



Financial Statements

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year, except for the acquisition of subsidiary companies as disclosed in Note 7 to the financial statements.

RESULTS

	Group RM	Company RM
Profit after tax	8,032,971	4,032,621
Minority interests	(293,417)	-
Net profit for the financial year	7,739,554	4,032,621

DIVIDENDS

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

	RM
In respect of the financial year ended 30 June 2005:	1,226,880
Interim dividend of 2.0 sen per ordinary share, less tax, paid on 8 August 2005	
Final dividend of 2.0 sen per ordinary share, less tax, paid on 20 December 2005	1,226,880
In respect of the financial year ended 30 June 2006:	1,226,880
Interim dividend of 2.0 sen per ordinary share, less tax, paid on 30 June 2006	
	3,680,640

The Directors proposed a final gross dividend of 2.0 sen per share, less tax, amounting to RM1,226,880 in respect of the financial year ended 30 June 2006 subject to the approval of shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures during the year.

EMPLOYEES' SHARE OPTION SCHEME

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

- (a) The ESOS is made available to eligible Directors and employees are those who are confirmed employees of the Group for at least six months as at the date of offer;
- (b) The maximum number of options to be offered under the ESOS shall not exceed 15% of the Company's issued and paid-up share capital at any point in time during the duration of the ESOS or such additional number that may be permitted by the relevant authorities during the duration of the ESOS;
- (c) The options granted shall be capable of being exercised by notice in writing to the Company on such day or within such time period as may be determined by the ESOS Committee. The periods where option are exercisable as decided by the ESOS Committee are in the months of June and December only;
- (d) The exercise price of the options shall not be less than the issue price for the issue shares (for options granted prior to the listing of the Company on the Second Board of Bursa Malaysia Securities) or shall be based on the five-days weighted average market price of the shares at the time the options are granted with a discount of not more than 10% if deemed appropriate by the ESOS Committee (for options that are granted after listing);
- (e) Upon exercise of the options, the shares issued rank pari-passu with the then existing issued ordinary shares of the Company except that the shares so issued will not be entitled to any dividend, rights, allotment or other distribution declared, made or paid to the shareholders unless the shares so allotted have been credited into the relevant securities accounts of the shareholders maintained by the Depository before the entitlement date and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise;
- (f) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any share issue of any other company in the Group;
- (g) An eligible Director who is a non-executive director shall not sell, transfer or assign the shares obtained through the exercise of the options offered to him within one (1) year; and
- (h) The maximum percentage of options exercisable in each year is 20%, rounded to the nearest board lot of the entitlement.

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

---- Number of options over ordinary shares of RM0.50 each ----					
	Option price RM	Balance as at 1.7.2005	Granted during the year	Exercised during the year	Balance as at 30.6.2006
Date of offer					
28 January 2005	0.65	4,678,000	-	-	4,678,000

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

---- Number of options over ordinary shares of RM0.50 each ----					
	Option price RM	Balance as at 1.7.2005	Granted and accepted during the year	Exercised during the year	Balance as at 30.6.2006
Name of option holders					
Chew Chong Keat	0.65	200,000	-	-	200,000
Yang Heng Lam	0.65	200,000	-	-	200,000
Gan Siew Yong	0.65	200,000	-	-	200,000
Ong Looi Chai	0.65	200,000	-	-	200,000
Teh Swee Sim	0.65	200,000	-	-	200,000

DIRECTORS' REPORT (CONT'D)

EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

DIRECTORS

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

Datuk Dr. Haji Noordin bin Haji Ab. Razak
 Chew Chong Keat
 Yang Heng Lam
 Gan Siew Yong
 Aaron Sim Kwee Lein
 Ong Looi Chai (appointed on 1 June 2006)
 Goh Chong Weng (Alternate Director to Ong Looi Chai) (appointed on 1 June 2006 and resigned on 27 July 2006)

In accordance with Article 109 of the Company's Articles of Association, Datuk Dr. Haji Noordin bin Haji Ab. Razak and Aaron Sim Kwee Lein retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 114 of the Company's Articles of Association, Ong Looi Chai retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interest in the ordinary shares of the Company during the financial year ended 30 June 2006 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, were as follows:

Shares in the Company	----- Number of ordinary shares -----			
	Balance as at 1.7.2005/ date of appointment	Bought	Sold	Balance as at 30.6.2006
Direct interests				
Chew Chong Keat	24,801,868	13,700	-	24,815,568
Gan Siew Yong	3,703,082	13,700	-	3,716,782
Yang Heng Lam	16,195,772	13,700	-	16,209,472
Datuk Dr. Haji Noordin bin Haji Ab. Razak	2,588,000	-	-	2,588,000
Goh Chong Weng	579,793	5,900	-	585,693
Ong Looi Chai	994,050	6,900	-	1,000,950

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

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

DIRECTORS' BENEFITS

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

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.
- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

DIRECTORS' REPORT (CONT'D)

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

(III) AS AT THE DATE OF THIS REPORT

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

The activity of the JVCo is to provide integrated freight (air, sea and land) and logistic services. JVCo has an authorised and paid up share capital of AUD150,000 and the capital contributed as follows:

- (i) 55% from Icon Line (Malaysia) Sdn. Bhd. equivalent to AUD82,500; and
 - (ii) 45% from Sheriff (WA) Pty Ltd equivalent to AUD67,500.
- (b) On 15 February 2006, the Company entered into an Agreement with Andrew Tay Nguang Yeow to purchase at the consideration of SGD700,000 the rights of Andrew Tay in a Right Issue exercise to be undertaken by TCH Marine Pte. Ltd. ("TCH Marine"), a company incorporated in Singapore, under TCH Marine's Bonus & Rights Issue Exercise being undertaken. The purchase of the rights allowed the Company to subscribe for 1,353,000 ordinary shares of SGD1.00 each at the consideration of SGD1,353,000 or equivalent to RM3,103,105.

With the completion of the Subscription on 3 March 2006, TCH Marine is a 51% owned subsidiary of the Company. The total investment for the 51% shareholding in TCH Marine by the Company is SGD2,053,000 or equivalent to RM4,704,705 and direct cost attributed to the acquisition amounting to RM26,790.

The Company nominated Icon Line (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of the Company to hold one share in TCH Marine amounting to SGD1 or equivalent to RM2.

AUDITORS

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

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

.....
Chew Chong Keat
Director

.....
Yang Heng Lam
Director

Port Klang
16 October 2006

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 37 to 77 have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:

- (i) the state of affairs of the Group and of the Company as at 30 June 2006 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group and of the Company for the financial year ended 30 June 2006.

On behalf of the Board,

.....
Chew Chong Keat
Director

.....
Yang Heng Lam
Director

Port Klang
16 October 2006

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 37 to 77 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)	Chew Chong Keat
declared by the abovenamed at)	
Kuala Lumpur this)	
16 October 2006)	

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



REPORT OF THE AUDITORS

TO THE MEMBERS OF FREIGHT MANAGEMENT HOLDINGS BHD.

We have audited the financial statements set out on pages 37 to 77.

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

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

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 30 June 2006 and of its results and cash flows for the financial year then ended;

and

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

We have considered the financial statements and auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 7 to the financial statements, being financial statements that are included in the consolidated financial statements.

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

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

BDO Binder
AF: 0206
Chartered Accountants

James Chan Kuan Chee
2271/10/07 (J)
Partner

Kuala Lumpur
16 October 2006

BALANCE SHEETS

AS AT 30 JUNE 2006

		Group		Company	
	NOTE	2006 RM	2005 RM	2006 RM	2005 RM
ASSETS EMPLOYED					
PROPERTY, PLANT AND EQUIPMENT	6	49,834,801	15,359,307	-	-
INVESTMENT IN SUBSIDIARY COMPANIES	7	-	-	33,587,410	28,855,917
INVESTMENT IN AN ASSOCIATED COMPANY	8	121,756	140,123	-	-
OTHER INVESTMENTS	9	1,150,797	1,221,309	-	-
AMOUNT OWING BY A SUBSIDIARY COMPANY	10	-	-	14,160,600	-
GOODWILL ON CONSOLIDATION	11	1,674,226	-	-	-
CURRENT ASSETS					
Trade receivables	12	32,252,188	23,458,335	-	-
Other receivables, deposits and prepayments	13	2,703,962	13,152,853	24,462	6,160
Amounts owing by subsidiary companies	10	-	-	2,826,232	6,439,421
Amount owing by an associated company	14	459,306	216,790	-	-
Tax recoverable		218,416	555,758	119,500	-
Fixed deposits with licensed banks	15	3,014,088	3,255,212	-	-
Cash and bank balances		6,458,832	20,262,341	921,739	14,825,634
		45,106,792	60,901,289	3,891,933	21,271,215
LESS: CURRENT LIABILITIES					
Trade payables	16	13,441,179	10,758,312	-	-
Other payables and accruals	17	7,381,832	3,715,617	307,061	155,307
Amounts owing to subsidiary companies	18	-	-	1,132,076	-
Hire-purchase and lease creditors	19	416,518	420,067	-	-
Term loans - secured	20	1,289,849	21,168	-	-
Bank overdrafts - secured	21	8,270,661	5,409,263	-	-
Dividends payable		-	1,226,880	-	1,226,880
Tax liabilities		532,467	237,805	-	123,000
		31,332,506	21,789,112	1,439,137	1,505,187
NET CURRENT ASSETS					
		13,774,286	39,112,177	2,452,796	19,766,028
		66,555,866	55,832,916	50,200,806	48,621,945

BALANCE SHEETS (CONT'D)

			Group		Company
	NOTE	2006 RM	2005 RM	2006 RM	2005 RM
FINANCED BY					
SHARE CAPITAL	22	42,600,000	42,600,000	42,600,000	42,600,000
RESERVES	23	16,176,240	10,858,096	7,600,806	6,021,945
SHAREHOLDERS' EQUITY		58,776,240	53,458,096	50,200,806	48,621,945
MINORITY INTERESTS		3,457,245	-	-	-
NON-CURRENT AND DEFERRED LIABILITIES					
Hire-purchase and lease creditors	19	534,628	569,552	-	-
Term loans - secured	20	1,742,353	60,268	-	-
Deferred tax liabilities	24	2,045,400	1,745,000	-	-
		66,555,866	55,832,916	50,200,806	48,621,945

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

			Group		Company
	NOTE	2006 RM	2005 RM	2006 RM	2005 RM
Revenue	25	160,831,784	82,997,063	7,698,000	4,107,613
Cost of sales		(128,884,944)	(68,140,262)	-	-
Gross profit		31,946,840	14,856,801	7,698,000	4,107,613
Other operating income		3,693,149	2,395,453	159,573	177,335
Administration expenses		(11,367,137)	(6,262,521)	(2,177,404)	(187,446)
Other operating expenses		(12,853,811)	(6,269,969)	-	-
Profit from operations		11,419,041	4,719,764	5,680,169	4,097,502
Finance costs		(349,328)	(139,513)	-	-
Share of (loss)/profit in an associated company		(8,619)	17,419	-	-
Profit before tax	26	11,061,094	4,597,670	5,680,169	4,097,502
Tax expense	27				
Company and subsidiary companies		3,018,375	980,843	1,647,548	907,000
Share of tax expense in an associated company		9,748	11,907	-	-
		(3,028,123)	(992,750)	(1,647,548)	(907,000)
		8,032,971	3,604,920	4,032,621	3,190,502
Minority interests		(293,417)	-	-	-
Net profit for the financial year		7,739,554	3,604,920	4,032,621	3,190,502
Gross dividends per ordinary share (sen)		4.00	4.00		
Basic earnings per ordinary share (sen)	29	9.08	8.29		
Fully diluted earnings per ordinary share (sen)	29	9.06	-		

The result of the Group for 2005 is consolidated from the date of acquisition of subsidiary companies. Accordingly, the Group income statement for the financial year ended 30 June 2005 only reflects 7 months results of the subsidiary companies.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

GROUP	Share capital RM	Share premium RM	Reserve on consolidation RM	Exchange fluctuation reserve RM	Retained profits/ (Accumulated losses) RM	Total RM
Balance as at 1 July 2004	3	-	-	-	(17,183)	(17,180)
Issue of shares	42,599,997	5,582,886	-	-	-	48,182,883
Listing expenses	-	(1,507,380)	-	-	-	(1,507,380)
Reserve on consolidation	-	-	4,421,733	-	-	4,421,733
Net (loss)/gain not recognised in the income statements	-	(1,507,380)	4,421,733	-	-	2,914,353
Net profit for the financial year	-	-	-	-	3,604,920	3,604,920
Dividends (Note 28)	-	-	-	-	(1,226,880)	(1,226,880)
Balance as at 30 June 2005	42,600,000	4,075,506	4,421,733	-	2,360,857	53,458,096
Transfer to goodwill on consolidation	-	-	11,481	-	-	11,481
Exchange fluctuation reserve arising from translation of foreign subsidiary companies during the year	-	-	-	20,869	-	20,869
Net gain not recognised in the income statements	-	-	11,481	20,869	-	32,350
Net profit for the financial year	-	-	-	-	7,739,554	7,739,554
Dividends (Note 28)	-	-	-	-	(2,453,760)	(2,453,760)
Balance as at 30 June 2006	42,600,000	4,075,506	4,433,214	20,869	7,646,651	58,776,240

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

COMPANY	Share capital RM	Share premium RM	Retained profits/ (Accumulated losses) RM	Total RM
Balance as at 1 July 2004	3	-	(17,183)	(17,180)
Issue of shares	42,599,997	5,582,886	-	48,182,883
Listing expenses	-	(1,507,380)	-	(1,507,380)
Net loss not recognised in the income statements	-	(1,507,380)	-	(1,507,380)
Net profit for the financial year	-	-	3,190,502	3,190,502
Dividends (Note 28)	-	-	(1,226,880)	(1,226,880)
Balance as at 30 June 2005	42,600,000	4,075,506	1,946,439	48,621,945
Net profit for the financial year	-	-	4,032,621	4,032,621
Dividends (Note 28)	-	-	(2,453,760)	(2,453,760)
Balance as at 30 June 2006	42,600,000	4,075,506	3,525,300	50,200,806

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	11,061,094	4,597,670	5,680,169	4,097,502
Adjustments for:				
Allowance for diminution in value of other investments	177,453	81,467	-	-
Allowance for doubtful debts	529,117	530,259	-	-
Allowance for doubtful debts no longer required	(628,980)	(369,467)	-	-
Bad debts recovered	(7,910)	(15,227)	-	-
Bad debts written off	34,453	10,025	-	-
Depreciation of property, plant and equipment	2,108,440	848,258	-	-
Dividends income	(111,910)	-	(6,000,000)	(3,517,613)
Gain on disposal of property, plant and equipment	(113,129)	(99,688)	-	-
Interest expense	349,328	139,513	-	-
Interest income	(308,006)	(281,035)	(159,573)	(177,107)
Property, plant and equipment written off	151,850	6,615	-	-
Share of loss/(profit) in an associated company	8,619	(17,419)	-	-
Unrealised (gain)/loss on foreign currency transactions	(369,410)	(25,960)	7,850	-
Operating profit/(loss) before working capital changes	12,881,009	5,405,011	(471,554)	402,782
Increase in trade receivables	(8,381,757)	(2,862,783)	-	-
Increase in other receivables, deposits and prepayments	(1,008,303)	(6,934,760)	(18,302)	(6,160)
Increase in trade payables	2,171,640	1,728,108	-	-
Increase/(Decrease) in other payables and accruals	2,715,976	(1,165,240)	151,754	138,124
Increase in amount owing by an associated company	(242,516)	(77,014)	-	-
Cash generated from/(used in) operations	8,136,049	(3,906,678)	(338,102)	534,746
Interest paid	(244,009)	(98,605)	-	-
Tax paid	(2,102,227)	(2,318,701)	(210,048)	-
Tax refund	1,508	-	-	-
Net cash from/(used in) operating activities	5,791,321	(6,323,984)	(548,150)	534,746

CASH FLOW STATEMENTS (CONT'D)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiary companies	-	-	(4,731,493)	(1)
Acquisition of subsidiary companies, net of cash and cash equivalents acquired (Note 30)	(2,064,720)	1,907,895	-	-
Advances to subsidiary companies	-	-	(10,555,261)	(11,304,960)
Dividends received	106,941	-	4,320,000	2,733,613
Interest received	308,006	281,035	159,573	177,107
Investment in unit trusts	(106,941)	(1,300,000)	-	-
Placements of Repo	(151,700,000)	(224,000,000)	(151,700,000)	(224,000,000)
Placement/(Withdrawal) of fixed deposits pledged to licensed banks	400,754	(83,773)	-	-
Proceeds from disposal of property, plant and equipment	133,368	337,733	-	-
Purchase of property, plant and equipment (Note 31)	(17,038,248)	(1,896,212)	-	-
Withdrawals of Repo	151,700,000	224,000,000	151,700,000	224,000,000
Net cash used in investing activities	(18,260,840)	(753,322)	(10,807,181)	(8,394,241)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from subsidiary companies	-	-	1,132,076	-
Advances from other payables	565,119	-	-	-
Dividends paid	(3,680,640)	-	(3,680,640)	-
Payment of listing expenses	-	(1,507,380)	-	(1,507,380)
Repayment of term loans	(325,621)	(46,941)	-	-
Repayment of hire-purchase and lease creditors	(452,766)	(395,344)	-	-
Proceeds from issue of shares	-	24,192,506	-	24,192,506
Interest paid	(105,319)	(40,908)	-	-
Net cash (used in)/from financing activities	(3,999,227)	22,201,933	(2,548,564)	22,685,126
Exchange differences	(21,160)	-	-	-
Net (decrease)/increase in cash and cash equivalents	(16,489,906)	15,124,627	(13,903,895)	14,825,631
Cash and cash equivalents at beginning of financial year	15,124,630	3	14,825,634	3
Effect of changes in exchange	(15,371)	-	-	-
Cash and cash equivalents at end of financial year (Note 32)	(1,380,647)	15,124,630	921,739	14,825,634

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

1. GENERAL INFORMATION

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

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

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

The financial statements are presented in Ringgit Malaysia.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Foreign currency risk

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

(b) Liquidity risk

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

Short term flexibility is achieved by overdraft facilities.

(c) Interest rate risk

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

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

(d) Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year, except for the acquisition of subsidiary companies as disclosed in Note 7 to the financial statements.

4. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of accounting

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

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

5.2 Basis of consolidation

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

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

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

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

5.3 Property, plant and equipment and depreciation

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 Property, plant and equipment and depreciation (Cont'd)

Freehold land and construction in progress are not depreciated. Long leasehold land is amortised over the terms of the lease period of 88 to 99 years. Depreciation on other property, plant and equipment is calculated to write off the costs of the assets on a straight line basis over their estimated useful lives and reducing balances. The principal annual depreciation rates are as follows:

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

5.4 Assets acquired under hire-purchase and lease agreements

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

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

5.5 Investments

(i) Subsidiary companies

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

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

(ii) Associated companies

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 Investments (Cont'd)

(iii) Other investments

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

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

5.6 Receivables

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

5.7 Impairment of assets

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

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

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

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

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

5.8 Payables

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

5.9 Provisions

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

5.10 Employee benefits

5.10.1 Short term employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.10 Employee benefits (Cont'd)

5.10.1 Short term employee benefits (Cont'd)

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

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

5.10.2 Defined contribution plans

The Company and subsidiary companies incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiary companies make contributions to their respective countries' statutory pension schemes and recognise the contribution payable:

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

5.10.3 Equity compensation benefits

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

5.11 Income tax

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

5.11.1 Current tax expense

Current tax expense is based on taxable profits.

5.11.2 Deferred tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.12 Foreign currency transactions and translations

(a) Transactions and balances in foreign currencies

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

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

(b) Translation of foreign currency financial statements

For consolidation purposes, the assets and liabilities of foreign entities are translated into Ringgit Malaysia at the rates ruling at the balance sheet date. Income statement items are translated at exchange rates at the dates of transactions. The translation differences arising there from are taken up and reflected in the exchange translation reserve.

Goodwill arising on the acquisition of a foreign entity and fair value adjustments to the carrying amounts of assets and liabilities acquired are translated at the exchange rate at the date of transaction.

(c) Principal closing rates

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

	2006 RM	2005 RM
1 Australian Dollar	2.72	2.90
1 Euro	4.67	4.60
1 Hong Kong Dollar	0.47	0.49
1 Japanese Yen	0.03	0.03
1 Pound Sterling	6.74	6.87
1 Singapore Dollar	2.31	2.26
1 US Dollar	3.68	3.80

5.13 Revenue recognition

Group

Revenue of the Group represents invoiced value of services rendered.

Revenue is recognised in the income statement when services are rendered.

Company

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

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

5.14 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 Financial instruments

Financial instruments recognised on the balance sheets

(a) Ordinary shares

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

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

(b) Other borrowings

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

(c) Other financial instruments

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

5.16 Borrowing costs

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

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

The amount of borrowings 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1 July 2005 RM	Subsidiary companies acquired RM	Additions RM	Disposals RM	Written off RM	Translations adjustments RM	Balance as at 30 June 2006 RM
2006							
At cost							
Freehold land	236,467	-	-	-	-	-	236,467
Long leasehold land	3,161,918	-	11,578,072	-	-	-	14,739,990
Buildings	6,947,182	-	-	-	-	-	6,947,182
Construction in progress	-	-	15,123,427	-	-	-	15,123,427
Machinery, furniture and fittings	920,621	-	164,799	(13,700)	(112,162)	-	959,558
Office equipment	4,355,021	27,887	647,772	-	(1,154,594)	181	3,876,267
Renovation	174,585	-	-	-	-	-	174,585
Motor vehicles	4,852,805	-	657,638	(240,259)	(196,000)	-	5,074,184
Forklifts	649,365	-	-	(93,513)	-	-	555,852
Storage containers	2,984,212	-	-	(12,516)	-	-	2,971,696
Tug boats and barges	-	9,994,526	1,073,905	-	-	97,120	11,165,551
	24,282,176	10,022,413	29,245,613	(359,988)	(1,462,756)	97,301	61,824,759

	Balance as at 1 July 2005 RM	Subsidiary companies acquired RM	Charge for the financial year RM	Disposals RM	Written off RM	Translations adjustments RM	Balance as at 30 June 2006 RM
Accumulated Depreciation							
Freehold land	-	-	-	-	-	-	-
Long leasehold land	241,339	-	130,331	-	-	-	371,670
Buildings	905,651	-	138,945	-	-	-	1,044,596
Construction in progress	-	-	-	-	-	-	-
Machinery, furniture and fittings	685,224	-	102,803	(11,298)	(99,860)	(90)	676,779
Office equipment	2,657,790	15,334	548,620	-	(1,106,507)	(392)	2,114,845
Renovation	114,275	-	15,736	-	-	-	130,011
Motor vehicles	2,971,091	-	600,223	(236,715)	(104,539)	(275)	3,229,785
Forklifts	605,553	-	29,043	(87,471)	-	-	547,125
Storage containers	741,946	-	297,513	(4,265)	-	-	1,035,194
Tug boats and barges	-	2,567,936	245,226	-	-	26,791	2,839,953
	8,922,869	2,583,270	2,108,440	(339,749)	(1,310,906)	26,034	11,989,958

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

	Group 2006 RM	2005 RM
Net book value		
Freehold land	236,467	236,467
Long leasehold land	14,368,320	2,920,579
Buildings	5,902,586	6,041,531
Construction in progress	15,123,427	-
Machinery, furniture and fittings	282,779	235,397
Office equipment	1,761,422	1,697,231
Renovation	44,574	60,310
Motor vehicles	1,844,399	1,881,714
Forklifts	8,727	43,812
Storage containers	1,936,502	2,242,266
Tug boats and barges	8,325,598	-
	49,834,801	15,359,307

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

	Group 2006 RM	2005 RM
At net book value		
Construction in progress	15,123,427	-
Freehold land	236,467	236,467
Long leasehold land	14,368,320	2,920,579
Buildings	5,759,740	5,895,511
Barges	6,325,981	-
	41,813,935	9,052,557

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

	Group 2006 RM	2005 RM
Motor vehicles	1,517,319	1,571,047

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2006 RM	2005 RM
Unquoted shares - at cost	33,587,410	28,855,917

The details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Interest in equity held by Company		Principal activities
		2006	2005	
Citra Multimodal Services Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
FM-Hellmann Worldwide Logistics Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
FM Worldwide Logistics (Penang) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
Freight Management (Ipoh) Sdn.Bhd.	Malaysia	100%	100%	Provision of freight services
Freight Management (M) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
Freight Management (Melaka) Sdn.Bhd.	Malaysia	100%	100%	Provision of freight services
Freight Management (Penang) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
Advance International Freight Sdn. Bhd. (formerly known as Advance Logistar Sdn. Bhd.)	Malaysia	100%	100%	Provision of freight services
Perspektif Gemilang Sdn. Bhd.	Malaysia	100%	100%	Investment holding
#TCH Marine Pte. Ltd.	Singapore	51%	-	Charterer of barges and tugboats
Icon Line (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation	Interest in equity held by Company		Principal activities
		2006	2005	
Subsidiary company of Icon Line (Malaysia) Sdn. Bhd.				
#Icon Freight Services Pty. Ltd.	Australia	55%	-	Provision of integrated freight and logistic services

Subsidiary companies not audited by member firms of BDO International.

During the financial year, the Group acquired the following:

- (a) Icon Line (Malaysia) Sdn. Bhd. acquired 55% equity interest in Icon Freight Services Pty. Ltd. comprising 82,500 ordinary shares of AUD1.00 each for a cash consideration of AUD82,500 or equivalent to RM236,115 on 14 July 2005. (Note 38)
- (b) The Company acquired 51% equity interest in TCH Marine Pte. Ltd. comprising 2,053,000 ordinary shares of SGD1 each for a cash consideration of SGD2,053,000 or equivalent to RM4,704,705 and direct cost attributed to the acquisition amounting to RM26,790 on 3 March 2006. (Note 38)

The Company nominated Icon Line (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of the Company to hold one ordinary share of SGD1 each in TCH Marine Pte. Ltd. for a cash consideration of SGD1 or equivalent to RM2. (Note 38)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

- (a) The Company acquired 100% equity interest in Freight Management (M) Sdn. Bhd. from Directors comprising 2 million ordinary shares of RM1.00 each for a purchase consideration of RM17,774,783 satisfied by the issuance of 35,549,566 new ordinary shares at par.
- (b) The Company acquired 100% equity interest in Icon Line (Malaysia) Sdn. Bhd. from Freight Management (M) Sdn. Bhd. and Directors comprising 40,000 ordinary shares of RM1.00 each for a cash consideration of RM1.00.
- (c) The Company acquired the remaining equity interest in subsidiary companies of Freight Management (M) Sdn. Bhd. namely Advance Logistar Sdn. Bhd., Freight Management (Penang) Sdn. Bhd., Freight Management (Ipoh) Sdn. Bhd. and FM-Hellmann Worldwide Logistics Sdn. Bhd. for a total purchase consideration of RM1,781,039 satisfied by the issuance of 3,562,078 new ordinary shares at par.
- (d) Freight Management (Penang) Sdn. Bhd. transferred its 30% equity shareholding in FM Worldwide Logistics (Penang) Sdn. Bhd. comprising 75,000 ordinary shares of RM1.00 each to Freight Management (M) Sdn. Bhd. for a cash consideration of RM165,660. The purchase consideration constitutes an intercompany debt between Freight Management (Penang) Sdn. Bhd. and Freight Management (M) Sdn. Bhd..
- (e) Then, Freight Management (M) Sdn. Bhd. transferred its entire equity interest in its subsidiary companies, namely Advance Logistar Sdn. Bhd., Citra Multimodal Services Sdn. Bhd., Freight Management (Ipoh) Sdn. Bhd., Freight Management (Melaka) Sdn. Bhd., Freight Management (Penang) Sdn. Bhd., FM-Hellmann Worldwide Logistics Sdn. Bhd., FM Worldwide Logistics (Penang) Sdn. Bhd. and Perspektif Gemilang Sdn. Bhd. to the Company for a total cash consideration of RM9,300,094. The total purchase consideration constitutes an intercompany debt between Freight Management (M) Sdn. Bhd. and the Company.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENT IN AN ASSOCIATED COMPANY

	2006 RM	Group 2005 RM
Unquoted shares, at cost	49,000	49,000
Group's share of post acquisition results	72,756	91,123
	121,756	140,123

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

	2006 RM	Group 2005 RM
Group's share of net assets	53,401	71,768
Premium on acquisition	68,355	68,355
	121,756	140,123

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

Name of Company	Interest in equity held by Group		Principal activity
	2006	2005	
FM Distribution Sdn. Bhd.	49%	49%	Provision of warehouse services

9. OTHER INVESTMENTS

	2006 RM	Group 2005 RM
Unquoted shares in Malaysia - at cost	2,776	2,776
Unit trusts in Malaysia - at cost	1,406,941	1,300,000
	1,409,717	1,302,776
Less: Allowance for diminution in value	(258,920)	(81,467)
	1,150,797	1,221,309
Market value of unit trusts in Malaysia	1,148,021	1,218,533



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. AMOUNTS OWING BY SUBSIDIARY COMPANIES

Current

The amounts owing by subsidiary companies represent management fees, advances and payments on behalf which are unsecured, interest-free and have no fixed terms of repayment.

Non-current

The amount owing by a subsidiary company represents advances which are unsecured, interest-free and repayable after 12 months.

11. GOODWILL ON CONSOLIDATION

	Group 2006 RM
Balance as at 1 July 2005	-
Transfer from reserve on consolidation	11,481
Goodwill arising on acquisition of subsidiary companies	<u>1,662,745</u>
Balance as at 30 June 2006	<u>1,674,226</u>

12. TRADE RECEIVABLES

	2006 RM	Group 2005 RM
Trade receivables	32,931,762	24,335,600
Less: Allowance for doubtful debts	<u>(679,574)</u>	<u>(877,265)</u>
	<u>32,252,188</u>	<u>23,458,335</u>

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

	2006 RM	Group 2005 RM
Bad debts written off	<u>97,828</u>	<u>7,253</u>

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

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

	2006 RM	Group 2005 RM
Australian Dollar	466,021	-
Singapore Dollar	2,298	370
US Dollar	6,613,222	4,117,625
Ringgit Malaysia	<u>25,170,647</u>	<u>19,340,340</u>
	<u>32,252,188</u>	<u>23,458,335</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deposits	382,476	12,159,986	1,000	-
Other receivables	1,808,119	530,345	6,520	-
Prepayments	513,367	462,522	16,942	6,160
	2,703,962	13,152,853	24,462	6,160

Included in deposits of the Group in last financial year was an amount of RM11,793,072 paid for the purchase of a piece of leasehold land and construction of the building.

The currencies exposure profile of other receivables, deposits and prepayments of the Group are as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Australian Dollar	29,486	-	-	-
Singapore Dollar	759,010	-	-	-
Ringgit Malaysia	1,915,466	13,152,853	24,462	6,160
	2,703,962	13,152,853	24,462	6,160

14. AMOUNT OWING BY AN ASSOCIATED COMPANY

The amount owing by an associated company represents trade transactions and payment on behalf which are unsecured, interest-free and have no fixed term of repayment except for trade transactions which have a credit term of 30 days from the date of invoices.

15. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group as at 30 June 2006 have maturity period of 12 months.

Included in the fixed deposits with licensed banks is an amount of RM2,582,906 (2005: RM2,983,660) which has been pledged to licensed banks as securities for banking facilities granted to the Group.

Included in the fixed deposits with licensed banks is an amount of RM115,764 (2005: RM124,676) held in trust by certain Directors of a subsidiary company.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. TRADE PAYABLES

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

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

	Group	
	2006 RM	2005 RM
US Dollar	2,788,910	2,580,977
Australian Dollar	290,693	15,109
Euro	101,943	139,932
Pound Sterling	124,347	101,832
Hong Kong Dollar	9,019	11,792
Japanese Yen	3,442	21,832
Singapore Dollar	100,582	3,897
Ringgit Malaysia	9,807,002	7,724,866
Others	215,241	158,075
	13,441,179	10,758,312

17. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other payables	2,139,027	1,096,702	-	-
Accruals	5,242,805	2,618,915	307,061	155,307
	7,381,832	3,715,617	307,061	155,307

The currencies exposure profile of other payables and accruals of the Group are as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Australian Dollar	666,743	-	-	-
Singapore Dollar	214,429	-	-	-
Ringgit Malaysia	6,500,660	3,715,617	307,061	155,307
	7,381,832	3,715,617	307,061	155,307

18. AMOUNTS OWING TO SUBSIDIARY COMPANIES

The amounts owing to subsidiary companies represent advances and payments made on behalf which are unsecured, interest free and have no fixed term of repayment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. HIRE-PURCHASE AND LEASE CREDITORS

	2006 RM	Group 2005 RM
Minimum hire-purchase and lease payments:		
- not later than one year	460,345	469,454
- later than one year and not later than five years	577,981	603,745
	1,038,326	1,073,199
Less: Future interest charges	(87,180)	(83,580)
Present value of hire-purchase and lease liabilities	951,146	989,619
Repayable as follows:		
Current liabilities:		
- not later than one year	416,518	420,067
Non-current liabilities:		
- later than one year and not later than five years	534,628	569,552
	951,146	989,619

20. TERM LOANS - SECURED

	2006 RM	Group 2005 RM
Term loan I	59,488	81,436
Term loan II	407,066	-
Term loan III	287,272	-
Term loan IV	2,278,376	-
	3,032,202	81,436
Term loans are repayable as follows:		
Current liabilities:		
- not later than one year	1,289,849	21,168
Non-current liabilities:		
- later than one year and not later than two years	641,692	22,756
- later than two years and not later than five years	1,100,661	24,463
- later than five years	-	13,049
	1,742,353	60,268
	3,032,202	81,436

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

The term loan is secured by way of:

- (a) a fixed charge over the building of a subsidiary company;
 - (b) personal guarantee by one of the directors; and
 - (c) corporate guarantee by a subsidiary company.
- (ii) Term loan II is repayable by 41 monthly installments of RM42,195. The interest charged is at a flat rate of 4.00% per annum. Term loan III and IV are repayable by 18 & 48 monthly installments of RM23,175 and RM55,970 respectively and bearing interest at a flat rate of 3.25% per annum.

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

- (a) an open mortgage of a subsidiary company's barges; and
- (b) personal guarantee by certain directors of a subsidiary company to the extent of RM3,691,890.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. TERM LOANS - SECURED (CONT'D)

The currencies exposure profile of term loans of the Group are as follows:

	Group	
	2006 RM	2005 RM
Singapore Dollar	2,972,714	-
Ringgit Malaysia	59,488	81,436
	3,032,202	81,436

21 BANK OVERDRAFTS - SECURED

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

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

22. SHARE CAPITAL

	Group and Company 2006			Group and Company 2005		
	Number of shares	Par value RM	RM	Number of shares	Par value RM	RM
Ordinary shares						
Authorised:						
Balance as at 1 July 2005/2004	200,000,000	0.50	100,000,000	100,000	1.00	100,000
*Share split	-	-	-	100,000	-	-
Created during the year	-	-	-	199,800,000	0.50	99,900,000
Balance as at 30 June 2006/2005	200,000,000	0.50	100,000,000	200,000,000	0.50	100,000,000
Issued and fully paid:						
Balance as at 1 July 2005/2004	85,200,000	0.50	42,600,000	3	1.00	3
*Share split	-	-	-	3	-	-
Issued during the year	-	-	-	85,199,994	0.50	42,599,997
Balance as at 30 June 2006/2005	85,200,000	0.50	42,600,000	85,200,000	0.50	42,600,000

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

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

- (a) On 26 November 2004, the Company had sub-divided its 100,000 authorised ordinary shares of RM1.00 each to 200,000 ordinary shares of RM0.50 each by sub-dividing every one (1) of its existing ordinary shares of RM1.00 each into two (2) ordinary shares of RM0.50 each. Accordingly, its three (3) existing paid up ordinary shares of RM1.00 each had been split into six (6) new ordinary shares of RM0.50 each.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. SHARE CAPITAL (CONT'D)

- (b) On 26 November 2004, the Company increased its authorised share capital from RM100,000 to RM100,000,000 by the creation of an additional 199,800,000 ordinary shares of RM0.50 each.
- (c) On 30 November 2004, the issued and paid-up share capital of the Company was increased by way of issue of 35,549,566 ordinary shares of RM0.50 each at par for the acquisition of 100% of the issued and paid-up ordinary share capital of Freight Management (M) Sdn. Bhd. for a purchase consideration of RM17,774,783.
- (d) On 1 December 2004, the issued and paid-up share capital of the Company was increased by way of issue of 3,562,078 ordinary shares of RM0.50 each at par for the acquisition of the following equity interest for total purchase consideration of RM1,781,039.
 - (i) 49% of the issued and paid-up ordinary share capital of Advance Logistar Sdn. Bhd.;
 - (ii) 10% of the issued and paid-up ordinary share capital of Freight Management (Ipoh) Sdn. Bhd.;
 - (iii) 15% of the issued and paid-up ordinary share capital of Freight Management (Penang) Sdn. Bhd.; and
 - (iv) 30% of the issued and paid-up ordinary share capital of FM-Hellmann Worldwide Logistics Sdn. Bhd.
- (e) On 2 December 2004, the issued and paid-up share capital of the Company was increased by way of issue of 8,869,110 ordinary shares of RM0.50 each for the capitalisation of advances of RM4,434,555 owed by Freight Management (M) Sdn. Bhd. to its Directors on the basis of 1 new share for every RM0.50 of the amount outstanding.
- (f) On 20 January 2005, the Company made a public issue of 37,219,240 ordinary shares of RM0.50 each at an issue price of RM0.65 per ordinary share.

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

Employees' Share Option Scheme

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

- (a) The ESOS is made available to eligible Directors and employees are those who are confirmed employees of the Group for at least six months as at the date of offer;
- (b) The maximum number of options to be offered under the ESOS shall not exceed 15% of the Company's issued and paid-up share capital at any point in time during the duration of the ESOS or such additional number that may be permitted by the relevant authorities during the duration of the ESOS;
- (c) The options granted shall be capable of being exercised by notice in writing to the Company on such day or within such time period as may be determined by the ESOS Committee. The periods where option are exercisable as decided by the ESOS Committee are in the months of June and December only;
- (d) The exercise price of the options shall not be less than the issue price for the issue shares (for options granted prior to the listing of the Company on the Second Board of Bursa Malaysia Securities) or shall be based on the five-days weighted average market price of the shares at the time the options are granted with a discount of not more than 10% if deemed appropriate by the ESOS Committee (for options that are granted after listing);
- (e) Upon exercise of the options, the shares issued rank pari-passu with the then existing issued ordinary shares of the Company except that the shares so issued will not be entitled to any dividend, rights, allotment or other distribution declared, made or paid to the shareholders unless the shares so allotted have been credited into the relevant securities accounts of the shareholders maintained by the Depository before the entitlement date and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise;
- (f) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any share issue of any other company in the Group;

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. SHARE CAPITAL (CONT'D)

Employees' Share Option Scheme (Cont'd)

- (g) An eligible Director who is a non-executive director shall not sell, transfer or assign the shares obtained through the exercise of the options offered to him within one (1) year; and
- (h) The maximum percentage of options exercisable in each year is 20%, rounded to the nearest board lot of the entitlement.

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

Date of offer	Option price RM	-- Number of options over ordinary shares of RM0.50 each --			
		Balance as at 1.7.2005	Granted during the year	Exercised during the year	Balance as at 30.6.2006
28 January 2005	0.65	4,678,000	-	-	4,678,000

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

Name of option holders	Option price RM	-- Number of options over ordinary shares of RM0.50 each --			
		Balance as at 1.7.2005	Granted during the year	Exercised during the year	Balance as at 30.6.2006
Chew Chong Keat	0.65	200,000	-	-	200,000
Yang Heng Lam	0.65	200,000	-	-	200,000
Gan Siew Yong	0.65	200,000	-	-	200,000
Ong Looi Chai	0.65	200,000	-	-	200,000
Teh Swee Sim	0.65	200,000	-	-	200,000

23. RESERVES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Non distributable:				
Exchange fluctuation reserve	20,869	-	-	-
Share premium	4,075,506	4,075,506	4,075,506	4,075,506
Reserve on consolidation	4,433,214	4,421,733	-	-
	8,529,589	8,497,239	4,075,506	4,075,506
Distributable:				
Retained profits	7,646,651	2,360,857	3,525,300	1,946,439
	16,176,240	10,858,096	7,600,806	6,021,945

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. RESERVES (CONT'D)

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

- (i) sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of the dividends out of all its retained profits without incurring additional tax liability.
- (ii) tax exempt account of approximately RM718,000 (2005: RM718,000) for distribution of tax exempt dividends.

The subsidiary companies have tax exempt accounts totaling to approximately RM9,029,900 (2005: RM100,900) available for the distribution of tax exempt dividends.

24. DEFERRED TAX LIABILITIES

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

	2006 RM	Group 2005 RM
Balance as at 1 July 2005/2004	1,745,000	-
Arising from acquisition of subsidiary companies	-	1,536,405
Recognised in the income statement (Note 27)		
- current year	317,101	203,675
- (over)/under provision in prior year	(16,701)	4,920
Balance as at 30 June 2006/2005	2,045,400	1,745,000
Presented after appropriate offsetting:		
Deferred tax asset	(94,000)	(92,000)
Deferred tax liabilities	2,139,400	1,837,000
	2,045,400	1,745,000

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

	2006 RM	Group 2005 RM
Deferred tax asset		
Balance as at 1 July 2005/2004	92,000	-
Arising from acquisition of subsidiary companies	-	89,000
Recognised in the income statement		
Unabsorbed capital allowances	2,000	3,000
Balance as at 30 June 2006/2005	94,000	92,000
Deferred tax liabilities		
Balance as at 1 July 2005/2004	1,837,000	-
Arising from acquisition of subsidiary companies	-	1,625,405
Recognised in the income statement		
Excess of capital allowances over corresponding depreciation	209,400	211,595
Unrealised gain on foreign currency transactions	93,000	-
Balance as at 30 June 2006/2005	2,139,400	1,837,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. DEFERRED TAX LIABILITIES (CONT'D)

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

	2006 RM	Group 2005 RM
Deferred tax assets		
Unabsorbed capital allowances	94,000	92,000
Deferred tax liabilities		
Excess of capital allowances over corresponding depreciation	2,046,400	1,837,000
Unrealised gain on foreign currency transactions	93,000	-

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

	2006 RM	Group 2005 RM
Unabsorbed tax losses	255,000	94,000
Unabsorbed capital allowances	166,000	4,000
	421,000	98,000

25. REVENUE

	2006 RM	Group 2005 RM	2006 RM	Company 2005 RM
Rendering of services	160,831,784	82,997,063	-	-
Dividends income	-	-	6,000,000	3,517,613
Management fees	-	-	1,698,000	590,000
	160,831,784	82,997,063	7,698,000	4,107,613

26. PROFIT BEFORE TAX

	2006 RM	Group 2005 RM	2006 RM	Company 2005 RM
Profit before tax is arrived at after charging:				
Allowance for diminution in value of other Investments	177,453	81,467	-	-
Allowance for doubtful debts	529,117	530,259	-	-
Auditors' remuneration:				
- current year	94,334	58,660	25,000	24,000
- under provision in prior year	-	-	1,000	-
Bad debts written off	34,453	10,025	-	-
Depreciation of property, plant and equipment (Note 6)	2,108,440	848,258	-	-
Directors' remuneration:				
- fees	328,200	138,900	231,000	95,000
- other emoluments	3,367,211	2,468,484	26,000	10,000
Interest expense on:				
- bank overdrafts	244,009	98,605	-	-
- hire-purchase and lease	62,159	37,037	-	-
- term loans	43,160	3,871	-	-
Property, plant and equipment written off	151,850	6,615	-	-
Rental of containers	65,872	88,728	-	-
Rental of office equipment	47,082	39,762	-	-
Rental of premises	424,076	147,608	-	-
Unrealised loss on foreign currency transactions	-	-	7,850	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
And crediting:				
Allowance for doubtful debts no longer required	628,980	369,467	-	-
Bad debts recovered	7,910	15,227	-	-
Dividends received from				
- subsidiary companies	-	-	6,000,000	3,517,613
- investment in unit trusts	111,910	-	-	-
Gain on disposal of property, plant and equipment	113,129	99,688	-	-
Gain on foreign currency transactions:				
- realised	1,174,818	1,245,615	-	-
- unrealised	369,410	25,960	-	-
Interest income on:				
- fixed deposits and Repo	216,853	265,577	108,285	177,107
- saving accounts	91,153	15,458	51,288	-
Rental income	498,500	290,500	-	-

27. TAX EXPENSE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current tax expense based on profit for the financial year:				
- income tax	2,727,000	949,500	1,643,000	907,000
- deferred tax (Note 24)	317,101	203,675	-	-
	3,044,101	1,153,175	1,643,000	907,000
(over)/under provision in prior year:				
- income tax	(9,025)	(177,252)	4,548	-
- deferred tax (Note 24)	(16,701)	4,920	-	-
	3,018,375	980,843	1,647,548	907,000
Share of tax in an associated company	9,748	11,907	-	-
	3,028,123	992,750	1,647,548	907,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. TAX EXPENSE (CONT'D)

Subject to the agreement of the Inland Revenue Board, the Group has unutilised capital allowances amounting to RM502,000 (2005: RM332,000) and unabsorbed business losses amounting to RM255,000 (2005: RM94,000) available to be set off against future taxable income.

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	
	2006 %	2005 %	2006 %	2005 %
Applicable tax rate	28.00	28.00	28.00	28.00
Tax effects in respect of:				
Non allowable expenses	4.85	7.40	0.93	-
Non taxable income	(0.59)	(2.50)	-	(4.90)
Lower tax rate in foreign jurisdiction	(0.56)	-	-	-
Utilisation of previously unrecognised tax losses and capital allowances	(0.13)	(1.45)	-	-
Exempt shipping income	(1.27)	-	-	-
Reduction in statutory tax rate on chargeable income up to RM500,000 for the Company and certain subsidiary companies	(2.69)	(6.47)	-	(0.96)
	27.61	24.98	28.93	22.14
(Over)/ Under provision in prior year	(0.23)	(3.39)	0.08	-
Average effective tax rate	27.38	21.59	29.01	22.14

28. DIVIDENDS

	Group and Company	
	2006 Amount of dividend net of tax RM	2005 Amount of dividend net of tax RM
Interim dividend, less tax, in respect of the financial year ended 30 June 2006/2005	1,226,880	1,226,880
Final dividend, less tax, in respect of the financial year ended 30 June 2005	1,226,880	-
	2,453,760	1,226,880

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. DIVIDENDS (CONT'D)

A final dividend in respect of the financial year ended 30 June 2006 of 2.0 sen per ordinary share, less tax, amounting to RM1,226,880 has been proposed by the Directors after the balance sheet date for shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained profits in the financial year ending 30 June 2007.

29. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share:

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

	2006	Group 2005
Consolidated profit after tax and minority interests (RM)	7,739,554	3,604,920
Weighted average number of ordinary shares outstanding	85,200,000	43,496,795
Basic earnings per ordinary share (sen)	9.08	8.29

Fully diluted earnings per ordinary share:

Fully diluted earnings per share has been calculated based on the consolidated profit after tax and minority interests divided by the adjusted weighted average number of ordinary shares which would be issued on conversion of all dilutive potential ordinary shares into ordinary shares. The Company has only one category of dilutive potential ordinary shares ie. share options.

	Group 2006
Consolidated profit after tax and minority interests (RM)	7,739,554
Weighted average number of ordinary shares outstanding	85,200,000
Assumed exercise of ESOS	271,188
Weighted average number of ordinary shares for diluted earnings per ordinary share	85,471,188
Diluted earnings per ordinary share (sen)	9.06

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. ACQUISITION OF SUBSIDIARY COMPANIES

2006

Group

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

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

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

Company

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

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

2005

Group

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

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

	RM
Property, plant and equipment	13,833,398
Other investment	2,776
Investment in an associated company	134,611
Trade receivables	20,683,002
Other receivables, deposits and prepayments	6,218,093
Tax recoverable	40,919
Amount owing by holding company	9,300,094
Amount owing by an associated company	139,776

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. ACQUISITION OF SUBSIDIARY COMPANIES (CONT'D)

	RM
Cash and bank balances	6,033,163
Fixed deposits with licensed banks	3,565,536
Trade payables	(8,988,024)
Other payables and accruals	(4,863,675)
Hire-purchase and lease creditors	(662,347)
Amounts owing to Directors	(4,434,555)
Term loan	(128,377)
Bank overdrafts	(4,790,916)
Tax liabilities	(1,269,419)
Deferred tax liabilities (Note 24)	(1,536,405)
Net assets acquired	33,277,650
Reserve on consolidation	(4,421,733)
Total purchase consideration in subsidiary companies	28,855,917
Discharged by issue of shares	(19,555,822)
Discharged by assumption of inter-company debts	(9,300,094)
Total purchase consideration discharged by cash	1
Less: Cash and cash equivalents of the subsidiary companies acquired	(1,907,896)
Cash flow on acquisition, net of cash and cash equivalents acquired	(1,907,895)

Company

	RM
Total purchase consideration in subsidiary companies (Note 7)	28,855,917
Discharged by issue of shares	(19,555,822)
Discharged by assumption of inter-company debts	(9,300,094)
Total purchase consideration discharged by cash	1

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

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

	2006 RM	Group 2005 RM
Purchase of property, plant and equipment (Note 6)	29,245,613	2,618,827
Deposit paid (Note 13)	(11,793,072)	-
Financed by hire-purchase and lease arrangements	(414,293)	(722,615)
Cash payments on purchase of property, plant and equipment	17,038,248	1,896,212

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash and bank balances	6,458,832	20,262,341	921,739	14,825,634
Fixed deposits with licensed banks	3,014,088	3,255,212	-	-
Bank overdrafts - secured (Note 21)	(8,270,661)	(5,409,263)	-	-
	1,202,259	18,108,290	921,739	14,825,634
Less: Fixed deposits pledged to licensed banks (Note 15)	(2,582,906)	(2,983,660)	-	-
	(1,380,647)	15,124,630	921,739	14,825,634

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

	Group	
	2006 RM	2005 RM
Singapore Dollar	694,345	-
Australian Dollar	199,688	-
US Dollar	737,911	556,331
Ringgit Malaysia	4,826,888	19,706,010
	6,458,832	20,262,341

33. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Freight charges received/ receivable from:				
- TS Freight Services Sdn. Bhd.	13,206	11,267	-	-
- Tuck Sun & Co (M) Sdn. Bhd.	13,669	58,219	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONT'D)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Freight charges paid/ payable to:				
- FM Forwarding Sdn. Bhd.	1,414,362	757,461	-	-
- Tuck Sun & Co (M) Sdn. Bhd.	8,216	1,920	-	-
- Advance Logistics Sdn. Bhd.	2,878,308	1,572,101	-	-
- TS Freight Services Sdn. Bhd.	14,075	-	-	-
Rental income received/ receivable from:				
- FM Distribution Sdn. Bhd.	480,000	280,000	-	-
Warehouse services received/receivable from:				
- FM Distribution Sdn. Bhd.	266,987	48,631	-	-
Warehouse services paid/ payable to:				
- FM Distribution Sdn. Bhd.	175,437	97,945	-	-
Administration expenses paid/payable to a subsidiary company	-	-	1,380,000	-

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. CAPITAL COMMITMENTS

	Group	
	2006 RM	2005 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	12,475,966	169,000

35. CONTINGENT LIABILITIES - UNSECURED

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Bankers' guarantees in favour of third parties	1,822,900	1,877,508	-	-
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies, limit up to RM34,480,000	-	-	8,336,784	5,292,830
Corporate guarantee given to financial institutions for hire-purchase and lease facilities granted to subsidiary companies, limit up to RM631,583	-	-	404,609	457,690

36. SEGMENT REPORTING

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

37. FINANCIAL INSTRUMENTS

(a) Interest rate risk

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

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Repo	2.26	2.50	2.26	2.50
Fixed deposits with licensed banks	3.66	3.64	-	-
Bank overdrafts	7.28	7.35	-	-
Term loans	5.88	5.48	-	-
Hire-purchase and lease creditors	6.16	7.88	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

37. FINANCIAL INSTRUMENTS

(b) Fair values

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

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
As at 30 June 2006				
Unquoted investments	2,776	#	-	-
Amounts owing by:				
- subsidiary companies	-	-	16,986,832	*
- an associated company	459,306	-	-	-
Amounts owing to subsidiary companies	-	-	(1,132,076)	*
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies	-	-	-	8,336,784
Corporate guarantee given to financial institutions for hire-purchase and lease facilities granted to subsidiary companies	-	-	-	404,609
As at 30 June 2005				
Unquoted investments	2,776	#	-	-
Amounts owing by:				
- subsidiary companies	-	-	6,439,421	*
- an associated company	216,790	*	-	-
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies	-	-	-	5,292,830
Corporate guarantee given to financial institutions for hire-purchase and lease facilities granted to subsidiary companies	-	-	-	457,690

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair values (Cont'd)

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

- (i) The carrying amounts of financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.
- (ii) The fair values of quoted investments are their quoted market prices at the balance sheet date.
- (iii) The fair values of the corporate guarantees given to financial institutions are estimated based on the fair values of the banking and hire-purchase and lease facilities utilised by the Company's subsidiary companies as at balance sheet date.

(c) Credit risk

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

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

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

The activity of the JVCo is to provide integrated freight (air, sea and land) and logistic services. JVCo has an authorised and paid up share capital of AUD150,000 and the capital contributed as follows:

- (i) 55% from Icon Line (Malaysia) Sdn. Bhd. equivalent to AUD82,500; and
- (ii) 45% from Sheriff (WA) Pty Ltd equivalent to AUD67,500.

- (b) On 15 February 2006, the Company entered into an Agreement with Andrew Tay Nguang Yeow to purchase at the consideration of SGD700,000 the rights of Andrew Tay in a Right Issue exercise to be undertaken by TCH Marine Pte. Ltd. ("TCH Marine"), a company incorporated in Singapore, under TCH Marine's Bonus & Rights Issue Exercise being undertaken. The purchase of the rights allowed the Company to subscribe for 1,353,000 ordinary shares of SGD1.00 each at the consideration of SGD1,353,000 or equivalent to RM3,103,105.

With the completion of the Subscription on 3 March 2006, TCH Marine is a 51% owned subsidiary of the Company. The total investment for the 51% shareholding in TCH Marine by the Company is SGD2,053,000 or equivalent to RM4,704,705 and direct cost attributed to the acquisition amounting to RM26,790.

The Company nominated Icon Line (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of the Company to hold one share in TCH Marine amounting to SGD1 or equivalent to RM2.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. NUMBER OF EMPLOYEES AND STAFF COSTS

	Group		Company	
	2006	2005	2006	2005
Number of employees, including executive directors, at the end of the financial year	380	327	4	3

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Wages and salaries	11,988,601	6,182,001	26,000	10,000
Defined contribution retirement plan	1,304,203	360,946	-	-
Other employee benefits	824,420	590,476	7,534	-
	14,117,224	7,133,423	33,534	10,000

40. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 16 October 2006.



ANALYSIS OF SHAREHOLDINGS

AS AT 16 OCTOBER 2006

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

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares held	%
Less Than 100	1	0.11	50	0.00
100 To 1,000	296	32.14	245,791	0.29
1,001 To 10,000	459	49.84	1,887,172	2.21
10,001 to 100,000	111	12.05	3,384,646	3.97
100,001 to Less Than 5%	51	5.54	43,799,967	51.41
5% And Above	3	0.32	35,882,374	42.12
TOTAL	921	100.00	85,200,000	100.00

LIST OF DIRECTORS' INTEREST

Names	Direct		Indirect	
	No. of Share Held	%	No. of Shares Held	%
CHEW CHONG KEAT	14,788,545	17.36	10,027,023	11.77
YANG HENG LAM	14,293,829	16.78	1,915,643	2.25
GAN SIEW YONG	3,716,782	4.36	-	-
DATUK DR HAJI NOORDIN BIN HAJI AB RAZAK	-	-	2,588,000	3.04
AARON SIM KWEE LEIN	-	-	-	-
ONG LOOI CHAI	1,000,950	1.17	-	-

LIST OF SUBSTANTIAL SHAREHOLDINGS

Names	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
CHEW CHONG KEAT	14,788,545	17.36	10,027,023	11.77
YANG HENG LAM	14,293,829	16.78	1,915,643	2.25
CIMSEC NOMINEES (TEMPATAN) SDN BHD (CIMB Bank for Chew Chong Keat)	6,800,000	7.98	-	-

ANALYSIS OF SHAREHOLDINGS (CONT'D)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 16 OCTOBER 2006

NO	NAMES	NO. OF SHARES HELD	%
1	CHEW CHONG KEAT	14,788,545	17.36
2	YANG HENG LAM	14,293,829	16.78
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD (CIMB BANK FOR CHEW CHONG KEAT)	6,800,000	7.98
4	EB NOMINEES (TEMPATAN) SDN BHD (A/C FOR AZHA BIN HALIP)	4,174,800	4.90
5	GAN SIEW YONG	3,716,782	4.36
6	RHB MERCHANT NOMINEES (TEMPATAN) SDN BHD (A/C FOR ABDUL JALIL BIN ABDULLAH)	3,627,200	4.26
7	RHB MERCHANT NOMINEES (TEMPATAN) SDN BHD (A/C FOR SYED AHAMED BIN ABD MAJEED)	3,212,350	3.77
8	MALAYSIA NOMINEES (TEMPATAN) SDN BHD (A/C FOR GREAT EASTERN LIFE ASSURANCE MALAYSIA BERHAD)	2,661,000	3.12
9	RHB MERCHANT NOMINEES (TEMPATAN) SDN BHD (A/C FOR CHEW CHONG KEAT)	2,616,533	3.07
10	EB NOMINEES (TEMPATAN) SDN BHD (A.C FOR NOORDIN BIN AB RAZAK)	2,588,000	3.04
11	RHB MERCHANT NOMINEES (TEMPATAN) SDN BHD (A/C FOR YANG HENG LAM)	1,915,643	2.25
12	OSK NOMINEES (TEMPATAN) SDN BHD (A/C FOR CHIN YEW SOON)	1,697,300	1.99
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND)	1,556,000	1.83
14	AMANAH RAYA BERHAD (A/C FOR SBB DANA AL-FAIZ)	1,256,900	1.48
15	BHLB TRUSTEE BERHAD (A/C FOR PRUSMALL -CAP FUND)	1,085,000	1.27
16	CIMSEC NOMINEES (TEMPATAN) SDN BHD (CIMB BANK FOR SEE KOK HING)	1,060,000	1.24
17	ONG LOOI CHAI	1,000,950	1.17
18	ALLIANZ LIFE INSURANCE MALAYSIA BERHAD	983,000	1.15
19	TEH SWEE SIM	844,693	0.99
20	AMMB NOMINEES (TEMPATAN) SDN BHD (AMTRUSTEE BERHAD FOR APEX DANA AL-SOFI-I)	795,000	0.93

ANALYSIS OF SHAREHOLDINGS (CONT'D)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 16 OCTOBER 2006

NO	NAMES	NO. OF SHARES HELD	%
21	HSBC NOMINEES (TEMPATAN) SDN BHD (HSBC M TRUSTEE BHD FOR PHEIM EMERGING COMPANIES BALANCED FUND)	700,500	0.82
22	OSK NOMINEES (TEMPATAN) SDN BHD (A/C FOR SEE KIM JOO)	664,750	0.78
23	RHB MERCHANT NOMINEES (TEMPATAN) SDN BHD (A/C FOR CHEW CHONG KEAT)	610,490	0.72
24	GOH CHONG WENG	535,693	0.63
25	OSK NOMINEES (TEMPATAN) SDN BHD (A/C FOR YAP BENG HONG)	489,000	0.57
26	AFFIN NOMINEES (TEMPATAN) SDN BHD (A/C FOR SEE KOK HING)	444,200	0.52
27	LIN, KUANG	350,000	0.41
28	KENANGA NOMINEES (TEMPATAN) SDN BHD (A/C FOR ALBERT YESUDIAN A/L DEVAIRAKAM)	347,200	0.41
29	WONG LEE CHOO	336,092	0.39
30	KENANGA NOMINEES (TEMPATAN) SDN BHD (A/C FOR CHAI SIEN THENG)	295,900	0.35

LIST OF PROPERTIES

Postal address / location	Description/ existing use	Date Acquired	Tenure of land (years)	Land Area (square feet)	Built-up area (square feet)	Approximate age of building	Net book value as at 30.06.06 RM
HS(D) 71692, PT 67124, Mukim Klang, Daerah Klang, Negeri Selangor	Industrial land / Vacant	18 October 1996	99 years ending on 24 February 2097	106,589	Nil	Nil	2,118,511
Postal Address: Lot No 24, Section 5 (formerly known as Section 4), Phase 2A Pulau Indah Industrial Park, West Port, Selangor Darul Ehsan							
HS(D) 72751, PT 144740, Mukim Hulu Kinta, Daerah Kinta, Negeri Perak	1½ storey terrace industrial factory/ Tenanted	13 September 1996	99 years ending on 27 October 2097	4,490	3,060	5 years	337,202
Postal Address: No 26, Jalan SCI 1/10, Sunway City, 31150 Ipoh, Perak Darul Ridzuan							
Geran No. 2893, Lot 1841 Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang	Three (3) storey terrace shophouse/ Office	22 October 1994	Freehold	1,019	4,076	31 years	441,712
Postal Address: No 4453, Jalan Bagan Luar, 12000 Butterworth, Penang							
HS(D) 116340, PT 152, Mukim Bandar Sultan Sulaiman, Daerah Klang, Negeri Selangor	Single storey warehouse building with a 4-storey office building / Office cum Warehouse	16 February 1996	99 years ending on 30 June 2105	87,120	55,153	10 years	5,482,129
Postal Address: Lot 8, Lingkaran Sultan Mohamed 2, Kawasan Perusahaan Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan							

LIST OF PROPERTIES (CONT'D)

Postal address / location	Description/ existing use	Date Acquired	Tenure of land (years)	Land Area (square feet)	Built-up area (square feet)	Approximate age of building	Net book value as at 30.06.06 RM
Geran No 2892, Lot 1840, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang	Three (3) storey terrace shophouse/ Office	25 June 2002	Freehold	1,021	4,076	31 years	505,234
Postal Address: No 4454, Jalan Bagan Luar, 12000 Butterworth, Penang							
Master Title: H.S(D) 49488 and 49489, PT 49974 and 49975 Mukim Klang, Negeri Selangor	Office Unit / Vacant	23 September 1998	99 years ending on 11 March 2095	Nil	769	6 years	74,604
Postal Address: No. 78-2A, 2nd Floor, Jalan Sg. Chandong 15, Pulau Indah, 42100 Port Klang, Selangor Darul Ehsan							
Master Title: H.S(D) 49488 and 49489, PT 49974 and 49975 Mukim Klang, Negeri Selangor	Office Unit / Vacant	23 September 1998	99 years ending on 11 March 2095	Nil	765	6 years	68,242
Postal Address: No. 78-2B, 2nd Floor, Jalan Sg. Chandong 15, Pulau Indah, 42100 Port Klang, Selangor Darul Ehsan							
HS(D) 116412, PT 239, Mukim Bandar Sultan Sulaiman, Daerah Klang, Negeri Selangor.	Industrial land with warehouse cum 2-storey office building under construction.	16 September 2005	99 years ending on 30 June 2105	653,400	190,696	Nil	(Land) 11,479,679
Postal Address: Lot 37, Jalan Lebu 1, Kawasan Perusahaan Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan							(Building/ Construction in Progress) 15,123,427

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of the Company will be held at the East VIP Lounge, Kuala Lumpur Golf & Country Club, No. 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Friday, 8 December 2006 at 10.00 a.m. for the following purposes:

- | | | |
|----|--|--|
| 1. | To receive and adopt the Audited Financial Statements for the year ended 30 June 2006 and the Reports of the Directors and the Auditors thereon. | RESOLUTION 1 |
| 2. | To approve the payment of Directors' Fees amounting to RM231,000 in respect of the financial year ended 30 June 2006. | RESOLUTION 2 |
| 3. | To re-elect the following Directors retiring in accordance with Article 109 of the Articles of Association of the Company:
(a) Datuk Dr Haji Noordin Bin Haji Ab Razak
(b) Mr. Aaron Sim Kwee Lein | RESOLUTION 3
RESOLUTION 4 |
| 4. | To re-elect Mr. Ong Looi Chai, who is retiring in accordance with Article 114 of the Articles of Association of the Company. | RESOLUTION 5 |
| 5. | To approve the payment of a final dividend of 2 sen per share less income tax at 28% for the year ended 30 June 2006. | RESOLUTION 6 |
| 6. | To re-appoint BDO Binder as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | RESOLUTION 7 |

As Special Business

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

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

"THAT, approval be and is hereby given for the renewal of the Shareholders' Mandate for FMH Group to enter into the categories of recurrent transactions of a revenue or trading nature with related parties falling within the nature of transactions set out in Section 3.3 of the Circular to Shareholders dated 15 November 2006, provided that such transactions are necessary for the Group's day-to-day operations and the transactions are carried out in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of minority shareholders.

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

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Act); or
- (iii) Revoked or varied by resolution passed by the shareholders in general meeting,

Whichever is earlier.

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

RESOLUTION 8

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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

"THAT subject to the Company's Act, 1965, (as may be amended, modified or re-enacted from time to time), the Listing Requirements of the Bursa Malaysia Securities Berhad and the approvals of all relevant governmental and / or regulatory authorities, the Company be and is hereby authorized to purchase such number of ordinary shares of RM0.50 each in the Company ("Proposed Renewal of Share Buy Back Authority") as may be determined by the Board from time to time on the Bursa Malaysia Securities Berhad upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company provided the aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the issued and paid up share capital of the Company which amount to 85,200,000 ordinary shares of RM0.50 each as at 30 June 2006 and an amount not exceeding the total retained profits of RM3,525,300 and share premium account of RM4,075,506 based on the latest audited financial statements of the Company as at 30 June 2006, be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

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

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

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

RESOLUTION 9

9. **Ordinary Resolution -
Proposed Termination of the Existing Employees' Share Option Scheme**

"THAT subject to the approval of the shareholders of the Company in General Meeting, the Board of Directors of the Company be and is hereby authorised to terminate the Existing Employees' Share Option Scheme ("Proposed Termination"), which was established on 28 January 2005.

AND THAT the Directors of the Company be and are hereby authorized to do all such acts as they may consider necessary or expedient to give effect to the said Proposed Termination with full power to assent to any conditions, modifications, variations and / or amendments as may be required by any relevant government / regulatory authorities."

RESOLUTION 10

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

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

RESOLUTION 11

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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

By Order of the Board

LIM HOOI MOOI
TAN ENK PURN
Joint Company Secretaries

Kuala Lumpur
15 November 2006

CLOSURE OF BOOKS

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Annual General Meeting, a final dividend of 2 sen per share less income tax at 28%, will be payable on 18 January 2007 to shareholders whose names appear in the Record of Depositors at the close of business on 31 December 2006.

A Depositor shall qualify for entitlement only in respect of:

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 31 December 2006 in respect of ordinary shares;
- b) Shares bought of Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

NOTES

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

EXPLANATORY NOTES ON SPECIAL BUSINESS

(A) Ordinary Resolution 8

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

(B) Ordinary Resolution 9

The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percentage (10%) of the issued and paid up share capital of the Company ("Proposed Renewal of Share Buy-Back Authority") by utilizing the funds allocated which shall not exceed the total retained profits and share premium account of the Company. Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Statement to Shareholders of the Company dated 15 November 2006 which is dispatched together with the Company's 2006 Annual Report.

(C) Ordinary Resolution 10

The proposed Ordinary Resolution No. 10 is to empower the Directors to terminate Freight Management Holdings Bhd's Employees' Share Option Scheme.

(D) Ordinary Resolution 11

The proposed Ordinary Resolution No. 11, if passed, will avoid any delay and cost involved in convening a general meeting and will empower the Directors to allot and issue up to 10% of the issued share capital of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

(E) Statement Accompanying Notice of Annual General Meeting

A statement accompanying this notice which contains additional information as required under Appendix 8A of Bursa Malaysia Listing Requirements is found on page 86 of the Annual Report for the year ended 30 June 2006.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. DIRECTORS STANDING FOR RE-ELECTION

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

- (a) Datuk Dr Haji Noordin Bin Haji Ab Razak
- (b) Mr. Aaron Sim Kwee Lein

The Director retiring by rotation and standing for re-election pursuant to Article 114 of the Articles of Association of the Company is Mr. Ong Looi Chai.

The profiles of the above-named Directors are set out in the section entitled "Profile of Directors" on pages 8 to 11 of the Annual Report.

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

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

Date : Friday, 8 December 2006

Time : 10.00 a.m.

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

3. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

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



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

PROXY FORM

I/We _____ (I.C. No./Co. Registration No.) _____
of _____
being a member/members of Freight Management Holdings Bhd, do hereby appoint _____
(I.C. No.) _____

or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us and on our behalf at the Annual General Meeting of the Company to be held on Friday, 8 December 2006 and at any adjournment thereof in the manner indicated below.

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

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

Dated this _____ day of _____ 2006

No. of shares held	CDS Account No.

Signature of Shareholder

Notes

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

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Stamp

The Company Secretary

FREIGHT MANAGEMENT HOLDINGS BHD

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

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