

**FREIGHT LINKS EXPRESS HOLDINGS LIMITED**  
(Company Registration No. 198600061G)

Unaudited First Quarter Financial Statement Announcement for the Three Months Ended 31 July 2010

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

**Consolidated Income Statement**

	<b>The Group</b>		
	<b>3 months ended</b>	<b>3 months ended</b>	<b>Increase/(Decrease)</b>
	<b>31/07/10</b>	<b>31/07/09</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Revenue	36,605	30,644	19.5
Other income	334	1,444	(76.9)
Accretion of deferred revenue	747	747	-
Freight and related costs	(19,479)	(15,138)	28.7
Rental expenses on operating leases	(4,423)	(3,717)	19.0
Warehouse upkeep and related costs	(1,900)	(1,099)	72.9
Exhibition design and build costs	(475)	(575)	(17.4)
Staff costs	(5,781)	(5,452)	6.0
Depreciation of property, plant and equipment	(1,735)	(1,470)	18.0
Other operating expenses	(1,285)	(3,864)	(66.7)
<b>Results from operating activities</b>	<b>2,608</b>	<b>1,520</b>	<b>71.6</b>
Finance income	80	481	(83.4)
Finance expense	(424)	(742)	(42.9)
<b>Net finance costs</b>	<b>(344)</b>	<b>(261)</b>	<b>31.8</b>
Share of profit/(loss) of associates, net of tax	420	(99)	n.m.
<b>Profit before income tax</b>	<b>2,684</b>	<b>1,160</b>	<b>131.4</b>
Income tax expense	(344)	(447)	(23.0)
<b>Profit for the period</b>	<b>2,340</b>	<b>713</b>	<b>228.2</b>
<b>Attributable to:</b>			
Equity holders of the Company	2,402	523	359.3
Non-controlling interests	(62)	190	n.m.
<b>Profit for the period</b>	<b>2,340</b>	<b>713</b>	<b>228.2</b>

n.m. denotes not meaningful

## Notes to Income Statement

### (a) Additional Disclosure Items

	<b>3 months ended 31/07/10 (1Q11) S\$'000</b>	<b>3 months ended 31/07/09 (1Q10) S\$'000</b>
Gain on fair value of interest rate swaps	-	9
(Loss)/Gain on fair value of marketable securities	(112)	427
Interest income on convertible loans to an associate	225	620
Dividend income	33	2
Gain on disposal of property, plant and equipment	8	195
Foreign exchange gain/(loss)	82	(1,646)
Bad debts recovered	-	1
Bad debts written off	-	(1)
Allowance for doubtful receivables written back	3	2
Write-off of receivables from an associate	-	(809)
Current year tax provision	(316)	(397)
Provision for deferred tax liabilities	2	(50)
Under provision for tax in respect of prior years	(30)	-

- (b) Other income decreased mainly due to loss on fair value of marketable securities and lower interest income on convertible loan to a PRC associate resulting from partial loan redemption in 4Q10.
- (c) The increase in freight costs was in tandem with higher volume and freight rates.
- (d) Rental expense increased due to additional rental of warehouse, lorries and forklifts for the chemical logistics business due to strong demand. There had also been upward revision in JTC land rental rates and the 15% rental rebate was no longer extended to companies.
- (e) Warehouse upkeep and related costs increased mainly due to higher property tax from upward revision of annual value of warehouses and higher building repair and maintenance costs.
- (f) Exhibition design and build costs were lower as a result of fewer overseas exhibitions, events and interior projects.
- (g) Staff costs increased as business picked up in line with the economic recovery.
- (h) The increase in depreciation of property, plant and equipment was mainly due to the completion of the chemical warehouse and the purchase of prime movers, trailers and trucks.
- (i) The decrease in other operating expenses was mainly due to the absence of foreign exchange loss of \$1.6 million and write-off of receivable of \$0.8 million from a PRC associate in China in 1Q10.
- (j) The decline in finance income was due to loan receivable from Citic Logistics Co., Ltd being fully repaid in April 2010.
- (k) Lower finance expense was attributable to progressive repayment of bank borrowings.

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31/07/2010</b>	<b>As at 30/04/2010</b>	<b>As at 31/07/2010</b>	<b>As at 30/04/2010</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	106,291	106,771	403	423
Intangible assets	982	982	-	-
Investment properties	25,700	25,700	-	-
Subsidiaries	-	-	12,152	12,263
Associates	39,070	38,745	25,961	25,873
Club membership	50	50	22	22
Other receivables	2,194	2,208	90,742	86,077
	<b>174,287</b>	<b>174,456</b>	<b>129,280</b>	<b>124,658</b>
<b>Current assets</b>				
Trade and other receivables	36,627	35,298	3,340	2,907
Other investments	704	193	-	-
Cash and cash equivalents	39,427	38,517	18,484	21,316
	<b>76,758</b>	<b>74,008</b>	<b>21,824</b>	<b>24,223</b>
<b>Total assets</b>	<b>251,045</b>	<b>248,464</b>	<b>151,104</b>	<b>148,881</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	75,116	75,116	75,116	75,116
Other reserves	9,194	9,186	7,082	7,082
Accumulated profits	63,380	60,978	27,696	27,299
	<b>147,690</b>	<b>145,280</b>	<b>109,894</b>	<b>109,497</b>
<b>Non-controlling interests</b>	<b>5,303</b>	<b>5,360</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>152,993</b>	<b>150,640</b>	<b>109,894</b>	<b>109,497</b>
<b>Non-current liabilities</b>				
Financial liabilities	49,352	48,666	11,020	11,593
Other payables	2,921	3,668	23,473	24,082
Deferred tax liabilities	509	511	4	4
	<b>52,782</b>	<b>52,845</b>	<b>34,497</b>	<b>35,679</b>
<b>Current liabilities</b>				
Trade and other payables	31,561	34,664	922	852
Financial liabilities	12,255	8,837	5,298	2300
Current tax payables	1,454	1,478	493	553
	<b>45,270</b>	<b>44,979</b>	<b>6,713</b>	<b>3,705</b>
<b>Total liabilities</b>	<b>98,052</b>	<b>97,824</b>	<b>41,210</b>	<b>39,384</b>
<b>Total equity and liabilities</b>	<b>251,045</b>	<b>248,464</b>	<b>151,104</b>	<b>148,881</b>

## Notes on the Balance Sheets

- a) At Company level, the increase in non-current other receivables was mainly due to funds extended to a subsidiary for the progressive payments for warehouse construction costs.
- b) The increase in other investments was due to the purchase of marketable securities.
- c) The increase in cash and cash equivalents was due to cash generated from operations. At Company level, the cash and cash equivalents decreased mainly due to payment for the warehouse construction costs on behalf of a subsidiary.
- d) The increase in financial liabilities was due to additional bank borrowings to fund the prepayment of warehouse construction costs.
- e) The other payables under non-current liabilities decreased due to recognition of deferred revenue to income statement.
- f) The decrease in trade and other payables was mainly due to progressive payments for the accrued warehouse construction costs.

**1(b)(ii) Aggregate amount of Group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

	As at 31/07/2010		As at 30/04/2010	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Borrowings	10,854	-	7,539	-
Finance lease liabilities	1,401	-	1,298	-
Total	12,255	-	8,837	-

**Amount repayable after one year**

	As at 31/07/2010		As at 30/04/2010	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Borrowings	46,980	-	46,322	-
Finance lease liabilities	2,372	-	2,344	-
Total	49,352	-	48,666	-

**Details of any collateral**

The bank borrowings of the subsidiaries are guaranteed by the Company and are secured by legal mortgages over the Group's freehold and leasehold properties. The finance lease liabilities are secured by the assets under finance leases.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Consolidated Cash Flow Statement**

	<b>3 months ended 31/07/10</b>	<b>3 months ended 31/07/09</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Profit before income tax	2,684	1,160
Adjustments for:		
Depreciation of property, plant and equipment	1,735	1,470
Write-off of receivables from an associate	-	809
Gain on disposal of property, plant and equipment	(8)	(195)
Loss/(Gain) on financial assets at fair value through profit or loss (net):		
- marketable securities	112	(427)
- interest rate swaps	-	(9)
Share of (profit)/loss of associates	(420)	99
Accretion of deferred revenue	(747)	(747)
Dividend income from financial assets at fair value through profit or loss	(33)	(2)
Foreign exchange (gain)/ loss	(88)	991
Finance expense	424	742
Finance income	(80)	(481)
Interest income on convertible loans to an associate	(225)	(620)
	3,354	2,790
Changes in working capital:		
Trade and other receivables	(1,018)	(328)
Trade and other payables	1,482	442
Cash generated from operations	3,818	2,904
Income taxes paid	(366)	(226)
<b>Cash flows from operating activities</b>	<b>3,452</b>	<b>2,678</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	8	209
Purchase of property, plant and equipment	(5,352)	(2,986)
Acquisition of shares in an associate	-	(1,121)
Prepayment of proposed investment in Citic Logistics Co., Ltd	-	(5,697)
Purchase of other investments	(622)	-
Dividends received		
- financial assets at fair value through profit or loss	33	2
- an associate	195	150
Finance income received	15	107
Repayment of loan by a related party	-	2,110
<b>Cash flows from investing activities</b>	<b>(5,723)</b>	<b>(7,226)</b>
<b>Financing activities</b>		
Proceeds from issue of new shares	-	900
Proceeds from borrowings	5,600	1,000
Repayment of borrowings	(1,678)	(2,101)
Repayment of loan to a related party	-	(171)
Payment of finance lease liabilities	(388)	(338)
Finance expense	(398)	(649)
<b>Cash flows from financing activities</b>	<b>3,136</b>	<b>(1,359)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>865</b>	<b>(5,907)</b>
Cash and cash equivalents at beginning of period	37,965	33,807
Effect of exchange rate fluctuations on cash held	(7)	948
<b>Cash and cash equivalents at end of period</b>	<b>38,823</b>	<b>28,848</b>
<b>Cash and cash equivalents comprise the following:</b>		
Cash at bank and in hand	16,609	12,327
Deposits with banks	22,818	16,542
Cash and cash equivalents	39,427	28,869
Bank overdrafts	(604)	(21)
<b>Cash and cash equivalents in the cash flow statement</b>	<b>38,823</b>	<b>28,848</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

1(d)(i)(a) Consolidated Statement of Comprehensive Income for the first quarter ended 31 July 2010

	The Group		
	3 months ended 31/07/10 S'\$000	3 months ended 31/07/09 S'\$000	Increase/(Decrease) %
Net profit for the quarter	2,340	713	228.2
<b>Other comprehensive income</b>			
Foreign currency translation differences for foreign operations	13	665	(98.0)
<b>Total comprehensive income</b>	2,353	1,378	70.8
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	2,410	1,094	120.3
Non-controlling interests	(57)	284	(120.1)
	2,353	1,378	70.8

1(d)(i)(b) Statement of Changes in Equity  
For the period ended 31 July 2010

<u>The Group</u>	<u>Share capital</u> S\$'000	<u>Capital reserve</u> S\$'000	<u>Foreign currency translation reserve</u> S\$'000	<u>Accumulated profits</u> S\$'000	<u>Total attributable to equity holders of the Company</u> S\$'000	<u>Non-controlling interests</u> S\$'000	<u>Total equity</u> S\$'000
<b>Balance at 1 May 2010</b>	75,116	7,082	2,104	60,978	145,280	5,360	150,640
Total comprehensive income	-	-	8	2,402	2,410	(57)	2,353
<b>Balance at 31 July 2010</b>	75,116	7,082	2,112	63,380	147,690	5,303	152,993
<b>Balance at 1 May 2009</b>	74,216	7,082	1,333	47,127	129,758	11,406	141,164
Total comprehensive income	-	-	571	523	1,094	284	1,378
Issue of new shares	900	-	-	-	900	-	900
<b>Balance at 31 July 2009</b>	75,116	7,082	1,904	47,650	131,752	11,690	143,442

<u>The Company</u>	<u>Share capital</u> S\$'000	<u>Capital reserve</u> S\$'000	<u>Accumulated profits</u> S\$'000	<u>Total equity</u> S\$'000
<b>Balance at 1 May 2010</b>	75,116	7,082	27,299	109,497
Total comprehensive income	-	-	397	397
<b>Balance at 31 July 2010</b>	<u>75,116</u>	<u>7,082</u>	<u>27,696</u>	<u>109,894</u>
<b>Balance at 1 May 2009</b>	74,216	7,082	19,155	100,453
Total comprehensive income	-	-	(1,151)	(1,151)
Issue of new shares	900	-	-	900
<b>Balance at 31 July 2009</b>	<u>75,116</u>	<u>7,082</u>	<u>18,004</u>	<u>100,202</u>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There was no change in the Company's issued share capital during the three months ended 31 July 2010.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The Company did not hold any treasury shares as at 30 April 2010 and 31 July 2010. The total number of issued ordinary shares as at 30 April 2010 and 31 July 2010 is 2,131,492,885.

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with the audited financial statements for the financial year ended 30 April 2010.



**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group adopted various new/ revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) which took effect for the financial year beginning 1 May 2010. The adoption of these new/ revised FRS and INT FRS did not result in any significant impact on the financial statements of the Group.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<b>3 months ended 31/07/10</b>	<b>3 months ended 31/07/09</b>
<b><u>Earnings per ordinary share</u></b>		
(a) Based on the weighted average number of ordinary shares on issue	0.11 cent	0.02 cent
(b) On a fully diluted basis	0.11 cent	0.02 cent

The basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 2,131,492,885 (31 July 2009: 2,122,797,233).

The fully diluted earning per share is calculated based on the weighted average number of ordinary shares of 2,131,492,885 (31 July 2009: 2,122,797,233).

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

<b>Net assets value per ordinary share</b>	<b>As at 31/07/2010 Cents</b>	<b>As at 30/04/2010 Cents</b>
The Group	6.93	6.82
The Company	5.16	5.14

Net asset value per share is calculated based on 2,131,492,885 (30 April 2010: 2,131,492,885) ordinary shares in issue at the end of the financial year under review and of the immediately preceding financial year.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

**Financial Performance**

Compared with previous corresponding quarter, Group net profit after tax and non-controlling interests grew by 359.3% to \$2.4 million on a 19.5% increase in revenue from \$30.6 million to \$36.6 million for 1Q11.

	<b>1Q11</b>	<b>1Q10</b>	<b>+/(-)</b>	<b>+/(-)</b>
	<b>S\$million</b>	<b>S\$million</b>	<b>S\$million</b>	<b>%</b>
Freight forwarding	18.5	14.9	3.6	24.2
Warehousing and logistics	5.2	4.6	0.6	13.0
Chemical storage and logistics	12.1	9.9	2.2	22.2
Other logistics	0.8	1.2	(0.4)	(33.3)
<b>Group Revenue</b>	<b>36.6</b>	<b>30.6</b>	<b>6.0</b>	<b>19.5</b>

The increase in freight costs, rental expenses, warehouse property tax and related costs has eroded the profit margin for this quarter. However, the net profit was higher due to foreign exchange loss and write-off of receivables from an associate in the corresponding quarter in the preceding financial year. The higher revenue was attributed to higher shipment volume, freight rate hikes, higher storage and transportation, and the completion of the chemical warehouse at 18 Gul Drive in November 2009. Other logistics business comprising exhibition design and build and document storage services reported a lower revenue due to fewer overseas projects.

Share of profit from associates improved from a loss of \$99,000 to a profit of \$420,000 in 1Q11. This was due to an impairment loss of \$0.3 million in respect of the investment in a PRC associate in the corresponding quarter in the preceding financial year.

Income tax expenses decreased despite higher profit as certain provisions and expenses were not deductible for tax purposes in the previous corresponding quarter.

Income attributable to non-controlling interests reported a loss of \$62,000 mainly due to losses incurred by overseas subsidiaries.

### **Cash Flows**

As at 31 July 2010, the Group has cash and cash equivalents of \$39.4 million and a net of cash, gearing of 0.15 times.

#### **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The current announced results are in line with the general market conditions as previously described in the last full year announcement.

#### **10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The outlook for the global economy has improved but concerns over its sustainability still remain. The Group is cautiously optimistic about its core business in freight forwarding, warehousing and chemical logistics services.

As announced on 19 August 2010, the Group is exploring a potential sale of certain of its properties to its 51% subsidiary, Sabana Investment Partners Pte. Ltd. ("SIP"). SIP is the holding company of Sabana Real Estate Investment Management Pte Ltd, which is intended to be the proposed manager of a proposed real estate investment trust to be established and authorised in Singapore. However, there is no certainty as at the date of this announcement that these proposals will be carried out. The Company would make the appropriate announcement on the SGX-ST if and when there are any material developments in this matter.

#### **11. Dividend**

##### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No.

##### **(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

##### **(c) Date payable**

Not applicable.

##### **(d) Books closure date**

Not applicable.

#### **12. If no dividend has been declared/recommended, a statement to that effect**

No dividend has been declared or recommended in the current reporting period.

#### **13. Interested Person Transactions**

There are no interested person transactions (excluding transaction less than \$100,000) for the first quarter ended 31 July 2010.

**14. Confirmation pursuant to the SGX Listing Rule 705 (4) of the Listing Manual**

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the period ended 31 July 2010 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**  
**Freight links Express Holdings Limited**

**Thomas Woo**  
**Executive Director & CFO**  
**13 September 2010**