

FREIGHT LINKS EXPRESS HOLDINGS LIMITED

Half Year Financial Statement Announcement Ended 31 October 2007

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 31/10/2007	6 months ended 31/10/2006	Increase/ (Decrease)
Revenue	69,226	61,924	11.8
Other income (note 1)	4,210	2,668	57.8
Accretion of deferred revenue (note 2)	1,495	1,495	(0.0)
Freight and related costs	(40,886)	(37,266)	9.7
Rental expenses on operating leases	(6,399)	(5,576)	14.8
Warehouse upkeep and related costs	(2,363)	(1,940)	21.8
Exhibition design and build costs	(2,608)	(1,739)	50.0
Staff costs	(10,665)	(9,003)	18.5
Depreciation of property, plant and equipment	(2,011)	(1,854)	8.5
Other operating expenses (note 3)	(4,183)	(2,838)	47.4
	5,816	5,871	(0.9)
Finance income	647	870	(25.6)
Finance costs	(2,286)	(2,442)	(6.4)
Net finance costs	(1,639)	(1,572)	4.3
Share of profit of an associate	575	-	N/M
Profit before income tax	4,752	4,299	10.5
Income tax expense (note 4)	(1,679)	(2,037)	(17.6)
Profit for the period	3,073	2,262	35.9
Attributable to:			
Equity holders of the Company	2,971	1,856	60.1
Minority interests	102	406	(74.9)
Profit for the period	3,073	2,262	35.9

N/M denotes Not Meaningful

	6 months ended <u>31/10/2007</u> S\$'000	6 months ended <u>31/10/2006</u> S\$'000
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Note 1

Other income comprises:-

Interest income on:		
-convertible loans to associates	1,871	1,689
-redeemable cumulative convertible preference shares in an associate	514	262
Gain on foreign exchange, net	1,572	294
Gain on disposal of marketable securities	180	-
Gain of disposal of property, plant and equipment	13	107
Gain on fair value of:		
-embedded options of investment in associates	-	6
-interest rate swap contracts	-	37
Negative goodwill arising from acquisition of subsidiaries	-	124
Foreign exchange gain on redeemable cumulative convertible preference shares and convertible loans to associates	-	12
Sundry income	60	137
	<u>60</u>	<u>137</u>

Note 2

Accretion of deferred revenue	<u>1,495</u>	<u>1,495</u>
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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:-

Foreign exchange loss on redeemable cumulative convertible preference shares and convertible loans to associates	958	-
Loss on fair value of interest rate swap contracts	328	-
Loss on disposal of marketable securities	-	265
Allowance for doubtful receivables	1	1
Bad debts written off – trade	-	7
	<u>-</u>	<u>7</u>

Note 4

Income tax includes: -

Current year provision	940	787
Under provision for tax in respect of prior years	639	1,150
Deferred tax	100	100
	<u>100</u>	<u>100</u>

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 As at 31/10/07 S\$'000	Group As at 30/04/07 S\$'000	Company As at 31/10/07 S\$'000	Company As at 30/04/07 S\$'000
Non-current assets				
Property, plant and equipment	71,404	62,766	648	707
Intangible assets	982	982	-	-
Investment properties	21,000	21,000	-	-
Subsidiaries	-	-	20,660	20,660
Associates	48,744	48,496	41,615	41,817
Club membership	51	53	22	22
Other investments	6,633	4,866	4,620	4,908
Other receivables	7,642	9,035	57,999	61,819
Deferred tax assets	1,142	1,237	-	-
	157,598	148,435	125,564	129,933
Current assets				
Trade and other receivables	46,872	44,416	14,389	12,552
Other investments	-	1,215	-	-
Cash and cash equivalents	46,158	24,348	24,015	2,579
	93,030	69,979	38,404	15,131
Total assets	250,628	218,414	163,968	145,064
Equity attributable to equity holders of the company				
Share capital	73,693	47,969	73,693	47,969
Other reserves	9,817	10,667	7,169	8,456
Accumulated profits	29,053	30,738	18,534	22,357
	112,563	89,374	99,396	78,782
Minority interests	6,763	6,179	-	-
Total equity	119,326	95,553	99,396	78,782
Non-current liabilities				
Financial liabilities	68,012	65,946	43,172	45,557
Other payables	11,141	12,636	15,712	16,271
Deferred tax liabilities	-	-	4	4
	79,153	78,582	58,888	61,832
Current liabilities				
Trade and other payables	28,083	27,257	937	880
Financial liabilities	18,391	13,158	1,056	1,049
Current tax payables	5,675	3,864	3,691	2,521
	52,149	44,279	5,684	4,450
Total liabilities	131,302	122,861	64,572	66,282
Total equity and liabilities	250,628	218,414	163,968	145,064

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

	As at 31/10/2007		As at 30/04/2007	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank borrowings	16,997	-	11,844	-
Finance lease liabilities	1,394	-	1,314	-
Total	18,391	-	13,158	-

Amount repayable after one year

	As at 31/10/2007		As at 30/04/2007	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank borrowings	66,031	-	64,413	-
Finance lease liabilities	1,981	-	1,533	-
Total	68,012	-	65,946	-

Details of any collateral

The bank borrowings of the Group are guaranteed by the Company and are secured by legal mortgages over the freehold and leasehold properties.

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>31/10/2007</u> S\$'000	<u>6 months ended</u> <u>31/10/2006</u> S\$'000
Operating activities		
Profit before income tax	4,752	4,299
Adjustments for:		
Depreciation of property, plant and equipment	2,011	1,854
Loss/(Gain) on disposal of financial assets at fair value through profit or loss		
-marketable securities	(180)	265
-interest rate swap contracts	328	(37)
-derivative contracts	-	(6)
Negative goodwill arising from acquisition subsidiaries	-	(124)
Allowance for diminution in value of short term investments	9	-
Share of profit of an associate	(575)	-
Accretion of deferred revenue	(1,495)	(1,495)
Gain on disposal of property, plant and equipment	(13)	(107)
Dividend income	(2)	-
Net finance cost	1,639	1,572
Interest income on:		
-convertible loans to associates	(1,871)	(1,689)
-redeemable cumulative convertible preference shares in an associate	(514)	(262)
Foreign exchange gain	(937)	(489)
	<u>3,152</u>	<u>3,781</u>
Changes in working capital:		
Trade and other receivables	(2,544)	(2,904)
Trade and other payables	826	(366)
Foreign currency translation	(109)	125
Cash generated from operations	<u>1,325</u>	<u>636</u>
Income taxes refunded	640	35
Income taxes paid	(467)	(1,250)
Cash flow from operating activities	<u>1,498</u>	<u>(579)</u>
Investing activities		
Proceeds from disposal of property, plant and equipment	16	177
Purchase of property, plant and equipment	(10,655)	(2,456)
Acquisition of subsidiaries, net of cash acquired	491	265
Dividend income	126	-
Proceeds from sales of other investments	1,386	-
Purchase of other investments	(2,093)	(2,956)
Finance income	1,590	870
Interest income on convertible loans to associates	687	1,372
Cash flow from investing activities	<u>(8,452)</u>	<u>(2,728)</u>
Financing activities		
Proceeds from issue of shares	24,437	1
Share issue expenses	-	(4)
Proceeds/(Repayment) of borrowings	9,132	(1,706)
Proceeds/(Repayment) from finance lease liabilities	528	(205)
Dividend paid to shareholders	(4,656)	(2,870)
Dividend paid to minority interests	(99)	(91)
Finance costs	(708)	(736)
Cash flows from financing activities	<u>28,634</u>	<u>(5,611)</u>
Net (decrease)/increase in cash and cash equivalents	21,680	(8,918)
Cash and cash equivalents at beginning of the financial period	22,641	36,331
Effect of exchange rate fluctuations on cash held	638	39
Cash and cash equivalents at end of the financial period	<u>44,959</u>	<u>27,452</u>
Cash and cash equivalents comprise the following:		
Cash at bank and on hand	14,847	7,683
Fixed deposits with financial institutions	31,311	21,204
Bank overdrafts	(1,199)	(1,435)
	<u>44,959</u>	<u>27,452</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	Foreign currency translation reserve S\$'000	Accumulated profits S\$'000	Total attributable to equity holders of the company S\$'000	Minority interests S\$'000	Total S\$'000
Balance at 1/05/07	47,969	8,456	2,211	30,738	89,374	6,179	95,553
Translation differences relating to financial statements of foreign subsidiaries	-	-	437	-	437	90	527
Net gains recognised directly in equity	-	-	437	-	437	90	527
Net profit for the period	-	-	-	2,971	2,971	102	3,073
Total recognised income and expenses for the period	-	-	437	2,971	3,408	192	3,600
Exercise of warrants	7,724	(1,287)	-	-	6,437	-	6,437
Issue of new shares	18,000	-	-	-	18,000	-	18,000
2007 one-tier first and final dividend paid of 0.25 cent per share	-	-	-	(4,656)	(4,656)	(99)	(4,755)
Acquisition of minority interest	-	-	-	-	-	491	491
Balance at 31/10/07	73,693	7,169	2,648	29,053	112,563	6,763	119,326
Balance at 1/05/06	47,943	8,464	1,621	21,071	79,099	4,888	83,987
Translation differences relating to financial statements of foreign subsidiaries	-	-	134	-	134	57	191
Net gains recognised directly in equity	-	-	134	-	134	57	191
Net profit for the period	-	-	-	1,856	1,856	406	2,262
Total recognised income and expenses for the period	-	-	134	1,856	1,990	463	2,453
Share issue expenses	-	(4)	-	-	(4)	-	(4)
Exercise of warrants	1	-	-	-	1	-	1
2006 final dividend paid of 0.2 cent per share less tax 20%	-	-	-	(2,870)	(2,870)	(91)	(2,961)
Acquisition of minority interest	-	-	-	-	-	349	349
Balance at 31/10/06	47,944	8,460	1,755	20,057	78,216	5,609	83,825

Statement of Changes in Equity - Company

	<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>Minority interests</u> S\$'000	<u>Total</u> S\$'000
Balance at 1/05/07	47,969	8,456	-	22,357	-	78,782
Net profit for the period	-	-	-	833	-	833
Exercise of warrants	7,724	(1,287)	-	-	-	6,437
Issue of new shares	18,000	-	-	-	-	18,000
2007 one-tier first and final dividend paid 0.25 cent per share	-	-	-	(4,656)	-	(4,656)
Balance at 31/10/07	73,693	7,169	-	18,534	-	99,396

Balance at 1/05/06	47,943	8,464	-	18,653	-	75,060
Net profit for the period	-	-	-	(402)	-	(402)
Exercise of warrants	1	-	-	-	-	1
Share issue expense	-	(4)	-	-	-	(4)
Dividend relating to 2006 paid	-	-	-	(2,870)	-	(2,870)
Balance at 31/10/06	47,944	8,460	-	15,381	-	71,785

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

	<u>Number of Ordinary shares</u>	<u>Share Capital</u> \$'000
As at 1/05/07	1,794,045,784	47,969
Exercise of warrants during the period	128,740,000	7,724
Issue of new shares	180,000,000	18,000
As at 31/10/07	<u>2,102,785,784</u>	<u>73,693</u>

The number of outstanding options and warrants is as follows: -

	<u>As at 31/10/07</u>	<u>As at 31/10/06</u>
Executive' Share Options	-	3,340,194
Warrants	767,568,892	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 2007.

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 2007.

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**

Earnings per ordinary share

(a) Based on the weighted average number of ordinary shares on issue

(b) On a fully diluted basis

	6 months ended 31/10/07	6 months ended 31/10/06
(a) Based on the weighted average number of ordinary shares on issue	0.157 Cent	0.103 Cent
(b) On a fully diluted basis	0.126 Cent	0.092 Cent

The basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 1,898,182,995 (31 October 2006: 1,793,625,695). The fully diluted earning per share is calculated based on the weighted average number of ordinary shares of 2,352,458,461 (31 October 2006: 2,017,807,168).

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>31/10/07</u> Cents	As at <u>30/04/07</u> Cents
Net assets value per ordinary share		
The Group	5.35	4.98
The Company	4.73	4.39

Net asset value per share is calculated based on 2,102,785,784 (30 April 2007: 1,794,045,784) 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 first six months ended 31 October 2007 (1H2008), the Group reported higher turnover, improving by 11.8% to \$69.2 million from \$61.9 million in the previous corresponding period (1H2007).

In line with the generally buoyant economy, all business segments registered higher volume. Freight forwarding business grew by 10.4% to \$42.5 million for the first half year, largely due to increased container traffic and consolidation of six months' business of a Thai subsidiary compared to four months in 1H2007. Chemical storage and logistics division grew by 14.5% to \$15.0 million, from \$13.1 million previously. The Group's warehousing and logistics business improved moderately by 5.4% to \$7.8 million over the same period. Other businesses such as exhibition design and build, relocation and document storage services increased by 34.0% to \$3.9 million. This was mainly due to more exhibition projects contracted by the Dubai subsidiary.

Other income increased by 57.8% to \$4.2 million from \$2.7 million in 1H2007. This was mainly due to unrealised foreign exchange gain arising from translation of the USD floating rate notes and transferable loan facility to Singapore dollars, and higher interest income on the investment in associates in PRC, China.

Freight costs, rental expenses, warehouse upkeep and related operating costs were generally higher due to the growth in business volume.

The higher staff costs were mainly due to the additional head count, annual salary & CPF adjustments and partly attributable to a Thai subsidiary being consolidated for six months compared to four months in 1H2007.

The increase in other operating expenses were mainly due to higher unrealised foreign exchange loss on RMB denominated redeemable cumulative convertible preference shares and USD convertible loans to associates.

The share of profit from an associate in Malaysia acquired in November 2006 contributed \$0.575 million to the Group's net profit.

For the six months ended 31 October 2007, the Group's profit before tax rose by 10.5% to \$4.8 million from \$4.3 million in 1H2007. After tax and minority interests, the Group recorded a net profit attributable to shareholders of \$3.0 million, an increase of 60.1% over 1H2007.

On 31 October 2007, the Group has cash and cash equivalents of \$46.2 million, up from \$24.3 million as at 30 April 2007. The increase was mainly due to the receipt of \$18.0 million from the placement of 180 million new ordinary shares at a price of \$0.10 for each placement share. The Group net gearing ratio is 0.36 times as at 31 October 2007.

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 prevailing market conditions as previously described in the preceding financial year ended 30 April 2007.

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 Group expects market conditions to remain competitive for the next 12 months. The Group will continue to explore and pursue business opportunities to capitalize on its core competencies.

The new chemical warehouse complex at Penjuru Lane has obtained its Temporary Occupation Permit (TOP) in November 2007 and expected to generate positive returns in the coming year. The warehouse building at Tuas Avenue currently under construction is expected to obtain TOP in July 2008.

On 28 November 2007, the Group's subsidiary in Australia, Freight Links Express Holdings (Australia) Limited together with DBPS Capital Pte Ltd ("DBPS"), has entered into a conditional Sale & Purchase Agreement to acquire a controlling stake in a DB2 Realty Pte Ltd ("DB2"). DB2 is a private real estate developer in Singapore. This subsidiary will acquire 510,000 shares or 51% stake in DB2 for a cash consideration of S\$5.3 million (A\$4.2m) and DBPS will acquire the remaining balance of 49%. The proposed acquisition is subject to the approval of the Australian Stock Exchange and the shareholders of the Australian subsidiary.

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 2007.

13. Confirmation pursuant to the Rule 705 (4) of th 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 2007 unaudited financial results to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Thomas Woo
Executive Director & CFO
4 December 2007