed in Note 37 to the financial statements.

Notes to the Financial Statements

30 June 2012 (cont'd)

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Loans and receivables				
Other receivables	1,618	1,658	-	-
Deposits and prepayments				
Deposits	1,465	1,055	1	1
Prepayments	4,029	6,036	36	29
	5,494	7,091	37	30
	7,112	8,749	37	30

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

	Group		Company	
	2012	2010	2012	2011
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	5,771	8,271	37	30
Indonesian Rupiah	427	185	-	-
Australian Dollar	14	38	-	-
Thai Baht	545	103	-	-
Singapore Dollar	248	143	-	-
Vietnamese Dong	107	9	-	-
	7,112	8,749	37	30

15. 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.

Amounts owing by/(to) subsidiaries are denominated in Ringgit Malaysia ('RM').

Notes to the Financial Statements

30 June 2012 (cont'd)

16. AMOUNT OWING BY/(TO) AN ASSOCIATE

Group

The amount owing by/(to) 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 (2011: 30 days) from the date of invoice.

Amount owing by/(to) an associate is denominated in Ringgit Malaysia ('RM').

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	17,617	18,328	1,793	4,091
Fixed deposits with licensed banks	4,183	3,845	-	-
Short term deposit - Repo	15,000	5,000	15,000	5,000
	<u>36,800</u>	<u>27,173</u>	<u>16,793</u>	<u>9,091</u>

- (a) The fixed deposits of the Group as at 30 June 2012 have maturity period of 14 days to 12 months (2011: 14 days to 12 months).
- (b) Included in the fixed deposits with licensed banks of the Group is an amount of RM3,581,000 (2011: RM3,473,000) which has been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 21 and 25 to the financial statements.
- (c) Information on financial risks of cash and cash equivalents is disclosed in Note 37 to the financial statements
- (d) The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	28,776	20,356	16,793	9,091
Singapore Dollar	2,107	2,564	-	-
US Dollar	4,761	3,132	-	-
Indonesian Rupiah	738	334	-	-
Thai Baht	65	126	-	-
Australian Dollar	291	590	-	-
Vietnamese Dong	55	61	-	-
Euro	7	10	-	-
	<u>36,800</u>	<u>27,173</u>	<u>16,793</u>	<u>9,091</u>

Notes to the Financial Statements

30 June 2012 (cont'd)

17. CASH AND CASH EQUIVALENTS (CONT'D)

- (e) For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	17,617	18,328	1,793	4,091
Fixed deposits with licensed banks	4,183	3,845	-	-
Short term deposit - Repo	15,000	5,000	15,000	5,000
	36,800	27,173	16,793	9,091
Less: Bank overdrafts - secured (Note 25)	(2,802)	(3,001)	-	-
Less: Fixed deposits pledged to licensed banks	(3,581)	(3,473)	-	-
	30,417	20,699	16,793	9,091

18. SHARE CAPITAL

	Group and Company			
	2012		2011	
	Number of shares '000	RM'000	Number of shares '000	RM'000

Ordinary shares of RM0.50 each:

Authorised

Balance as at 1 July	200,000	100,000	200,000	100,000
Created during the year	50,000	25,000	-	-
Balance as at 30 June	250,000	125,000	200,000	100,000

Issued and fully paid:

Balance as at 1 July	121,714	60,857	121,714	60,857
Issued pursuant to bonus issue	40,572	20,286	-	-
Balance as at 30 June	162,286	81,143	121,714	60,857

Notes to the Financial Statements

30 June 2012 (cont'd)

18. SHARE CAPITAL (CONT'D)

During the financial year, the Company increased its authorised share capital from RM100,000,000 to RM125,000,000 by the creation of an additional 50,000,000 ordinary shares of RM0.50 each.

The issued and paid-up share capital of the Company were increased from RM60,857,143 to RM81,142,858 by way of bonus issue of 40,571,429 new ordinary shares of RM0.50 each at par on the basis of one (1) new ordinary share for every three (3) existing ordinary shares.

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

19. RESERVES

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Non distributable:				
Exchange translation reserve	985	747	-	-
Distributable:				
Retained earnings	45,420	49,550	7,473	33,630
	<u>46,405</u>	<u>50,297</u>	<u>7,473</u>	<u>33,630</u>

(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 was 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 made this election and as a result, there is no additional tax liability to be incurred upon payment of dividends out of its entire retained earnings as at the end of the reporting period.

Notes to the Financial Statements

30 June 2012 (cont'd)

20. HIRE PURCHASE AND LEASE CREDITORS

	Group	
	2012	2011
	RM'000	RM'000
Minimum hire purchase and lease payments:		
- not later than one (1) year	2,960	3,595
- later than one (1) year but not later than five (5) years	1,751	4,117
	4,711	7,712
Less: Future interest charges	(259)	(545)
Present value of hire purchase and lease payments	4,452	7,167
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	2,772	3,260
Non-current liabilities:		
- later than one (1) year but not later than five (5) years	1,680	3,907
	4,452	7,167

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

Notes to the Financial Statements

30 June 2012 (cont'd)

21. TERM LOANS

	Group	
	2012 RM'000	2011 RM'000
Secured		
Term loan I	389	1,298
Term loan II	524	987
Term loan III	5,528	6,069
Term loan IV	-	405
Term loan V	-	467
Term loan VI	1,331	1,989
Term loan VII	11,600	-
	<u>19,372</u>	<u>11,215</u>
Unsecured		
Term loan VIII	1,959	2,562
Term loan IX	1,774	2,344
Term loan X	1,750	2,350
Term loan XI	1,960	2,402
Term loan XII	1,620	2,090
Term loan XIII	1,627	2,094
	<u>10,690</u>	<u>13,842</u>
Total term loans	<u>30,062</u>	<u>25,057</u>
Term loans are repayable as follows:		
Current liabilities:		
- not later than one (1) year	6,199	6,658
Non-current liabilities:		
- later than one (1) year but not later than two (2) years	5,428	6,014
- later than two (2) years but not later than five (5) years	8,302	9,250
- later than five (5) years	10,133	3,135
	<u>23,863</u>	<u>18,399</u>
	<u>30,062</u>	<u>25,057</u>

- (a) Term loan I is repayable by 48 monthly instalments of SGD31,500 which is equivalent to RM77,805 (2011: RM76,388). Term loan I bears interests at 1.50% (2011: 1.50%) per annum above the bank's prime rate.

The term loan I is secured by way of mortgage over a barge as disclosed in Note 7 to the financial statements and accompanying deed of covenants and is guaranteed by one of the Directors of a subsidiary.

Notes to the Financial Statements

30 June 2012 (cont'd)

21. TERM LOANS (CONT'D)

- (b) Term loan II and III are repayable by 180 monthly instalments of RM41,400 and RM66,200 respectively and bear interest at 1.00% (2011: 1.00%) per annum above the effective cost of fund of the bank.

The term loans II and III are secured by way of a charge over long term leasehold land of a subsidiary as disclosed in Note 7 to the financial statements and are guaranteed by the Company.

- (c) Term loan IV and V had been fully settled during the current financial year.

- (d) Term loan VI is repayable by 48 monthly instalment of SGD23,440 which is equivalent to RM57,897 (2011: RM56,842) and bears interest at 1.50% (2011: 1.50%) per annum over the bank's prevailing prime rate.

The term loan VI is secured by way of a first mortgage over the barge as disclosed in Note 7 to the financial statements and is guaranteed by one of the Directors of a subsidiary.

- (e) Term loan VII is repayable by 180 monthly instalments of RM65,000 and bears interest at 1.00% per annum above the effective cost of fund of the bank.

The term loan VII is secured by way of a charge over long term leasehold land and building of a subsidiary as disclosed in Note 7 to the financial statements and is guaranteed by the Company.

- (f) Term loan VIII is repayable by 60 monthly instalments of RM50,000 and bears interest rate at 1.50% (2011: 1.50%) per annum above the effective cost of fund of the bank.

The term loan VIII is guaranteed by the Company.

- (g) Term loan IX and X are repayable by 60 monthly instalments of RM58,488 and RM50,000 respectively and bear interest at a flat rate of 6.35% (2011: 6.35%) and 5.80% (2011: 5.80%) per annum respectively.

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

- (h) Term loan XI is repayable by 60 monthly instalments of RM40,000 and bears interest at a flat rate of 5.93% (2011: 5.93%) per annum.

The term loan XI is guaranteed by the Company.

- (i) Term loan XII is repayable by 60 monthly instalments of RM47,534 and bears interest at a flat rate of 5.31% (2011: 5.31%) per annum.

The term loan XII is guaranteed by the Company.

- (j) Term loan XIII is repayable by 60 monthly instalments of RM48,100 and bears interest at a flat rate of 5.80% (2011: 5.80%) per annum.

The term loan XIII is guaranteed by the Company.

- (k) Information on financial risks of term loans and their remaining maturity is disclosed in Note 37 to the financial statements.

Notes to the Financial Statements

30 June 2012 (cont'd)

21. TERM LOANS (CONT'D)

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

	Group	
	2012	2011
	RM'000	RM'000
Ringgit Malaysia	28,342	20,897
Singapore Dollar	1,720	4,160
	<u>30,062</u>	<u>25,057</u>

22. DEFERRED TAX

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

	Group	
	2012	2011
	RM'000	RM'000
Balance as at 1 July	5,624	4,956
Acquisition of a subsidiary	-	3
Recognised in profit or loss (Note 29)		
- Originating and reversal of temporary differences	1,554	1,535
- Over-provision in prior years	(34)	(870)
- Others	4	-
Balance as at 30 June	<u>7,148</u>	<u>5,624</u>
Presented after appropriate offsetting:		
Deferred tax assets, net	<u>-</u>	<u>(4)</u>
Deferred tax liabilities, net	<u>7,148</u>	<u>5,628</u>

Notes to the Financial Statements

30 June 2012 (cont'd)

22. DEFERRED TAX (CONT'D)

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

	Group	
	2012 RM'000	2011 RM'000
Deferred tax assets		
Balance as at 1 July	9	204
Recognised in profit or loss		
- Unused tax losses	-	(44)
- Unabsorbed capital allowances	(5)	(122)
- Others	(4)	(29)
Balance as at 30 June	-	9
Deferred tax liabilities		
Balance as at 1 July	5,633	5,160
Acquisition of a subsidiary	-	3
Recognised in profit or loss		
- Property, plant and equipment	1,502	451
- Unrealised gain on foreign currency transactions	13	19
Balance as at 30 June	7,148	5,633

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

	Group	
	2012 RM'000	2011 RM'000
Deferred tax assets		
Unabsorbed capital allowances	-	5
Others	-	4
	-	9
Deferred tax liabilities		
Property, plant and equipment	7,116	5,614
Unrealised gain on foreign currency transactions	32	19
	7,148	5,633

Notes to the Financial Statements

30 June 2012 (cont'd)

22. DEFERRED TAX (CONT'D)

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unused tax losses	909	44	744	-
Unabsorbed capital allowances	4	4	-	-
Others	82	(47)	-	-
	<u>995</u>	<u>1</u>	<u>744</u>	<u>-</u>

Deferred tax assets of subsidiaries 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.

23. TRADE PAYABLES

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted range from 7 to 90 days (2011: 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 RM62,000 (2011: RM34,000) owing to companies in which certain Directors of the subsidiaries are the common directors.

Notes to the Financial Statements

30 June 2012 (cont'd)

23. TRADE PAYABLES (CONT'D)

(d) The currency exposure profile of trade payables are as follows:

	Group	
	2012 RM'000	2011 RM'000
Ringgit Malaysia	17,768	15,280
US Dollar	3,788	2,969
Australian Dollar	2,230	2,542
Singapore Dollar	1,171	1,424
Thai Baht	660	739
Indonesian Rupiah	372	232
Euro	93	164
British Pound	24	92
Japanese Yen	-	4
Hong Kong Dollar	11	12
Vietnamese Dong	8	28
Others	56	38
	<u>26,181</u>	<u>23,524</u>

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Other payables	3,047	3,228	-	-
Accruals	<u>6,744</u>	<u>6,631</u>	<u>447</u>	<u>430</u>
	<u>9,791</u>	<u>9,859</u>	<u>447</u>	<u>430</u>

- (a) Included in other payables is an amount of RM98,000 (2011: Nil) owing to companies in which certain Directors of the subsidiaries are common directors.
- (b) Information on financial risk of other payables and accruals is disclosed in Note 37 to the financial statements.

Notes to the Financial Statements

30 June 2012 (cont'd)

24. OTHER PAYABLES AND ACCRUALS (CONT'D)

(c) The currency exposure profile of other payables and accruals are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	7,643	8,359	447	430
Australian Dollar	605	427	-	-
Singapore Dollar	204	312	-	-
Indonesian Rupiah	191	199	-	-
Thai Baht	246	160	-	-
Vietnamese Dong	29	31	-	-
US Dollar	873	371	-	-
	<u>9,791</u>	<u>9,859</u>	<u>447</u>	<u>430</u>

25. BANK OVERDRAFTS - SECURED

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

- (a) fixed deposits with licensed banks of the Group (Note 17);
- (b) freehold land and buildings, long term leasehold land and buildings and barges of the Group (Note 7); and
- (c) fixed and floating charge over the assets of subsidiaries.

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.

26. SHORT TERM BANK LOAN - SECURED

The short term bank loan of the Group is guaranteed by the Company.

Information on financial risk of short term loan - secured is disclosed in Note 37 to the financial statements.

27. REVENUE

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Services rendered	327,101	295,488	-	-
Dividend income	-	-	1,191	34,638
Management fees	-	-	2,510	2,510
	<u>327,101</u>	<u>295,488</u>	<u>3,701</u>	<u>37,148</u>

Notes to the Financial Statements

30 June 2012 (cont'd)

28. PROFIT BEFORE TAX

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- statutory		177	188	43	43
- non-statutory		27	47	27	47
Bad debts written off		27	103	-	-
Depreciation of property, plant and equipment	7	8,662	7,708	-	-
Directors' remuneration:					
- Fees:					
- payable by the Company		300	300	300	300
- payable by the subsidiaries		106	156	-	-
- Other emoluments:					
- paid by the Company		32	35	32	35
- paid by the subsidiaries		5,806	5,513	-	-
Impairment losses on:					
- goodwill	12	-	179	-	-
- trade receivables	13	521	803	-	-
- interest in a subsidiary	8	-	-	350	-
Interest expense on:					
- bank overdrafts		91	90	-	-
- hire purchase and lease		346	535	-	-
- term loans		1,159	1,277	-	-
- bankers' acceptances		7	8	-	-
- revolving credit		74	9	-	-
Loss on foreign currency transactions					
- Realised		-	56	-	-
- Unrealised		-	41	-	-
Property, plant and equipment written off	7	15	10	-	-
Rental of hostel		43	46	-	-
Rental of office equipment		85	85	-	-
Rental of premises		925	812	-	-

Notes to the Financial Statements

30 June 2012 (cont'd)

28. PROFIT BEFORE TAX (CONT'D)

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
And crediting:					
Bad debts recovered		30	15	-	-
Gross dividend from subsidiaries		-	-	1,191	34,638
Gain on disposal of property, plant and equipment		126	2,046	-	-
Gain on foreign currency transactions					
- Realised		509	-	-	-
- Unrealised		25	-	-	-
Interest income received from:					
- fixed deposits and repo		208	322	78	182
- current and savings accounts		17	17	2	2
- subsidiaries		-	-	-	39
Management fees received from subsidiaries		-	-	2,510	2,510
Rental income		238	35	-	-
Reversal of impairment loss on trade receivables	13	423	919	-	-

29. TAX EXPENSE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense based on profit for the financial year	4,088	4,161	-	2,809
Deferred tax (Note 22)	1,558	1,535	-	-
	5,646	5,696	-	2,809
Under/(Over)-provision in prior years:				
- income tax	464	(585)	453	(544)
- deferred tax (Note 22)	(34)	(870)	-	-
	430	(1,455)	453	(544)
	6,076	4,241	453	2,265

Notes to the Financial Statements

30 June 2012 (cont'd)

29. TAX EXPENSE (CONT'D)

Malaysian income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated taxable profit for the fiscal year.

Tax expenses for other taxation authorities 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	
	2012	2011	2012	2011
	%	%	%	%
Tax at Malaysian statutory tax rate	25.00	25.00	(25.00)	25.00
Tax effects in respect of:				
Non-allowable expenses	2.79	5.42	40.93	0.28
Non-taxable income	(0.81)	(0.41)	(42.46)	(16.93)
Deferred tax assets not recognised	0.89	0.05	26.53	-
Lower tax rate in foreign jurisdiction	(1.37)	(0.88)	-	-
Utilisation of previously unrecognised tax losses and unutilised capital allowances	-	(0.58)	-	-
Investment tax incentive	(4.77)	(3.87)	-	-
Tax exempt income	(1.59)	(1.00)	-	-
	20.14	23.73	-	8.35
Under/(Over)-provision in prior years:				
- income tax	1.66	(2.44)	64.59	(1.62)
- deferred tax	(0.12)	(3.62)	-	-
Average effective tax rate	21.68	17.67	64.59	6.73

Tax savings of the Group and of the Company are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Arising from utilisation of previously unrecognised tax losses	-	139	-	-

Notes to the Financial Statements

30 June 2012 (cont'd)

30. DIVIDENDS

	Group and Company			
	2012		2011	
	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
In respect of the financial year ended 30 June 2010				
- Final dividend less tax of 25%	-	-	2.5	2,282
In respect of the financial year ended 30 June 2011				
- Interim dividend less tax of 25%	-	-	2.5	2,282
- Final dividend less tax of 25%	2.5	2,282	-	-
In respect of the financial year ended 30 June 2012				
- Interim single tier dividend	1.5	2,434	-	-
	<u>4.0</u>	<u>4,716</u>	<u>5.0</u>	<u>4,564</u>

A final single tier dividend in respect of the year ended 30 June 2012 of 2.5 sen per ordinary share, amounting to RM4,057,000 has been proposed by the Directors after the reporting period 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 2013.

Notes to the Financial Statements

30 June 2012 (cont'd)

31. EARNINGS PER SHARE

Basic

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

	Group	
	2012	2011
	'000	'000
		(Restated)
Profit attributable to equity holders of the parent (RM)	20,872	19,712
Weighted average number of ordinary shares in issue (unit)	121,714	121,714
Effect of bonus issue	40,572	40,572
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	162,286	162,286#
Basic earnings per ordinary share (sen)	12.86	12.15

The weighted average number of ordinary shares for the previous financial year has been restated to reflect the retrospective adjustments arising from the Bonus Issue Exercise which was completed during the financial year.

Diluted

The dilutive earnings per share is not shown as the exercise price of warrants is higher than the market price of the ordinary shares as at end of the reporting period.

Notes to the Financial Statements

30 June 2012 (cont'd)

32. 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 parties.

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
FM Forwarding Sdn. Bhd.	Related by a common director, namely Chew Chong Keat
Advance Logistics Sdn. Bhd.	Related by a common director of a subsidiary, namely Law Kok Voon
Poo Hua Pte. Ltd.	Related by a common director of a subsidiary, namely Tay Nguang Yeow Andrew
FM Distribution Sdn. Bhd.	An associate of FM Global Logistics (M) Sdn. Bhd. (formerly known as <i>Freight Management (M) Sdn. Bhd.</i>)

(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	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Freight charges received/ receivable from:				
- Poo Hua Pte. Ltd.	(5,454)	(7,172)	-	-

Notes to the Financial Statements

30 June 2012 (cont'd)

32. 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	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Freight charges paid/ payable to:				
- FM Forwarding Sdn. Bhd.	3,505	3,039	-	-
- Advance Logistics Sdn. Bhd.	4,264	4,136	-	-
Rental income received/ receivable from:				
- FM Distribution Sdn. Bhd.	(78)	(366)	-	-
Warehouse services received/ receivable from:				
- FM Distribution Sdn. Bhd.	(17)	(18)	-	-
Purchase of motor vehicles from a Director of a subsidiary	472	-	-	-
Administrative expenses paid/ payable to:				
- FM Global Logistics (M) Sdn. Bhd. (formerly known as Freight Management (M) Sdn. Bhd.)	-	-	2,400	2,400
- Poo Hua Pte. Ltd.	-	25	-	-
Gross dividend received from subsidiaries	-	-	(1,191)	(34,638)
Interests received from subsidiaries	-	-	-	(39)
Management fees received from subsidiaries	-	-	(2,510)	(2,510)

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

Notes to the Financial Statements

30 June 2012 (cont'd)

32. RELATED PARTY DISCLOSURES (CONT'D)

(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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short term employee benefits	5,091	4,836	32	35
Contributions to defined contribution plans	747	712	-	-
	<u>5,838</u>	<u>5,548</u>	<u>32</u>	<u>35</u>

33. COMMITMENTS

(a) Operating lease commitments

(i) The Group as lessee

The Group had entered into non-cancellable lease agreements resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

The lease terms do not contain restrictions on the Group's activities concerning dividends or additional debt. The Group has aggregate future minimum lease commitment as at the end of the reporting period as follows:

	Group	
	2012 RM'000	2011 RM'000
Not later than one (1) year	2,252	2,589
Later than one (1) year but not later than five (5) years	<u>1,532</u>	<u>2,568</u>
	<u>3,784</u>	<u>5,157</u>

Notes to the Financial Statements

30 June 2012 (cont'd)

33. COMMITMENTS (CONT'D)

(a) Operating lease commitments (cont'd)

(ii) The Group as lessor

The Group has entered into non-cancellable lease arrangements on certain properties for terms of between one (1) to twelve (12) months and renewable at the end of the lease period.

The Group has aggregate future minimum lease receivables as at the end of the reporting period as follows:

	Group	
	2012	2011
	RM'000	RM'000
Not later than one (1) year	203	172
Later than one (1) year but not later than five (5) years	-	-
	<u>203</u>	<u>172</u>

(b) Capital commitments

	Group	
	2012	2011
	RM'000	RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
-contracted but not provided for	<u>3,568</u>	<u>5,070</u>

34. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2012	2011
	RM'000	RM'000
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries, limit up to RM77,459,163 (2011: RM66,955,663)	24,416	33,806
Corporate guarantee given to financial institutions for hire purchase and lease facilities granted to subsidiaries, limit up to RM Nil (2011: RM812,590)	<u>-</u>	<u>25</u>

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 value of the above unsecured corporate guarantees for banking facilities of subsidiaries is negligible.

Notes to the Financial Statements

30 June 2012 (cont'd)

35. OPERATING SEGMENTS

The Company and its subsidiaries are principally engaged in the freight and forwarding industry. The Group has arrived at six (6) 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, Vietnam and Singapore which involved in two separate natures of services summarised as below:

(a) Logistics

There are five (5) 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, Thailand and Vietnam.

(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 assets exclude tax assets.

Segment liabilities exclude tax liabilities and deferred tax liabilities. Details are provided in the reconciliation from segment assets and liabilities to the statement of financial position of the Group.

Notes to the Financial Statements

30 June 2012 (cont'd)

35. OPERATING SEGMENTS (CONT'D)

	[-----Logistics-----]					[--Marine--]		Other operating segment		Total
	Malaysia	Australia	Indonesia	Thailand	Vietnam	Singapore		RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				
2012										
Revenue										
Total revenue	255,179	28,343	18,893	9,146	2,043	19,415		4,734		337,753
Inter-segment revenue	(3,648)	(77)	(666)	(1,338)	(189)	-		(4,734)		(10,652)
Revenue from external customers	251,531	28,266	18,227	7,808	1,854	19,415		-		327,101
Finance costs	(1,493)	(22)	(6)	-	(1)	(155)		-		(1,677)
Share of profit in an associate	10	-	-	-	-	-		-		10
Segment profit/(loss) before income tax	26,924	945	2,986	(549)	310	2,577		(5,163)		28,030
Investment in an associate	200	-	-	-	-	-		-		200
Additions to non-current assets other than financial instruments and deferred tax assets	15,289	53	66	8	7	490		116		16,029
Segment assets	160,830	5,145	4,669	1,585	333	30,433		18,834		221,829
Segment liabilities	62,213	3,202	925	998	52	4,473		3,859		75,722

Notes to the Financial Statements

30 June 2012 (cont'd)

35. OPERATING SEGMENTS (CONT'D)

	Logistics-----					[---Marine---]		Other	Total
	Malaysia	Australia	Indonesia	Thailand	Vietnam	Singapore	operating	segment	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2012									
Other material non-cash items									
Bad debt recovered	(30)	-	-	-	-	-	-	-	(30)
Bad debts written off	17	-	1	9	-	-	-	-	27
Depreciation of property, plant and equipments	6,674	89	125	42	17	1,514	201		8,662
Impairment loss on trade receivables	368	102	12	39	-	-	-		521
Property, plant and equipment written off	11	-	-	-	-	2	2		15
(Gain)/Loss on disposal of property, plant and equipment	(136)	10	-	-	-	-	-		(126)
Reversal of impairment loss on trade receivables	(378)	(14)	(26)	(5)	-	-	-		(423)

Notes to the Financial Statements

30 June 2012 (cont'd)

35. OPERATING SEGMENTS (CONT'D)

	[-----Logistics-----]					[---Marine---]		Other operating segment	Total RM'000
	Malaysia RM'000	Australia RM'000	Indonesia RM'000	Thailand RM'000	Vietnam RM'000	Singapore RM'000			
2011									
Revenue									
Total revenue	231,198	25,294	13,506	7,894	1,044	20,408		4,444	303,788
Inter-segment sales	(2,974)	(27)	(487)	(352)	(16)	-		(4,444)	(8,300)
Revenue from external customers	228,224	25,267	13,019	7,542	1,028	20,408		-	295,488
Finance costs	(1,596)	(30)	(10)	-	(1)	(282)		-	(1,919)
Share of profit in an associate	10	-	-	-	-	-		-	10
Segment profit/(loss) before income tax	23,720	948	2,237	451	7	1,023		(4,205)	24,181
Investment in an associate	190	-	-	-	-	-		-	190
Additions to non-current assets other than financial instruments and deferred tax assets	21,960	201	88	51	117	63		50	22,530
Segment assets	147,363	5,030	2,979	1,770	229	31,523		10,718	199,612
Segment liabilities	58,305	3,481	757	805	66	6,804		3,184	73,402

30 June 2012 (cont'd)

	[-----Logistics-----]						[--Marine--]		Other operating segment	Total
	Malaysia RM'000	Australia RM'000	Indonesia RM'000	Thailand RM'000	Vietnam RM'000	Singapore RM'000			RM'000	RM'000
2011										
Other material non-cash items										
Bad debt recovered	(15)	-	-	-	-	-	-	-	-	(15)
Bad debts written off	25	8	5	65	-	-	-	-	-	103
Depreciation of property, plant and equipment	5,657	100	113	43	15	1,599		181		7,708
Impairment loss on trade receivables	521	251	26	5	-	-	-	-	-	803
Property, plant and equipment written off	10	-	-	-	-	-	-	-	-	10
(Gain)/Loss on disposal of property, plant and equipment	(603)	10	-	-	-	(1,278)		(175)		(2,046)
Reversal of impairment loss on trade receivables	(634)	(10)	(30)	(190)	-	(55)		-		(919)

Notes to the Financial Statements

30 June 2012 (cont'd)

35. OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	2012 RM'000	2011 RM'000
Revenue		
Total revenue for reportable segments	337,753	303,788
Elimination of inter-segmental revenues	(10,652)	(8,300)
Group's revenue per consolidated statement of comprehensive income	327,101	295,488
Profit for the financial year		
Total profit or loss for reportable segments	28,030	24,181
Impairment loss on goodwill on consolidation	-	(179)
Profit before tax	28,030	24,002
Income tax expenses	(6,076)	(4,241)
Profit for the financial year	21,954	19,761
Assets		
Total assets for reportable segments	221,829	199,612
Current tax assets	630	1,346
Deferred tax assets	-	4
Group's assets	222,459	200,962
Liabilities		
Total liabilities for reportable segments	75,722	73,402
Current tax liabilities	1,527	1,458
Deferred tax liabilities	7,148	5,628
Group's liabilities	84,397	80,488

Major customers

The Group does not have any major customers with revenue equal to or more than 10 percent of the revenue of the Group.

Notes to the Financial Statements

30 June 2012 (cont'd)

36. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that the Group would be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in financial year ended 30 June 2011.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2012 and 30 June 2011.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Trade payables	26,181	23,524	-	-
Other payables and accruals	9,791	9,859	447	430
Amounts owing to subsidiaries	-	-	5,067	1,396
Amount owing to an associate	-	12	-	-
Hire purchase and lease creditors	4,452	7,167	-	-
Term loans	30,062	25,057	-	-
Short term bank loan - secured	-	2,500	-	-
Bank overdraft - secured	2,802	3,001	-	-
Dividend payable	2,434	2,282	2,434	2,282
Total liabilities	75,722	73,402	7,948	4,108
Less: Cash and cash equivalents	(36,800)	(27,173)	(16,793)	(9,091)
Net debt/(cash)	38,922	46,229	(8,845)	(4,983)
Total capital	138,062	120,474	88,616	94,487
Net debt/(cash)	38,922	46,229	(8,845)	(4,983)
Equity	176,984	166,703	79,771	89,504
Gearing ratio	22%	28%	-	-

Notes to the Financial Statements

30 June 2012 (cont'd)

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Categories of financial instruments

Group 2012	Loans and receivables RM'000	Available for sale RM'000	Total RM'000
Financial assets			
Other investment	-	3	3
Trade receivables	62,535	-	62,535
Other receivables, net of deposits and prepayments	1,618	-	1,618
Amount owing by an associate	8	-	8
Cash and cash equivalents	36,800	-	36,800
	100,961	3	100,964

Group 2012	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Trade payables	26,181	26,181
Other payables and accruals	9,791	9,791
Hire purchase and lease creditors	4,452	4,452
Term loans	30,062	30,062
Bank overdrafts - secured	2,802	2,802
Dividend payable	2,434	2,434
	75,722	75,722

Company 2012	Loans and receivables RM'000	Total RM'000
Financial assets		
Amounts owing by subsidiaries	16,094	16,094
Cash and cash equivalents	16,793	16,793
	32,887	32,887

Notes to the Financial Statements

30 June 2012 (cont'd)

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Categories of financial instruments (cont'd)

Company 2012	Other financial liabilities RM'000	Total RM'000
-----------------	---	-----------------

Financial liabilities

Other payables and accruals	447	447
Amounts owing to subsidiaries	5,067	5,067
Dividend payable	2,434	2,434
	<hr/>	<hr/>
	7,948	7,948

Group 2011	Loans and receivables RM'000	Available for sale RM'000	Total RM'000
---------------	---------------------------------------	---------------------------------	-----------------

Financial assets

Other investment	-	3	3
Trade receivables	56,028	-	56,028
Other receivables, net of deposits and prepayments	1,658	-	1,658
Cash and cash equivalents	27,173	-	27,173
	<hr/>	<hr/>	<hr/>
	84,859	3	84,862

Group 2011	Other financial liabilities RM'000	Total RM'000
---------------	---	-----------------

Financial liabilities

Trade payables	23,524	23,524
Other payables and accruals	9,859	9,859
Amount owing to an associate	12	12
Hire purchase and lease creditors	7,167	7,167
Term loans	25,057	25,057
Short term bank loan - secured	2,500	2,500
Bank overdrafts - secured	3,001	3,001
Dividend payable	2,282	2,282
	<hr/>	<hr/>
	73,402	73,402

Notes to the Financial Statements

30 June 2012 (cont'd)

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Categories of financial instruments (cont'd)

Company 2011	Loans and receivables RM'000	Total RM'000
Financial assets		
Amounts owing by subsidiaries	36,832	36,832
Cash and cash equivalents	9,091	9,091
	<u>45,923</u>	<u>45,923</u>

Company 2011	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Other payables and accruals	430	430
Amounts owing to subsidiaries	1,396	1,396
Dividend payable	2,282	2,282
	<u>4,108</u>	<u>4,108</u>

(c) Fair value of financial instruments

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair values are as follows:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000

At 30 June 2012

Recognised

Financial asset:

Unquoted investment	3	#	-	-
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Financial liabilities:

Hire purchase and lease creditors	4,452	4,357	-	-
Term loans	8,731	8,684	-	-
	<u>13,183</u>	<u>13,041</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

30 June 2012 (cont'd)

36. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments (cont'd)

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 30 June 2011				
Recognised				
Financial asset:				
Unquoted investment	3	#	-	-
Financial liabilities:				
Hire purchase and lease creditors	7,167	7,070	-	-
Term loans	11,280	11,277	-	-

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.

(d) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

- (ii) Obligations under finance lease and fixed rate term loans

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

Notes to the Financial Statements

30 June 2012 (cont'd)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(i) 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 licensed financial 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 average credit period is two (2) months. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade receivables is disclosed in Note 13 to the financial statements.

Notes to the Financial Statements

30 June 2012 (cont'd)

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

(i) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period are as follows:

	2012	% of	2011	
	RM'000	total	RM'000	total
By country:				
Domestic	46,805	75	42,920	77
Foreign	15,730	25	13,108	23
	62,535	100	56,028	100

The Company does not have any significant concentration of credit risk other than the amounts owing by subsidiaries which constitutes 98.22% (2011: 97.40%) of total receivables as at the end of the reporting period.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 to the financial statements.

(ii) 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.

Notes to the Financial Statements

30 June 2012 (cont'd)

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

(ii) Liquidity and cash flow risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
--	---	--------------------------------	------------------------------	-----------------

As at 30 June 2012

Group

Financial liabilities

Trade payables	26,181	-	-	26,181
Other payables and accruals	9,791	-	-	9,791
Hire purchase and lease creditors	2,960	1,751	-	4,711
Term loans	6,967	14,875	10,944	32,786
Bank overdrafts - secured	2,802	-	-	2,802
Dividend payable	2,434	-	-	2,434
Total undiscounted financial liabilities	51,135	16,626	10,944	78,705

Company

Financial liabilities

Other payables and accruals	447	-	-	447
Amounts owing to subsidiaries	5,067	-	-	5,067
Dividend payable	2,434	-	-	2,434
Total undiscounted financial liabilities	7,948	-	-	7,948

As at 30 June 2011

Group

Financial liabilities

Trade payables	23,524	-	-	23,524
Other payables and accruals	9,859	-	-	9,859
Amount owing to an associate	12	-	-	12
Hire purchase and lease creditors	3,595	4,117	-	7,712
Term loans	7,825	17,159	3,454	28,438
Short term bank loan - secured	2,500	-	-	2,500
Bank overdrafts - secured	3,001	-	-	3,001
Dividend payable	2,282	-	-	2,282
Total undiscounted financial liabilities	52,598	21,276	3,454	77,328

Notes to the Financial Statements

30 June 2012 (cont'd)

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

(ii) Liquidity and cash flow risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Company				
Financial liabilities				
Other payables and accruals	430	-	-	430
Amounts owing to subsidiaries	1,396	-	-	1,396
Dividend payable	2,282	-	-	2,282
Total undiscounted financial liabilities	4,108	-	-	4,108

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's primary interest rate risk relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The Group's fixed-rate deposits and borrowings are exposed to a risk of changes in their fair values due to changes in interest rates. The Group's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for interest rate risk

As at 30 June 2012, if interest rates at the date had been 100 basis points lower with all other variables held constant, post-tax profit for the year would have been RM285,000 (2011: RM479,000) higher, arising mainly as a result of lower interest expense on borrowings. If interest rates had been 100 basis points higher, with all other variables held constant, post-tax profit would have been RM285,000 (2011: RM479,000) lower, arising mainly as a result of higher interest expense on borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Notes to the Financial Statements

30 June 2012 (cont'd)

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

(iii) Interest rate risk (cont'd)

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

		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
	NOTE								
At 30 June 2012									
Group									
Fixed rates									
Fixed deposits with licensed banks	17	3.33	4,183	-	-	-	-	-	4,183
Short term deposits - Repo	17	2.04	15,000	-	-	-	-	-	15,000
Hire purchase and lease creditors	20	5.11	2,772	1,127	242	233	78	-	4,452
Term loans	21	5.85	2,682	2,777	2,651	581	40	-	8,731
Floating rates									
Bank overdrafts - secured	25	7.33	2,802	-	-	-	-	-	2,802
Term loans	21	4.62	3,517	2,651	2,001	1,576	1,453	10,133	21,331
Company									
Fixed rate									
Short term deposits - Repo	17	2.04	15,000	-	-	-	-	-	15,000

Notes to the Financial Statements

30 June 2012 (cont'd)

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

(iii) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk: (cont'd)

		Weighted average effective interest rate %	NOTE	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 2011										
Group										
Fixed rates										
Fixed deposits with licensed banks	17	2.81		3,845	-	-	-	-	-	3,845
Short term deposits - Repo	17	2.00		5,000	-	-	-	-	-	5,000
Hire purchase and lease creditors	20	5.11		3,260	2,648	996	199	64	-	7,167
Term loans	21	5.85		2,589	2,682	2,777	2,652	579	1	11,280
Floating rates										
Bank overdrafts - secured	25	7.01		3,001	-	-	-	-	-	3,001
Term loans	21	4.89		4,069	2,707	1,851	1,212	804	3,134	13,777
Short term bank loan - secured	26	4.39		2,500	-	-	-	-	-	2,500
Company										
Fixed rate										
Short term deposits - Repo	17	2.00		5,000	-	-	-	-	-	5,000

Notes to the Financial Statements

30 June 2012 (cont'd)

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

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign currency exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2012 Profit net of tax RM'000	2011 Profit net of tax RM'000
USD/RM	- Strengthened 5% (2011: 5%)	+402	+288
	- Weakened 5% (2011: 5%)	-402	-288
SGD/RM	- Strengthened 5% (2011: 5%)	+77	+80
	- Weakened 5% (2011: 5%)	-77	-80
AUD/RM	- Strengthened 5% (2011: 5%)	-111	-2
	- Weakened 5% (2011: 5%)	+111	+2
EUR/RM	- Strengthened 5% (2011: 5%)	-3	-6
	- Weakened 5% (2011: 5%)	+3	+6
GBP/RM	- Strengthened 5% (2011: 5%)	-1	-4
	- Weakened 5% (2011: 5%)	+1	+4
THB/RM	- Strengthened 5% (2011: 5%)	-1	-6
	- Weakened 5% (2011: 5%)	+1	+6

Notes to the Financial Statements

30 June 2012 (cont'd)

38. EMPLOYEE BENEFITS

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and bonuses	31,126	26,213	32	35
Contributions to defined contribution plans	3,329	2,646	-	-
Social security contributions	297	261	-	-
Other benefits	1,388	1,246	-	-
	<u>36,140</u>	<u>30,366</u>	<u>32</u>	<u>35</u>

Included in the employee benefits of the Group and of the Company is Directors' remuneration amounting RM5,838,000 (2011: RM5,548,000) and RM32,000 (2011: RM35,000) respectively.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 20 December 2011, the Company announced that its wholly-owned subsidiary, Icon Line (Malaysia) Sdn. Bhd. ("ILSB") has subscribed for additional 120,000 ordinary shares of Australian Dollar 1.00 each at par for a total cash consideration of Australian Dollar 120,000 in FM Global Logistics Pty. Ltd., Australia ("FMGLA") pursuant to a rights issue exercise carried out by FMGLA. Upon completion of the rights issue allotment, ILSB's investment in FMGLA has been increased from 55% to 75%.
- (b) On 6 January 2012, the Company announced that the bonus issue of 40,571,429 ordinary shares of RM0.50 each in Freight Management Holdings Bhd ("FMHB") ("Bonus Shares") on the basis of one (1) Bonus Share for every three (3) existing shares of RM0.50 each held in FMHB has been completed.
- (c) On 13 January 2012, the Company announced and completed the issuance of 24,342,857 free warrants in FMHB ("Free Warrants") on the basis of one (1) Free Warrant for every five (5) existing shares of RM0.50 each held in FMHB. The Company had fixed the exercise price for the Free Warrants at RM0.97 each.
- (d) On 13 March 2012, the Company announced that its wholly-owned subsidiary, Citra Multimodal Services Sdn. Bhd. ("CMS") had incorporated a wholly-owned subsidiary, Dependable Global Express Malaysia Sdn. Bhd. ("DGEXM") in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 ordinary share of RM1.00 each of which 100 share has been issued and paid up.
- (e) On 29 June 2012, the Company announced that its wholly-owned subsidiary, FM Global Logistics (M) Sdn. Bhd. ("FMGLM") had incorporated a wholly-owned subsidiary, FM Contract Logistics Sdn. Bhd. ("FMCL") in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 ordinary share of RM1.00 each of which 2 share has been issued and fully paid up.

Notes to the Financial Statements

30 June 2012 (cont'd)

40. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period may be analysed as follows:

	2012	
	Group RM'000	Company RM'000
Total retained profits of Freight Management Holdings Bhd and its subsidiaries:		
- Realised	80,778	7,473
- Unrealised	(7,124)	-
	73,654	7,473
Total share of retained profits from an associate:		
- Realised	151	-
Less: Consolidation adjustments	(28,385)	-
Total Group/Company retained profits as per consolidated accounts	45,420	7,473

Analysis of Shareholdings

as at 1 October 2012

SHARE CAPITAL

Authorised share capital	:	RM125,000,000
Issued and paid up share capital	:	RM81,142,858
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 Holders	%	No. of Shareholders	%
Less Than 100	120	8.26	5,389	0.00
100 to 1,000	349	24.02	110,096	0.07
1,001 to 10,000	603	41.49	2,813,077	1.73
10,001 to 100,000	314	21.61	8,927,501	5.50
100,001 to Less Than 5%	64	4.40	45,760,020	28.20
5% And Above	3	0.21	104,669,632	64.50
TOTAL	1,453	100.00	162,285,715	100.00

DIRECTORS' SHAREHOLDINGS

Names	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
CHEW CHONG KEAT	42,537,210	26.21	-	-
YANG HENG LAM	29,701,374	18.30	423,199 *	0.26
GAN SIEW YONG	7,042,189	4.34	-	-
DATUK DR HJ NOORDIN BIN HJ AB RAZAK	-	-	-	-
AARON SIM KWEE LEIN	-	-	-	-
ONG LOOI CHAI	1,995,870	1.23	-	-
CHUA TIONG HOCK	-	-	32,457,142 ^	20.00
KHUA KIAN KEONG (alternate director to Chua Tiong Hock)	-	-	32,457,142 ^	20.00

* 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.

Analysis of Shareholdings

as at 1 October 2012 (cont'd)

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	42,537,210	26.21	-	-
2 SINGAPORE ENTERPRISES PRIVATE LIMITED	32,457,142	20.00	-	-
3 YANG HENG LAM	29,701,374	18.30	423,199 *	0.26

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

TOP 30 SHAREHOLDERS AS AT 1 OCTOBER 2012

No.	Names	No. of Shares Held	%
1	CHEW CHONG KEAT	42,537,210	26.21
2	SINGAPORE ENTERPRISES PRIVATE LIMITED	32,457,142	20.00
3	YANG HENG LAM	29,701,374	18.30
4	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (BERMUDA))	7,970,100	4.91
5	GAN SIEW YONG	7,042,189	4.34
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI (8076676))	2,371,066	1.46
7	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD (GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF))	2,115,809	1.30
8	CITIGROUP NOMINEES (ASING) SDN BHD (JP MORGAN CLR CORP FOR FPA HAWKEYE FUND, LLC (FPA GLB OPP FD))	2,092,900	1.29
9	ONG LOOI CHAI	1,995,870	1.23
10	FOO SOOK WAN	1,668,104	1.03
11	MAYBAN NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR YOONG FUI KIEN)	1,537,000	0.95
12	SEE KOK HING	1,444,322	0.89
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR WONG TET FUI (8054679))	1,314,000	0.81
14	TANG GEONG KOANG	1,073,333	0.66

Analysis of Shareholdings

as at 1 October 2012 (cont'd)

No.	Names	No. of Shares Held	%
15	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD (GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (NULF1))	873,333	0.54
16	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD (GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF))	830,933	0.51
17	FONG TING WONG	800,000	0.49
18	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (CLIENT))	740,000	0.46
19	CHEW PHEK YING	698,333	0.43
20	LIN, KUANG	666,666	0.41
21	LIU SUON LAONG @ LAU SUON LAONG	611,200	0.38
22	YVONNE KALATHINI A/P M.VIJAYARAJ	533,333	0.33
23	GOH CHONG WENG	500,500	0.31
24	TODA TORU	476,189	0.29
25	NIOW SOO SEE	433,637	0.27
26	YEOW SOON GUAT	423,199	0.26
27	MAYBAN NOMINEES (TEMPATAN) SDN BHD (PLEGDED SECURITIES ACCOUNT FOR MARCIA LOH YUNN PING)	392,000	0.24
28	CIMB COMMERCE TRUSTEE BERHAD (EXEMPT AN FOR EPF INVESTMENT FOR MEMBER SAVINGS SCHEME)	339,933	0.21
29	LOH YOKE PENG	323,809	0.20
30	CIMB COMMERCE TRUSTEE BERHAD (PCM FOR YOONG FUI KIEN)	308,570	0.19

Analysis of Warrant Holdings

as at 1 October 2012

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	%	No. of Warrants	%
Less Than 100	395	30.43	9,680	0.04
100 to 1,000	446	34.36	229,618	0.94
1,001 to 10,000	352	27.11	1,088,866	4.47
10,001 to 100,000	88	6.78	2,523,349	10.37
100,001 to Less Than 5%	14	1.08	4,833,782	19.86
5% And Above	3	0.23	15,657,562	64.32
TOTAL	1,298	100.00	24,342,857	100.00

DIRECTORS' WARRANT HOLDINGS

Names	Direct Interest		Indirect Interest	
	No. of Warrants Held	%	No. of Warrants Held	%
CHEW CHONG KEAT	6,280,633	25.80	-	-
YANG HENG LAM	4,512,185	18.54	35,000 *	0.14
GAN SIEW YONG	1,056,347	4.34	-	-
DATUK DR HJ NOORDIN BIN HJ AB RAZAK	-	-	-	-
AARON SIM KWEE LEIN	-	-	-	-
ONG LOOI CHAI	285,990	1.17	-	-
CHUA TIONG HOCK	-	-	4,868,658 ^	20.00
KHUA KIAN KEONG (alternate director to Chua Tiong Hock)	-	-	4,868,658 ^	20.00

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

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

Analysis of Warrant Holdings

as at 1 October (cont'd)

TOP 30 WARRANT HOLDERS AS AT 1 OCTOBER 2012

No.	Names	No. of Warrants Held	%
1	CHEW CHONG KEAT	6,280,633	25.80
2	SINGAPORE ENTERPRISES PRIVATE LIMITED	4,868,658	20.00
3	YANG HENG LAM	4,512,185	18.54
4	GAN SIEW YONG	1,056,347	4.34
5	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (BERMUDA))	992,760	4.08
6	FOO SOOK WAN	457,165	1.88
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI (8076676))	355,660	1.46
8	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD (GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF))	317,371	1.30
9	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD (PLEDGED SECURITIES ACCOUNT FOR YOONG FUI KIEN)	292,200	1.20
10	ONG LOOI CHAI	285,990	1.17
11	CITIGROUP NOMINEES (ASING) SDN BHD (JP MORGAN CLR CORP FOR FPA HAWKEYE FUND, LLC (FPA GLB OPP FD))	264,420	1.09
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR WONG TET FUI (8054679))	197,100	0.81
13	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD (GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (NULF1))	131,000	0.54
14	LOONG MEI YIN	130,100	0.53
15	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD (GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF))	124,640	0.51

Analysis of Warrant Holdings

as at 1 October 2012 (cont'd)

No.	Names	No. of Warrants Held	%
16	FONG TING WONG	120,000	0.49
17	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (CLIENT))	111,000	0.46
18	LIN, KUANG	100,000	0.41
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR CHIN FUI BOON)	100,000	0.41
20	YVONNE KALATHINI A/P M.VIJAYARAJ	80,000	0.33
21	YONG CHEW FATT	73,000	0.30
22	TODA TORU	71,428	0.29
23	NIOW SOO SEE	65,045	0.27
24	TAN BOON KIAT	60,000	0.25
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECUTIRES ACCOUNT FOR MARCIA LOH YUNN PING)	58,800	0.24
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECUTIRES ACCOUNT FOR YEOH WEE PIN (E-KTN))	52,200	0.21
27	PUBLIC NOMINEES (ASING) SDN BHD (PLEDGED SECUTIRES ACCOUNT FOR PHANOM SAE-TAN (E-TMM))	50,000	0.21
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECUTIRES ACCOUNT FOR TAN YI BIN (E-TMM))	50,000	0.21
29	LOH YOKE PENG	48,571	0.20
30	RICHARD ENG	47,000	0.19

List of Properties

as at 30 June 2012

Postal address/Location	Description	Existing use	Land Area (square feet)	Tenure of land (years)	Approximate age of building	Date Acquisition	Net book value as at 30.06.12 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	11 years	13 September 1996	292
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	37 years	22 October 1994	411
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	37 years	25 June 2002	440
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 2095	12 years	23 September 1998	65
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	12 years	23 September 1998	59

List of Properties

as at 30 June 2012 (cont'd)

Postal address/Location	Description	Existing use	Land Area (square feet)	Tenure of land (years)	Approximate age of building	Date Acquisition	Net book value as at 30.06.12 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 2105	6 years	16 September 2005	10,771 (Land)
Postal Address: Lot 37, Jalan Lebu Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.	Warehouse cum 2-storey office building						22,186 (Building)
HS (D) 116367, PT 183 Mukim Bandar Sultan Sulaiman, Daerah Klang, Negeri Selangor.	Industrial land	Warehouse and Office	148,815	99 years ending on 30 June 2105	19 years	17 January 2011	6,662 (Land)
Postal Address: Lot 24, Jalan Lebu Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.	Warehouse cum 2-storey office building						8,027 (Building)
HS (D) 37855, PT 478 Mukim 6, Daerah Seberang Perai Tengah, Negeri Pulau Pinang.	Industrial land	Warehouse and Office	92,424	60 years ending on 30 October 2052	17 years	11 April 2012	2,170 (Land)
Postal Address: No 1077, Lorong Perusahaan Maju 1 Kaw Perusahaan F4 13600 Perai Pulau Pinang	Warehouse cum 2-storey office building						5,087 (Building)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixteenth 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, 22nd November 2012** at **10:00 a.m.** for the following purposes:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2012 together with the Reports of the Directors and Auditors thereon.
(Please refer to Note No. 2)

2. To approve the payment of Directors' Fee amounting to RM300,000 in respect of the financial year ended 30 June 2012.

(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) Datuk Dr Hj Noordin Bin Hj Razak
- (b) Mr Aaron Sim Swee Lein

(ORDINARY RESOLUTION 2)

(ORDINARY RESOLUTION 3)

4. To approve the payment of a single tier dividend of 2.5 sen per share for the year ended 30 June 2012.

(ORDINARY RESOLUTION 4)

5. To re-appoint Messrs BDO as the Auditors and the Company for the issuing 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. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT, subject to the provisions of the Listing Requirement 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 set out in Section 2.4 under Part A of the Circular to Shareholders dated 30 October 2012, 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 favorable to the related party than those generally available to the public and are not detriment 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 at which time the mandate will lapse unless by a resolution passed at the next AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or

Notice of Annual General Meeting (cont'd)

- (c) revoked or varied by resolution passed by the shareholders in a general meeting.

whichever is 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 Shareholder' Mandate."

(ORDINARY RESOLUTION 6)

7. 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 share of RM0.50 each in the Company ("Proposed Renewal 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 162,285,715 ordinary share of RM0.50 each as at 30 June 2012, and an amount not exceeding the total retained profits of RM7,473,254 based on the latest audited financial statements of the Company as at 30 June 2012, be allocated by the Company for the Proposed Renewal 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 if the Company unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in 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 THAT FURTHER 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 implements, 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. 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 expirations of the approval hereof.”

(ORDINARY RESOLUTION 8)

9. Proposed Amendment to the Articles of Association of the Company

“**THAT** the existing Articles 77 & 79 shall be amended in the following manner:

Article 77

A Member shall be entitled to be present and to vote on any question either personally or by proxy, or as proxy for another Member at any general meeting, or upon a poll and to be reckoned in a quorum in respect of any fully paid-up shares and any share upon which any call due and payable to the Company shall have been paid.

New Article 77

A Member shall be entitled to be present and to vote on any question either personally or by proxy, or as proxy for another Member at any general meeting, or upon a poll and to be reckoned in a quorum in respect of any fully paid-up shares and any share upon which any call due and payable to the Company shall have been paid. **A proxy appointed to attend and vote at a meeting shall have the same rights as the Member to speak at the Meeting.**

Article 79

A Member may appoint not more than two (2) proxies to attend at the same meeting; where a Member appoints two (2) or more proxies, the proxies shall not be valid unless the Member specifies the proportion of his shareholding to be represented by each proxy. Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it 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.

Notice of Annual General Meeting (cont'd)

New Article 79

A Member may appoint not more than two (2) proxies to attend at the same meeting; where a Member appoints two (2) or more proxies, the proxies shall not be valid unless the Member specifies the proportion of his shareholding to be represented by each proxy. Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint **no more than two (2) proxies** in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. **Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares for multiple beneficial owners in one securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. An Exempt Authorised Nominee refers to an authorised nominee as defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.**

(SPECIAL RESOLUTION 1)

10. To transact any other business that may be properly transacted at an annual general meeting of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

CLOSURE OF BOOKS

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Sixteenth Annual General Meeting, a single tier final dividend of 2.5 sen per share will be payable on 18 December 2012 to shareholders whose name appear in the Record of Depositors at the close of business on 30 November 2012.

A Depositor shall qualify for entitlement only in respect of;

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 November 2012 in respect of ordinary shares;
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

LIM HOOI MOOI (MAICSA 0799764)
WONG WAI FOONG (MAICSA 7001358)
Company Secretaries

Kuala Lumpur
30 October 2012

Notice of Annual General Meeting (cont'd)

NOTES

1. Appointment of Proxy

- For the purpose of determining who shall be entitled to attend this meeting pursuant to Article 62 of the Company's Articles of Association and Section 34(1) of the Central Depositories Act, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 16 November 2012 and only Depositors whose names appear on such Record of Depositors shall be entitled to attend the said meeting.
- 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 in his stead of him. 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 share of the Company standing to the credit of the said securities account. A member who is an exempt authorised nominee which holds ordinary shares for multiple beneficial owners in one securities account ("omnibus account") may appoint unlimited number of proxies in respect of each omnibus account it holds. Where a member or an authorised nominee appoints two (2) proxies or an exempt authorised nominee appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- A proxy need not be a member of the Company and the provision 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 Registered Office of the Company situated 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 or any adjournment thereof and in default, the instrument of proxy shall not be treated as valid.

2. Agenda No. 1

This item 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 required a resolution to be put to vote by shareholders.

EXPLANATORY NOTES ON SPECIAL BUSINESS

3. Ordinary Resolution 6

The proposed Ordinary Resolution 6 seeking Shareholders' Mandate to allow the Company and its subsidiaries to enter into Recurrent Related Party Transaction of a Revenue or Trading Nature is to enable the Company to comply with Paragraph 10.09, Part E of the Listing Requirement 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.

Notice of Annual General Meeting (cont'd)

4. 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 fund allocated which shall not exceed the total retained profits 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 30 October 2012 which is despatched together with the Company's 2012 Annual Report.

5. Ordinary Resolution 8

Proposed Ordinary Resolution 8 is for the purpose of granting a renewal of a 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 share 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 held on 30 November 2011. 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.

6. Special Resolution 1

The proposed Special Resolution 1 is to comply with the recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

There is no person seeking election as Director of the Company at this Annual General Meeting.

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Proxy Form



FREIGHT MANAGEMENT HOLDINGS BHD (380410-P) (Incorporated In Malaysia)

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 Sixteenth 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, 22 November 2012** 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 2012.

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		
Special Resolution 1		

Please indicate with an "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 _____ 2012

No of shares held	CDS Account No.

Signature of Shareholder

For appointment of two proxies, percentage of shareholdings to be represented by the proxies			
	No. of Shares	Percentage	
Proxy 1			%
Proxy 2			%
	100	%	

Notes

1. For the purpose of determining who shall be entitled to attend this meeting pursuant to Article 62 of the Company's Articles of Association and Section 34(1) of the Central Depositories Act, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 16 November 2012 and only Depositors whose names appear on such Record of Depositors shall be entitled to attend the said meeting.
2. 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 share of the Company standing to the credit of the said securities account. Where a member or an authorised nominee appoints two (2) proxies or an exempt authorised nominee appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company.
4. 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.
5. The instrument of proxy must be deposited at the Company's Register 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.

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STAMP

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 (1)

Contact Particulars of Freight Management Group

	TEL	FAX
MALAYSIA		
<u>Head Office</u>		
FREIGHT MANAGEMENT HOLDINGS BHD Wisma Freight Management, Lot 37, Lebuah Sultan Mohamed 1, Kaw. Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor. Email: gen@fmgloballogistics.com Website: www.fmgloballogistics.com	03-3176 1111	03-3176 8634
<u>Location of Subsidiary Offices</u>		
FM GLOBAL LOGISTICS (M) SDN BHD Wisma Freight Management, Lot 37, Lebuah Sultan Mohamed 1, Kaw. Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor. Email: enquiry-my@fmgloballogistics.com	03-3176 1111	03-3176 8634
FM GLOBAL LOGISTICS (M) SDN BHD (Melaka branch) 47A, Jalan Melaka Baru 22, Taman Melaka Baru, Batu Berendam, 75350 Melaka, Malaysia. Email: enquiry-my@fmgloballogistics.com	06-317 5143 06-317 5144	06-317 5202
FM GLOBAL LOGISTICS (M) SDN BHD (Ipoh branch) No. 7A (1st Floor), Persiaran Greentown 9, Greentown Business Centre, 30450 Ipoh, Perak Darul Ridzuan. Email: enquiry-my@fmgloballogistics.com	05-242 1358 05-243 1611	05-255 1380 05-255 1446
FM GLOBAL LOGISTICS (M) SDN BHD (Penang branch) No. 4453, Jalan Bagan Luar, 12000 Butterworth, Penang. Malaysia. Email: enquiry-my@fmgloballogistics.com	04-331 4358	04-331 4368 04-323 4368
FM GLOBAL LOGISTICS (M) SDN BHD (JB branch) No. 68-2, Jalan Molek 2/2, Taman Molek, 81100 Johor Bahru. Email: enquiry-my@fmgloballogistics.com	07-351 7918	07-352 0918
FM GLOBAL LOGISTICS (M) SDN BHD (Kuantan branch) No. 46, 1/Floor, Jalan Gebeng 1/24, Bandar Industri Gebeng Jaya, 26080, Kuantan, Pahang.	09-583 3627 09-583 3628	09-583 3631
ADVANCE INTERNATIONAL FREIGHT SDN BHD Lot 37, Lebuah Sultan Mohamed 1, Kaw. Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor. Email: alog@fmgloballogistics.com	03-3176 8001	03-3176 2005 03-3176 1005

Contact Particulars of Freight Management Group (cont'd)

	TEL	FAX
MALAYSIA (CONT'D)		
Location of Subsidiary Offices (cont'd)		
ADVANCE INTERNATIONAL FREIGHT SDN BHD (Penang branch) No. 9-03, 9th Floor, Wisma Pantai, Jalan Wisma Pantai, Kampung Gajah, 12200 Butterworth, Penang, Malaysia Email: infor@advancelog.com.my	04-329 8355 04-329 8356	04-329 8359
FM-HELLMANN WORLDWIDE LOGISTICS SDN BHD (KLIA-Warehouse & Operation office) Lot C3A, Block C, Free Commencial Zone, Malaysia Airlines Freight Forwarders Complex, KLIA Cargo Village, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan.	03-8787 2990	03-8787 2933
(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, Selangor. Email: doreen@citra.com.my/blcheah@citra.com.my	03-3176 6888	03-3176 3993 03-3176 4209
EXTERIAN ENTERPRISE SDN BHD Block F-08-3, 3rd Floor, Plaza Kelana Jaya, Jalan SS7/13A, 47310 Kelana Jaya, Selangor Darul Ehsan. Email: fmhwlairsteamys.com	03-7877 7599	03-7877 6599
SYMPHONY EXPRESS SDN BHD Lot 37, Lebuhr Sultan Mohamed 1, Kaw. Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor. Email: gen@fmgloballogistics.com	03-3176 1111	03-3176 8634
OVERSEAS		
TCH MARINE PTE. LTD. 6001 Beach Road, #19-11A, Golden Mile Tower, Singapore 199589. Email: tchtay@singnet.com.sg	65-6294 7787	65-6294 8483

Contact Particulars of Freight Management Group (cont'd)

	TEL	FAX
OVERSEAS (CONT'D)		
FM GLOBAL LOGISTICS 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 FM GLOBAL LOGISTICS (Jakarta HQ) Rukun Artha Gading Niaga Blok H, Jalan Bulevar Artha Gading, No. 11, Kelapa Gading Barat, Jakarta Utara 14240, Indonesia. Email: enquiry-id@fmgloballogistics.com	021-4585 6727 021-4585 0905	021-4585 0906
FM GLOBAL LOGISTICS CO., LTD 731/6 Ratchadapisek Road, Bangpongpan, Yannawa, Bangkok 10120, Thailand. Email: enquiry-th@fmgloballogistics.com	662-683 6352	662-683 6358
FM GLOBAL LOGISTICS COMPANY LIMITED 167-169, Dien Bien Phu Street, Dakao Ward, District 1, Ho Chi Minh City, Vietnam Email: enquiry-vn@fmgloballogistics.com	848-3823 8628	848-3823 7868

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