

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

Unaudited First Quarter Financial Statement Announcement for the Three Months Ended 31 July 2011

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

	The Group		
	3 months ended	3 months ended	Increase/(Decrease)
	31/07/11	31/07/10	
	S\$'000	S\$'000	%
Revenue	37,198	36,605	1.6
Other income	1,537	334	360.2
Accretion of deferred revenue	5,607	747	650.6
Freight and related costs	(17,332)	(19,479)	(11.0)
Rental expenses on operating leases	(9,057)	(4,423)	104.8
Warehouse upkeep and related costs	(1,959)	(1,900)	3.1
Exhibition design and build costs	(395)	(475)	(16.8)
Staff costs	(6,951)	(5,781)	20.2
Depreciation of property, plant and equipment	(1,347)	(1,735)	(22.4)
Other operating expenses	(4,554)	(1,285)	254.4
Results from operating activities	2,747	2,608	5.3
Finance income	342	80	327.5
Finance costs	(101)	(424)	(76.2)
Net finance costs	241	(344)	(170.1)
Share of profit of associates, net of tax	1,291	420	207.4
Profit before income tax	4,279	2,684	59.4
Income tax expense	(365)	(344)	6.1
Profit for the period	3,914	2,340	67.3
Attributable to:			
Owners of the Company	3,330	2,402	38.6
Non-controlling interests	584	(62)	(1,041.9)
Profit for the period	3,914	2,340	67.3

Notes to Income Statement

(a) Additional Disclosure Items

	3 months ended 31/07/11 (1Q12) S\$'000	3 months ended 31/07/10 (1Q11) S\$'000
Loss on fair value of marketable securities	(1,691)	(112)
Interest income on convertible loans to an associate	166	225
Dividend income from financial assets at fair value through profit or loss	626	33
Dividend income from available-for-sale financial assets	629	-
Gain on disposal of property, plant and equipment	50	8
Gain on disposal of marketable securities	13	-
Foreign exchange (loss)/gain	(990)	82
Bad debts recovered	3	-
Bad debts written off	(4)	-
Allowance for doubtful receivables written back	2	3
Current year tax provision	(309)	(316)
Reduction of deferred tax liabilities	121	2
Under provision for tax in respect of prior years	(177)	(30)

- (b) Other income increased mainly due to dividend income from Sabana REIT.
- (c) Accretion of deferred revenue increased due to amortisation of the deferred gains arising from the sale and leaseback of the properties to Sabana REIT.
- (d) The decrease in freight costs was in tandem with lower volume and freight rates.
- (d) Rental expense increased mainly due to higher rental of leased properties and increase in JTC land rental rates.
- (e) Warehouse upkeep and related costs increased mainly due to higher property tax and higher utility charges resulting from increase in market rate for energy charges.
- (f) Exhibition design and build costs were lower as a result of fewer overseas exhibitions, events and interior projects.
- (g) Staff costs increased mainly due to the acquisition of new subsidiaries.
- (h) The decrease in depreciation of property, plant and equipment was mainly due to the completion of the sale of the properties to Sabana REIT in November 2010.
- (i) The increase in other operating expenses was mainly due to loss on fair value of marketable securities and higher foreign exchange loss arising from weakening of US dollar and Renminbi against Singapore dollar.
- (j) The increase in finance income was mainly due to interest income from high yield corporate bonds.
- (k) Lower finance costs was attributable to the repayment of bank borrowings.
- (l) Share of profits from associates increased mainly due to contributions from the newly acquired associate, China Southwest Energy Corporation Ltd, Hong Kong.
- (m) Income tax expense was comparable to 1Q2011 despite higher pre-tax profit which was largely due to the accretion of deferred gain arising from the sale and leaseback of the properties, which was capital in nature and not subject to income tax.

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

	Group		Company	
	As at 31/07/2011	As at 30/04/2011	As at 31/07/2011	As at 30/04/2011
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	65,371	64,154	591	340
Intangible assets	1,454	1,454	-	-
Subsidiaries	-	-	14,249	14,249
Associates	52,277	51,573	37,600	37,980
Other investments	28,351	27,161	22	22
Other receivables	85	164	119,879	115,862
	147,538	144,506	172,341	168,453
Current assets				
Trade and other receivables	39,918	36,138	1,814	1,917
Other investments	89,478	93,877	66,750	71,340
Cash and cash equivalents	26,156	28,612	3,296	5,202
	155,552	158,627	71,860	78,459
Total assets	303,090	303,133	244,201	246,912
Equity attributable to owners of the Company				
Share capital	80,149	80,149	80,149	80,149
Other reserves	6,421	6,145	7,082	7,082
Accumulated profits	73,134	69,804	33,446	33,509
	159,704	156,098	120,677	120,740
Non-controlling interests	9,322	8,724	-	-
Total equity	169,026	164,822	120,677	120,740
Non-current liabilities				
Loans and borrowings	9,520	9,118	-	-
Other payables	66,814	72,092	122,099	124,946
Deferred tax liabilities	77	204	4	4
	76,411	81,414	122,103	124,950
Current liabilities				
Trade and other payables	50,178	49,077	1,128	894
Loans and borrowings	2,888	2,661	-	10
Current tax payables	4,587	5,159	293	318
	57,653	56,897	1,421	1,222
Total liabilities	134,064	138,311	123,524	126,172
Total equity and liabilities	303,090	303,133	244,201	246,912

Notes on the Balance Sheets

- a) Increase in property, plant & equipment relates to the purchase of prime movers and rackings for the chemical logistics business.
- b) Investment in associates increased mainly due to share of profit of associates, China Southwest Energy Corporation Ltd and Freight Management Sdn Bhd.
- c) Non-current other investments increased due to management fees received in Sabana REIT units classified as available-for-sale.
- d) At Company level, increase in non-current other receivables was due to loans to subsidiaries for the purchase of ISO tanks and quoted equity shares.
- e) Trade and other receivables increased due to a loan to an associate in Dubai and downpayment for the purchase of ISO tanks.
- f) Decrease in current other investments was mainly due to loss in fair value of marketable securities, sale of corporate bonds and unrealised foreign exchange loss on investment funds.
- g) Cash and cash equivalents decreased due to purchase of fixed assets, quoted investment and loan to an associate company in Dubai.
- h) Increase in other reserves was due to fair value gain on available-for-sale financial assets.
- i) Non-controlling interests increased mainly due to net profit arising from 51% subsidiaries in the chemical logistics business and management fee business.
- j) Loans and borrowings increased due to the hire purchase financing of new prime movers.
- k) At Group level, non-current other payables decreased due to accretion of deferred revenue related to the excess of sales proceeds over fair values of the properties disposed through sale and leaseback transactions to profit & loss. At Company level, non-current other payables decreased due to repayment of loans from subsidiaries for payment of warehouse lease rental to Sabana REIT.
- l) Deferred tax liabilities decreased due to adjustment for prior year under-provision of deferred tax assets. This was in respect of deductible temporary differences pertaining to property, plant & equipment.

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

Amount repayable in one year or less, or on demand

	As at 31/07/2011		As at 30/04/2011	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Borrowings	1,495	-	1,448	-
Finance lease liabilities	1,393	-	1,213	-
Total	2,888	-	2,661	-

Amount repayable after one year

	As at 31/07/2011		As at 30/04/2011	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Borrowings	7,284	-	7,430	-
Finance lease liabilities	2,236	-	1,688	-
Total	9,520	-	9,118	-

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 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

	3 months ended 31/07/11	3 months ended 31/07/10
	S\$'000	S\$'000
Operating activities		
Profit before income tax	4,279	2,684
Adjustments for:		
Depreciation of property, plant and equipment	1,347	1,735
Gain on disposal of property, plant and equipment	(50)	(8)
Loss on fair value of marketable securities	1,691	112
Gain on sale of marketable securities	(13)	-
Share of profit of associates	(1,291)	(420)
Accretion of deferred revenue	(5,607)	(747)
Dividend income from financial assets at fair value through profit or loss	(626)	(33)
Dividend income from available-for-sale financial assets	(629)	-
REIT management fee received/receivable in units	(884)	-
Finance costs	101	424
Finance income	(342)	(80)
Interest income on convertible loans to an associate	(166)	(225)
Foreign exchange loss/(gain)	879	(88)
	(1,311)	3,354
Changes in working capital:		
Trade and other receivables	(2,254)	(1,018)
Trade and other payables	1,434	1,482
Cash (used in)/generated from operations	(2,131)	3,818
Income taxes paid	(1,045)	(366)
Cash flows from operating activities	(3,176)	3,452
Investing activities		
Proceeds from disposal of property, plant and equipment	197	8
Purchase of property, plant and equipment	(1,683)	(5,352)
Redemption of convertible loan to an associate	266	-
Dividends received		
- financial assets at fair value through profit or loss	626	33
- available-for-sale financial assets	861	-
- an associate	186	195
Purchase of other investments	(3,015)	(622)
Proceeds from sale of other investments	5,135	-
Finance income received	580	15
Loan to an associate	(1,827)	-
Loan to related parties	(105)	-
Cash flows from investing activities	1,221	(5,723)
Financing activities		
Proceeds from borrowings	-	5,600
Repayment of loan to a related party	(13)	-
Repayment of borrowings	(127)	(1,678)
Payment of finance lease liabilities	(351)	(388)
Finance costs paid	(104)	(398)
Cash flows from financing activities	(595)	3,136
Net (decrease)/increase in cash and cash equivalents	(2,550)	865
Cash and cash equivalents at beginning of period	27,670	37,965
Effect of exchange rate fluctuations on cash and cash equivalents	48	(7)
Cash and cash equivalents at end of period	25,168	38,823
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	17,310	16,609
Deposits with banks	8,846	22,818
Cash and cash equivalents	26,156	39,427
Bank overdrafts	(988)	(604)
Cash and cash equivalents in the cash flow statement	25,168	38,823

The deficit in cash from operating activities arises mainly due to accretion of deferred revenue, a non-cash item (see page 2c), increase in trade and other receivables (see page 4e) and higher taxes paid.

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 2011

	The Group		
	3 months ended 31/07/11 S'\$000	3 months ended 31/07/10 S'\$000	Increase/ (Decrease) %
Profit for the period	3,914	2,340	67.3
Other comprehensive income			
Fair value changes on available-for-sale financial assets	309	-	n.m.
Foreign currency translation differences for foreign operations	(19)	13	n.m.
Other comprehensive income, net of tax	290	13	2,130.8
Total comprehensive income	4,204	2,353	78.7
Total comprehensive income attributable to:			
Owners of the Company	3,606	2,410	49.6
Non-controlling interests	598	(57)	n.m.
	4,204	2,353	78.7

**1(d)(i)(b) Statement of Changes in Equity
For the year ended 31 July 2011**

The Group	Share capital S\$'000	Capital reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Accumulated profits S\$'000	Total attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 May 2011	80,149	7,082	(2,949)	2,012	69,804	156,098	8,724	164,822
Total comprehensive income for the year								
Profit for the period	-	-	-	-	3,330	3,330	584	3,914
Other comprehensive income								
Fair value changes on available-for-sale financial assets	-	-	290	-	-	290	19	309
Foreign currency translation differences	-	-	-	(14)	-	(14)	(5)	(19)
Total other comprehensive income	-	-	290	(14)	-	276	14	290
Total comprehensive income for the period	-	-	290	(14)	3,330	3,606	598	4,204
Balance at 31 July 2011	80,149	7,082	(2,659)	1,998	73,134	159,704	9,322	169,026
Balance at 1 May 2010	75,116	7,082	-	2,104	60,978	145,280	5,360	150,640
Total comprehensive income for the period								
Profit for the period	-	-	-	-	2,402	2,402	(62)	2,340
Other comprehensive income								
Fair value changes on available-for-sale financial assets	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	8	-	8	5	13
Total other comprehensive income	-	-	-	8	-	8	5	13
Total comprehensive income for the period	-	-	-	8	2,402	2,410	(57)	2,353
Balance at 31 July 2010	75,116	7,082	-	2,112	63,380	147,690	5,303	152,993

<u>The Company</u>	<u>Share capital</u> S\$'000	<u>Capital reserves</u> S\$'000	<u>Accumulated profits</u> S\$'000	<u>Total equity</u> S\$'000
Balance at 1 May 2011	80,149	7,082	33,509	120,740
Total comprehensive income				
Loss for the period	-	-	(63)	(63)
Balance at 31 July 2011	80,149	7,082	33,446	120,677
Balance at 1 May 2010	75,116	7,082	27,299	109,497
Total comprehensive income				
Profit for the period	-	-	397	397
Balance at 31 July 2010	75,116	7,082	27,696	109,894

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 2011.

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 2011 and 31 July 2011. The total number of issued ordinary shares as at 30 April 2011 and 31 July 2011 is 2,223,000,782.

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 2011.

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 2011. 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

	3 months ended 31/07/11	3 months ended 31/07/10
<u>Earnings per ordinary share</u>		
(a) Based on the weighted average number of ordinary shares on issue	0.15 cent	0.11 cent
(b) On a fully diluted basis	0.15 cent	0.11 cent

The basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 2,223,000,782 (31 July 2010: 2,131,492,885).

The fully diluted earning per share is calculated based on the weighted average number of ordinary shares of 2,223,000,782 (31 July 2010: 2,131,492,885).

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

	As at <u>31/07/2011</u> Cents	As at <u>30/04/2011</u> Cents
Net assets value per ordinary share		
The Group	7.18	7.02
The Company	5.43	5.43

Net asset value per share is calculated based on 2,223,000,782 (30 April 2011: 2,223,000,782) 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

Compared with previous corresponding quarter, the Group's profit attributable to the owners of the Company grew by 38.6% or \$928,000 to \$3.3 million on a 1.6% increase in revenue to \$37.2 million. As a result, earnings per share rose by 36.4% to 0.15 cent from 0.11 cent in the previous corresponding quarter.

	1Q2012	1Q2011	+ / (-)	+ / (-)
	S\$million	S\$million	S\$million	%
Freight forwarding	15.3	18.5	(3.2)	(17.3)
Warehousing and logistics	6.1	5.2	0.9	17.3
Chemical storage and logistics	13.6	12.1	1.5	12.4
Management fees business	1.5	-	n.m.	n.m.
Other logistics (Document archiver & Exhibition design and build)	0.7	0.8	(0.1)	(12.5)
Group Revenue	37.2	36.6	0.6	1.6

The higher revenue was attributed mainly to the new management fees business, and higher storage and transportation income. The increase in revenue was offset by lower freight forwarding business due to slowdown in the global economy. Despite the decline in freight forwarding business, this segment remains resilient and is operating with higher margin as a result of cost control and efficiency measures.

The net profit was higher largely due to higher dividend income, contributions from the management fees business, fair value gain on investment funds, excess of accretion of deferred revenue over lease payments on the sale and leaseback of the properties and higher share of profits of associated companies. This was partly offset by loss on fair value of marketable securities and higher foreign exchange loss.

Profit attributable to non-controlling interests reported a gain of \$584,000 compared to a loss of \$62,000 in 1Q2011 mainly due to share of profit from a new subsidiary acquired in August 2010 and losses incurred by overseas subsidiaries in 1Q2011.

As at 31 July 2011, the Group has cash and cash equivalents of \$26.2 million, and is in a net cash position (i.e. net of all bank borrowings) of \$13.7 million.

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 still remains uncertain especially in the light of the government austerity measures in the US and Europe as well as the US job crisis and eurozone sovereign debt crisis, and unrest in the Middle East.

With these uncertainties in mind, the Group will continue to work closely on the planned strategic direction of the Group in order to further enhance our operational efficiencies and to leverage on the Group's financial strength while at the same time monitoring events and maintaining sufficient flexibility.

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/recommendeded, 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 2011.

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 2011 to be false or misleading in any material respect.

BY ORDER OF THE BOARD
Freight links Express Holdings Limited

Eric Khua Kian Keong
Executive Director & CEO
12 September 2011