

**FREIGHT LINKS EXPRESS HOLDINGS LIMITED**

**Half Year Financial Statement Announcement Ended 31 October 2006**

**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**

	The Group		
	S\$'000	S\$'000	%
	6 months ended 31/10/2006	6 months ended 31/10/2005	Increase/ (Decrease)
<b>Continuing Operations</b>			
Revenue	61,921	52,804	17.3
Other gains – net (note 1)	3,128	1,834	70.6
Amortisation of deferred revenue (note 2)	1,495	1,495	(0.0)
Expenses			
- Freight and related	(37,266)	(30,679)	21.5
- Rental expenses on operating leases	(5,576)	(5,795)	(3.8)
- Warehouse upkeep and related	(1,940)	(1,859)	4.4
- Exhibition design and build	(1,739)	(1,598)	8.8
- Depreciation and amortisation	(1,854)	(1,983)	(6.5)
- Employees benefits	(9,003)	(7,810)	15.3
- Finance	(2,442)	(1,089)	124.2
- Other (note 3)	(2,425)	(3,116)	(22.2)
Profit before income tax	4,299	2,204	95.1
Income tax expense (note 4)	(2,037)	(319)	538.6
Profit from continuing operations	2,262	1,885	20.0
<b>Discontinued operation</b>			
Profit from discontinued operation (note 5)	-	107	N/M
<b>Total Profit</b>	<b>2,262</b>	<b>1,992</b>	<b>13.6</b>
<b>Attributable to:</b>			
Equity holders of the Company	1,856	1,785	4.0
Minority interests	406	207	96.1
	<b>2,262</b>	<b>1,992</b>	<b>13.6</b>

N/M denotes Not Meaningful

	6 months ended 31/10/2006 S\$'000	6 months ended 31/10/2005 S\$'000
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**Note 1**

Other gain/(losses) comprises: -

Dividend income	3	125
Interest income on fixed deposits	685	6
Interest income on other receivables	124	124
Interest income on loan to an associated company	61	-
Interest income on convertible loans to associated companies	1,689	611
Interest income on redeemable cumulative convertible preference shares in an associated company	262	482
Gain/(Loss) on fair value of embedded option of redeemable cumulative convertible preference shares in an associated company	100	(70)
(Loss)/Gain on fair value of embedded option of convertible loan to an associated company	(94)	368
Gain on fair values of interest rate swap contracts	37	160
Negative goodwill on consolidation <sup>(1)</sup>	124	-
Sundry income	137	28

<sup>(1)</sup>Based on provisional fair value of net assets

**Note 2**

Amortisation of deferred revenue	1,495	1,495
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Deferred revenue relates to the excess of sales proceeds over the fair values of the warehouse properties sold in FY2005. The deferred revenue is amortised on a straight-line basis over the respective lease periods of the warehouse properties.

**Note 3**

Other operating expenses include:-

Gain on foreign exchange, net	(306)	(41)
Gain on disposal of property, plant and equipment	(107)	(30)
Allowances for doubtful receivables	1	-
Bad debt written off – trade	7	43
Gain on disposal of financial assets through profit or loss	-	(49)
Loss on financial assets at fair value through profit or loss	265	634

**Note 4**

Income tax includes: -

Current year provision	787	237
Under/(Over) provision for tax in respect of prior years	1,150	(26)
Deferred tax	100	108

**Note 5**

On 12 August 2005, Freight Links Express Logistics (Australia) Pty Ltd, a wholly owned subsidiary of Freight Links Express Holdings (Australia) Limited (“FLEHA”) sold the Melbourne International Airfreight Centre (which comprises part of the Group’s warehousing operations in Australia) to a third party. The results of FLEHA are presented separately on the income statements as “Discontinued Operation”.

Revenue	-	782
Expenses	-	(592)
Profit before tax from discontinued operation	-	190
Tax	-	(83)
Profit after tax from discontinued operation	-	107

**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**

	<u>Group</u> <u>As at 31/10/06</u> S\$'000	<u>Group</u> <u>As at 30/04/06</u> S\$'000	<u>Company</u> <u>As at 31/10/06</u> S\$'000	<u>Company</u> <u>As at 30/04/06</u> S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	28,887	37,816	7,906	19,423
Trade and other receivables	23,165	18,597	4,109	2,665
Derivative financial instruments	-	98	-	-
Financial assets at fair value through profit or loss	3,682	993	-	-
Tax recoverable	2,552	2,405	2,393	2,393
Other current assets	5,559	5,580	2,779	3,030
	<b>63,845</b>	<b>65,489</b>	<b>17,187</b>	<b>27,511</b>
<b>Non-current assets</b>				
Advances to subsidiaries	-	-	50,277	45,522
Other receivables	13,038	12,913	-	-
Other assets	4,519	5,820	4,519	5,820
Available-for-sale financial assets	-	14	-	14
Derivative financial instruments	6,304	6,259	6,199	6,116
Redeemable cumulative convertible preference shares in an associated company	10,372	10,291	10,372	10,291
Convertible loans to associated companies	31,356	30,844	31,356	30,844
Investment in subsidiaries	-	-	20,751	19,843
Investment properties	19,747	19,747	-	-
Investment in club membership	51	22	22	22
Property, plant and equipment	51,713	50,515	732	375
Goodwill on consolidation	987	982	-	-
Deferred income tax assets	1,416	1,508	-	-
	<b>139,503</b>	<b>138,915</b>	<b>124,228</b>	<b>118,847</b>
<b>Total assets</b>	<b>203,348</b>	<b>204,404</b>	<b>141,415</b>	<b>146,358</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	24,580	22,543	827	1,447
Borrowings	7,675	7,709	1,056	1,049
Deferred revenue	2,989	2,990	-	-
Income tax liabilities	3,997	3,224	2,275	1,329
	<b>39,241</b>	<b>36,466</b>	<b>4,158</b>	<b>3,825</b>
<b>Non-current liabilities</b>				
Borrowings	66,152	68,326	47,119	47,973
Advances from subsidiaries	-	-	18,349	19,496
Deferred income tax liabilities	-	-	4	4
Deferred revenue	14,130	15,625	-	-
	<b>80,282</b>	<b>83,951</b>	<b>65,472</b>	<b>67,473</b>
<b>Total liabilities</b>	<b>119,523</b>	<b>120,417</b>	<b>69,630</b>	<b>71,298</b>
<b>NET ASSETS</b>	<b>83,825</b>	<b>83,987</b>	<b>71,785</b>	<b>75,060</b>
<b>EQUITY</b>				
Share capital	47,944	47,943	47,944	47,943
Currency translation reserves	1,755	1,621	-	-
Capital reserve	8,460	8,464	8,460	8,464
Retained earnings	20,057	21,071	15,381	18,653
<b>Shareholders' equity</b>	<b>78,216</b>	<b>79,099</b>	<b>71,785</b>	<b>75,060</b>
<b>Minority interests</b>	<b>5,609</b>	<b>4,888</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>	<b>83,825</b>	<b>83,987</b>	<b>71,785</b>	<b>75,060</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

	As at 31/10/2006		As at 30/04/2006	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank borrowings	<b>6,575</b>	-	6,669	-
Finance lease liabilities	<b>1,100</b>	-	1,040	-
Total	<b>7,675</b>	-	7,709	-

**Amount repayable after one year**

	As at 31/10/2006		As at 30/04/2006	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank borrowings	<b>64,687</b>	-	66,679	-
Finance lease liabilities	<b>1,465</b>	-	1,647	-
Total	<b>66,152</b>	-	68,326	-

**Details of any collateral**

Bank borrowings comprising overdrafts and term loans of \$22,367,000 (30/04/2006: \$23,241,000) are guaranteed by the Company and are secured by legal mortgages over the leasehold properties and investment properties of the Group.

**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

	<u>6 months ended</u> <u>31/10/2006</u> S\$'000	<u>6 months ended</u> <u>31/10/2005</u> S\$'000
<b>Cash flows from operating activities</b>		
Profit after tax	2,262	1,992
Adjustments for:		
Tax	2,037	401
Depreciation of property, plant and equipment	1,854	1,983
Negative goodwill on consolidation	(124)	-
Gain on disposal of property, plant and equipment	(107)	(30)
Loss/(Gain) on financial assets at fair value through profit or loss		
- Marketable securities	265	585
- Interest rate swap contracts	(37)	(160)
Amortisation of deferred revenue	(1,495)	(1,495)
Loss on sale of investment property	-	86
Dividend income	(3)	(125)
(Gain)/Loss on fair value of embedded option of redeemable cumulative convertible preference shares in an associated company	(100)	70
Loss/(Gain) on fair value of embedded option of convertible loan to an associated company	94	(368)
Interest expense	2,442	1,179
Interest income	(2,821)	(903)
Foreign exchange gain	(489)	(41)
	<u>1,516</u>	<u>1,182</u>
<b>Operating cash flow before working capital changes</b>	<b>3,778</b>	<b>3,174</b>
Changes in operating assets and liabilities:		
Receivables	(2,895)	(3,685)
Payables	(366)	955
Other current assets	(9)	291
Foreign currency translation	164	(95)
	<u>(3,106)</u>	<u>(2,534)</u>
<b>Cash generated from operations</b>	<b>672</b>	<b>640</b>
Income taxes refunded	35	26
Income taxes paid	(1,250)	(2,167)
<b>Net cash used in operating activities</b>	<b>(543)</b>	<b>(1,501)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	177	31
Proceeds from sale of investment property	-	17,490
Purchase of investment properties	-	(19,747)
Purchase of property, plant and equipment	(2,456)	(2,117)
Purchase of financial assets at fair value through profit or loss	(2,956)	-
Proceeds from sale of financial assets at fair value through profit or loss	-	537
Additional subscription in redeemable cumulative convertible preference shares in an associated company	-	(3,368)
Convertible loans to associated companies	-	(13,380)
Dividend received	3	125
Acquisition of subsidiaries, net of cash acquired	265	-
Interest Income	2,242	280
<b>Net cash used in investing activities</b>	<b>(2,725)</b>	<b>(20,149)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	1	-
Share issue expenses	(4)	-
Proceeds from borrowings	-	35,880
Repayment of borrowings	(1,706)	(6,281)
Finance lease liabilities	(205)	1,003
Dividend paid to shareholders	(2,870)	(2,870)
Dividend paid to minority interests	(91)	(108)
Interest expense	(736)	(1,179)
<b>Net cash (used in)/generated from financing activities</b>	<b>(5,611)</b>	<b>26,445</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(8,879)</b>	<b>4,795</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>36,331</b>	<b>9,393</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>27,452</b>	<b>14,188</b>
<b>Cash and cash equivalents comprise the following: -</b>		
<b>Cash at bank and on hand</b>	<b>7,683</b>	<b>4,441</b>
<b>Fixed deposits with financial institutions</b>	<b>21,204</b>	<b>11,559</b>
<b>Bank overdrafts</b>	<b>(1,435)</b>	<b>(1,812)</b>
	<u><b>27,452</b></u>	<u><b>14,188</b></u>

**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**

Consolidated Statement of Changes in Equity

	Share capital S\$'000	Capital reserve S\$'000	Currency translation reserves S\$'000	Retained earnings S\$'000	Minority interests S\$'000	Total S\$'000
Balance at 1/05/06	47,943	8,464	1,621	21,071	4,888	83,987
Currency translation differences	-	-	134	-	57	191
Net profit for the period	-	-	-	1,856	406	2,262
Share issue expenses	-	(4)	-	-	-	(4)
Exercise of warrants during the period ~	1	-	-	-	-	1
Dividend relating to 2006 paid	-	-	-	(2,870)	(91)	(2,961)
Acquisition of subsidiaries	-	-	-	-	349	349
<b>Balance at 31/10/06</b>	<b>47,944</b>	<b>8,460</b>	<b>1,755</b>	<b>20,057</b>	<b>5,609</b>	<b>83,825</b>
Balance at 1/05/05 (Note A)	47,951	-	2,251	13,908	5,143	69,253
Effect of adopting FRS 39 (Revised 2004)	-	-	-	(695)	(79)	(774)
As restated	47,951	-	2,251	13,213	5,064	68,479
Currency translation differences	-	-	(64)	-	(28)	(92)
Net profit for the period	-	-	-	1,785	207	1,992
Dividend relating to 2005 paid	-	-	-	(2,870)	(108)	(2,978)
<b>Balance at 31/10/05</b>	<b>47,951</b>	<b>-</b>	<b>2,187</b>	<b>12,128</b>	<b>5,135</b>	<b>67,401</b>

Statement of Changes in Equity - Company

	Share capital S\$'000	Capital reserve S\$'000	Currency translation reserves S\$'000	Retained earnings S\$'000	Minority interests S\$'000	Total S\$'000
Balance at 1/05/06	47,943	8,464	-	18,653	-	75,060
Net loss for the period	-	-	-	(402)	-	(402)
Share issue expenses	-	(4)	-	-	-	(4)
Exercise of warrants during the period ~	1	-	-	-	-	1
Dividend relating to 2006 paid	-	-	-	(2,870)	-	(2,870)
<b>Balance at 31/10/06</b>	<b>47,944</b>	<b>8,460</b>	<b>-</b>	<b>15,381</b>	<b>-</b>	<b>71,785</b>

	Share capital S\$'000	Capital reserve S\$'000	Currency translation reserves S\$'000	Retained earnings S\$'000	Minority interests S\$'000	Total S\$'000
Balance at 1/05/05 (Note A)	47,951	-	-	10,674	-	58,625
Effect of adopting FRS 39 (Revised 2004)	-	-	-	582	-	582
Restated	47,951	-	-	11,256	-	59,207
Net profit for the period	-	-	-	1,376	-	1,376
Dividend relating to 2005 paid	-	-	-	(2,870)	-	(2,870)
<b>Balance at 31/10/05</b>	<b>47,951</b>	<b>-</b>	<b>-</b>	<b>9,762</b>	<b>-</b>	<b>57,713</b>

~ amount less than S\$1,000

Note A

Pursuant to the Companies (Amendment) Act 2005 effective from January 30, 2006, the concept of authorised share capital and par value has been abolished. Amount standing to the credit of share premium account is transferred to share capital as at that date. Accordingly, S\$30,015,000 under share premium account as at May 1, 2005 has been reclassified to share capital account to conform with current period's financial presentation.

- 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**

Details of any changes in the company's issued share capital

	Number of Ordinary shares	Share Capital \$'000
As at 1/05/06	1,793,619,784	47,943
Exercise of warrants during the period	9,000	1
As at 31/10/06	1,793,628,784	47,944

The number of outstanding options is as follows: -

	As at 31/10/06	As at 31/10/05
Executive' Share Options	3,340,194	3,340,194
Warrants	896,725,892	-

- 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 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 30 April 2006.

**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 has adopted the new/revised FRS that have become effective for the financial year beginning 1 May 2006.

In particular, where the Company provides financial guarantee for the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and treats them as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee.

The Group does not expect the adoption of the new/revised FRS to have any material impact on the financial statements.

**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**

	6 months ended 31/10/06		6 months ended 31/10/05	
<u>Earnings per ordinary share – Continuing Operations</u>				
(a) Based on the weighted average number of ordinary shares in issue	0.103	Cent	0.095	Cent
(b) On a fully diluted basis	0.092	Cent	0.095	Cent
<u>Earnings per ordinary share – Discontinuing Operations</u>				
(a) Based on the weighted average number of ordinary shares in issue	-		0.004	Cent
(b) On a fully diluted basis	-		0.004	Cent

The basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 1,793,625,695 (31 October 2005: 1,793,569,784). The fully diluted earning per share is calculated based on the weighted average number of ordinary shares of 2,017,807,168 (31 October 2005: 1,793,569,784).

**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>31/10/06</u> Cents	As at <u>30/04/06</u> Cents
Net assets value per ordinary share		
The Group	4.36	4.41
The Company	4.00	4.18

Net asset value per share is calculated based on 1,793,628,784 (30 April 2006: 1,793,619,784) ordinary shares in issue at the end of the financial period 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**

For the six months ended 31 October 2006 (1H2007), the Group's profit before tax from continuing operations rose by 95.1% to \$4.3 from \$2.2 million in the previous corresponding period (1H2006). This was mainly attributable to the increase in turnover by 17.3% to \$61.9 million as compared to \$52.8 million in 1H2006. The revenue from freight forwarding division increased by 27.7% to \$38.5 million for the first half year. This was due to increase in container volume as well as the results of a Thai subsidiary being consolidated since July 2006.

The turnover of the chemical storage and logistics had also increased by 6.5% to \$13.1 million from \$12.3 million in 1H2006. Turnover in its warehousing and logistics division increased slightly by 0.7% to \$7.4 million. Turnover in other logistics services which include expologistics, relocation and document storage decreased slightly by 1.3% to \$2.9 million.

Other gains (net) increased by 70.6% to \$3.1 million from \$1.8 million in 1H2006 due mainly to higher interest income on fixed deposits and convertible loans to associated companies.

Freight and related costs were generally higher due to the growth in business volume.

The higher employees benefits were mainly due to the additional head count attributed to the Thai subsidiary, increase in business volume and annual wage increment.

The increase in finance cost was mainly due to issue of USD floating rate notes and transferable loan facility in March 2006 and higher interest rates environment.

Tax expense increased significantly mainly as a result of higher profits and underprovision of taxes in prior financial years. The underprovision of taxes was primarily due to the estimated additional tax payable of \$1.0 million as a result of the interest restriction (non-income producing advances to subsidiaries) on the deductible interest expense.

The Group recorded a total profit after tax of \$2.3 million, an increase of 13.6% over 1H2006.

On 31 October 2006, the Group has cash and cash equivalent of \$28.9 million, down from \$37.8 million as at 30 April 2006. The reduction was mainly due to payment for development cost of DG (dangerous goods) warehouse complex, purchase of quoted bond, prime movers and trailers, and repayment of bank borrowings. The Group net gearing ratio (net of cash) is 0.57 times as at 31 October 2006.

**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 generally in line with the general market conditions as previously described in the preceding financial year ended 30 April 2006.

**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**

Going forward, the Group expects higher revenue due to contribution from its recently acquired Thai subsidiary. The Group also expects contribution to its earnings from its recently acquired 20% interest in an associate in Malaysia.

With the completion of DG warehouse complex by the 2<sup>nd</sup> quarter of 2007, the Group will be able to meet the increasing demands from customers for its chemical storage space and value-added services.

The Group will continue to explore opportunities to improve the Group's earnings and enhance returns to shareholders.

**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 interim dividend has been declared or recommended in respect of the half year ended 31 October 2006

**13. Confirmation pursuant to the 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 half year ended 31 October 2006 unaudited financial results to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Thomas Woo  
Executive Director & CFO  
7 December 2006