Integrated Group

ANNUAL REPORT 2016

Integrated Logistics Berhad (229690 K)

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CORPORATE INFORMATION

Board of Directors

Datuk R. Karunakaran
Chairman
Independent Non-Executive Director

Tee Tuan Sem
Executive Director
Chief Executive Officer

Makoto Takahashi
Executive Director

Sam Loh Cheng Keat
Executive Director

Lee Kay Loon
Independent Non-Executive Director

Wan Azfar bin Dato' Wan Annuar
Independent Non-Executive Director

Dato' Haji Wazir bin Haji Muaz
Non-Independent Non-Executive Director

CORPORATE INFORMATION

COMPANY SECRETARY
Amarjit Singh A/L Banta Singh
FCCA, ACIS, CA(M)

REGISTERED OFFICE
B-25-2, Block B, Jaya One
No. 72A, Jalan Universiti
46200, Petaling Jaya
Selangor Darul Ehsan
Tel. No.: 03-7955 0955
Fax. No.: 03-7955 0959

BUSINESS OFFICE
Indera Subang
Jalan USJ 6/2L
47610 UEP Subang Jaya
Selangor Darul Ehsan
Tel. No.: 03-5631 7377
Fax. No.: 03-5631 6403

SHARE REGISTRAR
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel. No.: 03-7841 8000
Fax. No. 03- 7841 8008

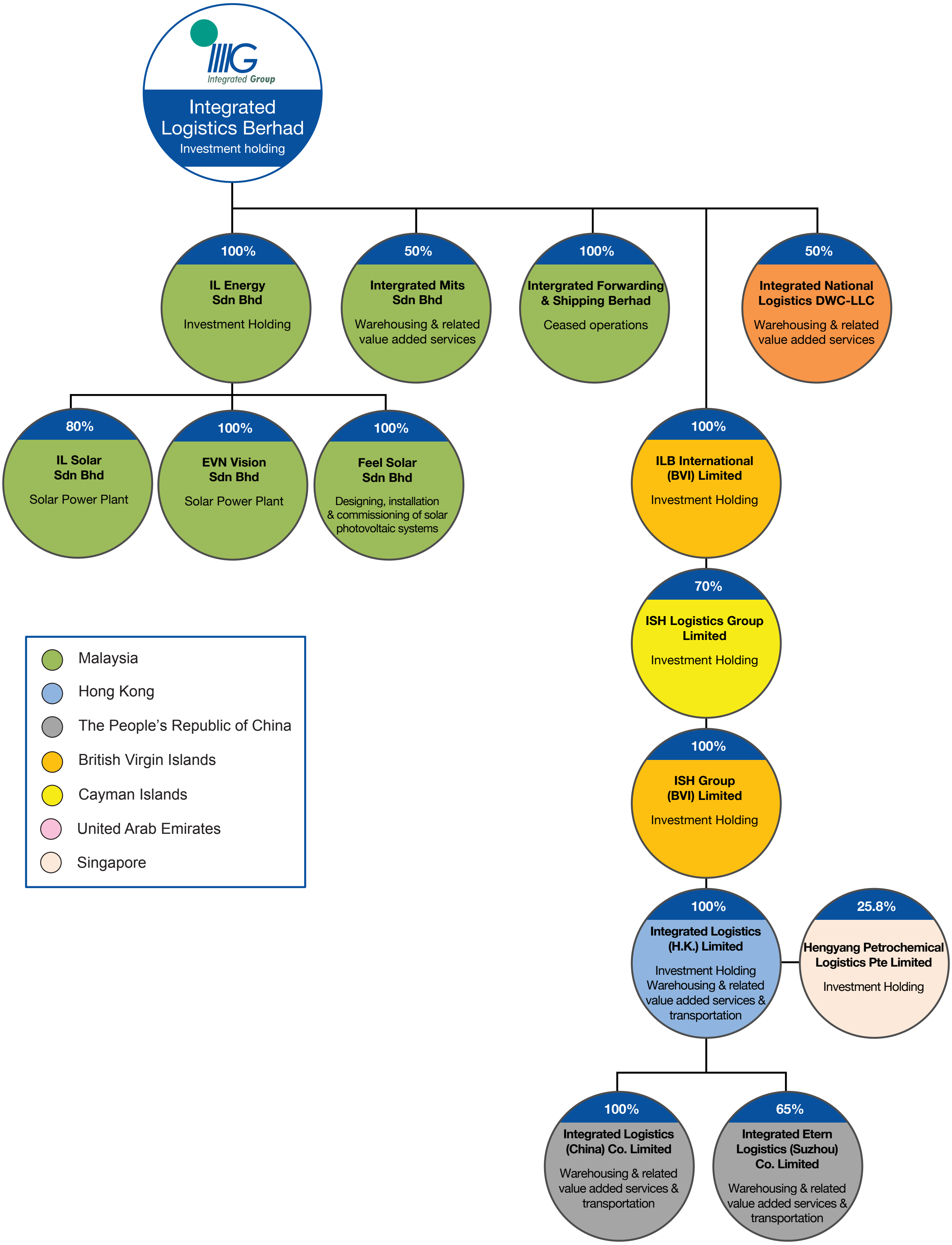
SOLICITOR
Messrs Kadir, Andri & Partners
Level 10, Menara BRDB
285, Jalan Maarof, Bukit Bandaraya
50900 Kuala Lumpur

AUDITORS
Messrs Baker AC (AF001826)
Chartered Accountants
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad

PRINCIPAL BANKERS
CIMB Bank Berhad
G01, Empire Shopping Gallery
Jalan SS 16/1, Subang Jaya
47500 Petaling Jaya
Selangor Darul Ehsan

CORPORATE STRUCTURE



GROUP FINANCIAL HIGHLIGHTS

	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000
Turnover	137,923	121,744	42,411	31,480	21,653
Profit/(Loss) before taxation	7,008	212,322	(53,263)	(12,446)	3,899
Net Profit/(Loss) Attributable to Shareholders	(102)	145,622	(41,134)	(11,943)	5,845
Paid-up Capital	178,026	178,026	178,026	178,026	178,026
Total Assets	602,252	441,238	392,501	479,861	458,667
Shareholders Fund	354,426	322,215	295,964	319,227	302,834
Net Earnings Per Share (sen)	(0.06)	88.2	(23.3)	(6.8)	3.4
Net Assets Per Share After Non-Controlling Interests (RM)	2.13	1.96	1.67	1.85	1.75
Gross Dividend rate (%)	5.0%	118.93%	3.5%	2.5%	-
Share Dividend (Ratio)	-	8 : 100	-	-	-
Share Price as at 31 Dec (RM)	0.905	0.760	0.710	0.815	0.855

CHAIRMAN'S STATEMENT

On behalf of the Board Directors of Integrated Logistics Berhad, I am pleased to present the Annual report for the year 2016, incorporating the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2016.

The Group had disposed most of its China operations in 2013 as the economic environment had become increasingly challenging and during the current year, the Group disposed of its remaining logistics operations based in Shanghai, China. With this disposal, the Group's main logistics interest is in the 9 warehouses at Wujiang, China comprising 76,000 sq metres of floor space. All the warehouses are fully tenanted and generate a steady stream of revenue for the company.

The Group's associated company, Hengyang Petrochemical Logistics Limited ("Hengyang"), China is currently undergoing restructuring and the Group is optimistic that once restructured, Hengyang will be well placed to face its current challenges.

CHAIRMAN'S STATEMENT

The warehousing operations undertaken through a 50% joint venture with a local partner in Dubai, UAE continue to be impacted by the slump in oil prices. Although the operations recorded a better financial performance compared to the previous year, the outlook continues to be challenging. The Board is cautiously optimistic that the coming World Expo 2020 to be held in Dubai will generate demand for the Group's warehouse facilities and contribute to achieving profitability in the coming year.

The Group's diversification into solar energy ventures is gaining traction and the company has successfully obtained a Letter of Award from the Energy Commission to build a 10MW solar power plant at Bukit Kayu Hitam, Kedah, which is expected to be operational in 2018. This new sector looks promising and the Group is actively pursuing further opportunities in the solar energy industry. We expect to allocate more resources to the solar energy sector in the coming year and to step up the pursuit of such opportunities, the Board has appointed a new executive director, Mr Sam Loh Cheng Keat, who is spearheading the search for opportunities in this sector.

As the new solar ventures require substantial capex, the Board has decided to conserve its cash resources and defer the payment of dividends for the time being. The Board intends to re-commence payment of dividends when the various ventures undertaken generate returns and contribute to a healthy cashflow position once again.

On behalf of the Board, I convey my sincere thanks to the management, employees, business partners , shareholders & stakeholders for their dedication commitment and strong support in facing the challenges in the past . I am confident that with their continued support and commitment, the Group will overcome the challenges that lie ahead and continue to grow the business and profitability in the coming years.

Datuk R. Karunakaran
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

Corporate Overview

Integrated Logistics Group ("the company") has been providing logistics services since 1973, and had grown to be one of the largest warehousing and logistics operators in Malaysia. Since then, the Group had extended its warehousing and logistics operations to provide services to multinational companies in the People's Republic of China ("PRC") and Dubai.

As a leader in total logistics solutions, the company has earned international recognition for its professionalism and continues to aim to offer multinational companies quality services through fully integrated logistics management. However, in view of the challenging economic conditions in this sector the company is also diversifying into the solar energy sector.

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of Financial Results

For the financial year ended 31 December 2016, the company recorded a lower revenue of RM21.65 million, as compared with RM31.48 million in the previous year. The decline in revenue is mainly due to the disposal of subsidiaries, ISH Logistics (Shanghai) Limited and ISH Cargo Services (HK) Company Limited, completed on the 8 July 2016. The revenue recorded from the disposed subsidiaries was lower at RM7.29 million compared with RM19.88 million in the previous year.

The net profit for the year amounted to RM 3.77 million as compared with a net loss of RM13.22 million in the previous year. The net profit is mainly from the gain on disposal of subsidiaries amounting to RM14.41 million. The reversal of impairment loss of RM15.82 million on investment in associate, Hengyang Petrochemical Logistics Limited, also contributed to the Net Profits for the year.

Review of Operations

i) Warehousing in Wujiang, PRC

The warehouses in the PRC are located in Jiangsu Wujiang Fenhu Economic Development Zone. During the year, the company had invested RM68.9 million in 3 new blocks of warehouses & with this expansion, the company has 9 blocks of warehouses with total built-up area of 76,000 square metres in one location, making the company the largest warehousing operator in the Wujiang region.

The warehouses have been fully tenanted and are a source of regular revenue for the company. The company continues to look for opportunities to expand the Wujiang warehousing business.

MANAGEMENT DISCUSSION AND ANALYSIS

ii) Warehousing in UAE, Dubai

The warehouse complex in Dubai, occupies a total built-up area of 45,000 square metres with a total capacity of 80,000 pallet positions & has seen an improvement in its performance during the year. The coming 2020 World Expo to be held in Dubai South & the opening of the new Dubai International airport, would generate a higher demand for warehousing facilities in the coming years, which would in turn benefit the Dubai warehouse operations.

iii) (iii) Solar Energy

With the current logistics operations in the PRC & Dubai, the company continues to maintain its core business base in the logistics & warehousing field. However, in view of the increasingly competitive business environment, the company has decided to diversify into new areas to generate new sources of income & reduce its dependence on the existing logistics operations. One area identified is the solar energy industry which offers prospects of a steady long term income stream.

As part of this diversification plan, the company had in 2015 acquired 100% equity interest in EVN Vision Sdn Bhd which had approval from the Sustainable Energy Development Authority (SEDA) to build a 1MW Solar Photovoltaic Plant. This plant successfully commenced initial operations in December 2016 with commercial operations expected to commence by April 2017.

During the year, the company ventured further into this sector & its subsidiary, IL Solar Sdn Bhd, submitted a bid to build a 10MW solar power plant in Bukit Kayu Hitam, Kedah on a 31 hectare site which had been acquired for RM 30 million. The company was successful in its bid and on the 21 March 2017, received a letter of Award for the project from the Energy Commission. The project is slated for completion by the end of 2017 & is scheduled to commence operations in 2018.

Moving Forward

The Integrated Group has its main core business as a logistics company & will continue to maintain and further improve on its logistics businesses in the PRC and Dubai. This will help ensure a high quality of service to our customers which would in turn help ensure that the businesses would continue to remain profitable.

More resources will be allocated to the promising solar energy sector which is seen as a new growth area for the company & offers steady long term revenue streams.

DIRECTORS' PROFILE

Datuk R. Karunakaran
Chairman
Independent Non-Executive Director (Malaysian)

Datuk R. Karunakaran, male aged 67, was appointed to the Board on the 1 July 2008 as an Independent Non-Executive Director and subsequently elected as Chairman of the Board on the 19 February 2010. He graduated from the University of Malaya with a Bachelor of Economics (Accounting) Hons. in 1972 & was formerly the Director General of MIDA retiring in June 2008 after serving 36 years. He had also served as Director of MIDA Singapore, Cologne (Germany) and London (England) and was also responsible for co-ordinating the development of the manufacturing and service sectors, including promoting domestic and foreign investments in Malaysia.

Datuk Karunakaran is also the Chairman of the Nomination & Remuneration Committee. He is the Chairman of Etiqa Insurance Berhad and Etiqa Takaful Berhad and sits as an Independent Non-Executive Director on the Boards of Malayan Banking Berhad, Bursa Malaysia Berhad, IOI Corporation Berhad and Maybank Ageas Holdings Berhad.

Datuk Karunakaran does not have any interest in the securities of the Company and its subsidiaries. He has no family relationships with any other Director and/or major shareholder of the Company.

Tee Tuan Sem
Chief Executive Officer
Executive Director (Malaysian)

Mr Tee Tuan Sem, male aged 65, the Chief Executive Officer, was appointed to the Board on the 9 June 1992. He is a member of the Malaysian Institute of Accountants and a Fellow of the Chartered Association of Certified Accountants. He joined Tet O Chong & Co., an established firm of public accountants, in 1976, and joined Integrated Forwarding & Shipping Berhad as Chief Accountant in 1981. He was promoted to the position of Finance Director of the Company in 1998 and subsequently appointed as the Chief Executive Officer in 2001. He does not hold any other directorships of public companies.

Mr Tee has a direct interest in 20,017,451 fully paid ordinary shares of RM1.00 each in the Company. He also has an indirect interest in 381,931 fully paid ordinary shares of RM1-00 each in the Company held through his wife, Yang Chiew Bi. Mr Tee does not have any family relationship with any other Director and/or major shareholder of the Company.

DIRECTORS' PROFILE

Makoto Takahashi
Executive Director (Japanese)

Mr Makoto Takahashi, Executive Director, male aged 49, holds a Bachelor of Science degree from the University of San Francisco. He has working experience with a Japanese logistics company in Kobe, Japan and a trading company in Hong Kong. He joined ILB in 1998 as General Manager of Sales & Marketing and was appointed to the Board as an Executive Director on the 17 September 2001.

Mr Makoto has a direct interest in 20,803,890 fully paid ordinary shares of RM1.00 each in the Company. He does not hold any other directorships of public companies and does not have any family relationship with any other Director and/or major shareholder of the Company.

Sam Loh Cheng Keat
Executive Director (Malaysian)

Sam Loh Cheng Keat, male aged 38, was appointed to the Board on the 15 September 2016 as an Executive Director. He graduated from Coventry University UK with a Bachelor of Arts degree in 2002 and began his career with a firm of accountants, Moores Rowland, in 2002 and moved to D'nonce Technology Berhad as a Business Development Manager in 2004. The following year, he joined Cam Industries Sdn Bhd as Head of Business Development and in 2014, he set up his own renewable energy business, EVN Vision Sdn Bhd which was subsequently acquired by IL Energy Sdn Bhd, a wholly-owned subsidiary of Integrated Logistics Berhad.

Mr Sam Loh has a direct interest in 3,520,300 fully paid ordinary shares of RM1.00 each in the Company. He does not hold any other directorships of public companies and has no family relationship with any other Director and/or major shareholder of the Company.

DIRECTORS' PROFILE

Dato' Haji Wazir bin Haji Muaz

Non-Independent Non-Executive Director (Malaysian)

Dato' Haji Wazir bin Haji Muaz, male aged 66, was appointed to the Board on the 5 November 2007 as an Independent Non-Executive Director and was subsequently redesignated as Non-Independent Non-Executive Director on 5 November 2016. He holds a Masters in Public Administration from American University Washington D.C. USA, Ijazah Sarjana Muda Sastera (Kepujian), University Malaya and a Diploma in Textile Technology, Salford College of Technology, England. He was formerly the Deputy Director General of Royal Customs and Excise, Malaysia, and retired in May 2007 after having served for 34 years. He has held various important and prominent positions dealing in all aspects of Customs enforcement.

Dato' Haji Wazir is also a member of the Audit & Risk Management Committee and the Nomination & Remuneration Committee. He does not hold any other directorships of public companies and does not have any interest in the securities of the Company and its subsidiaries. He does not have any family relationship with any other Director and/or major shareholder of the Company.

Lee Kay Loon

Independent Non-Executive Director (Malaysian)

Mr Lee Kay Loon, male aged 65, was appointed to the Board as an Independent Non-Executive Director on the 1 June 2010. He is a Fellow of the Chartered Association of Certified Accountants, member of the Malaysian Institute of Accountants and the Malaysian Institute of Chartered Secretaries & Administrators. Mr Lee has vast corporate and financial management experience having worked in a quasi government organisation, a local bank and a life and general insurance company. He has held various senior management positions which included internal auditor, accountant, Director of Finance, Brand and Communication Director and Director of Project Management, retiring in 2007 after a career spanning more than 30 years.

Mr Lee is the Chairman of the Audit & Risk Management Committee and a member of the Nomination & Remuneration Committee. He does not hold any directorships of other public companies and does not have any interest in the securities of the Company or its subsidiaries. He does not have any family relationship with any other Director and/or major shareholder of the Company.

DIRECTORS' PROFILE

Wan Azfar bin Dato' Wan Annuar

Independent Non-Executive Director (Malaysian)

En Wan Azfar bin Dato' Wan Annuar, male aged 67, was appointed to the Board as an Executive Director on the 17 September 2001. He resigned as an Executive Director on the 26 March 2003 but remained as a Non-Independent Non-Executive Director and was subsequently redesignated as an Independent Non-Executive Director on 19 August 2015. A Naval Officer by training, having been through Britannia Royal College, Dartmouth, United Kingdom and HMS Mercury, Royal Navy's School of Maritime Operations, Petersfield, United Kingdom, he has some 16 years service at sea and ashore. His military appointments included 2 warship commands, staff duties at Ministry of Defence, Kuala Lumpur, Naval Headquarters in Singapore and as Naval Attache at the Malaysian High Commission, London. After leaving the Royal Malaysian Navy, he joined Malayan United Industries Berhad group of companies and pioneered the hotel division.

En Wan Azfar is also a member of the Audit & Risk Management Committee and the Nomination & Remuneration Committee. He does not hold any directorships of other public companies and does not have any interest in the securities of the Company or its subsidiaries. He does not have any family relationship with any other Director and/or major shareholder of the Company.

Notes

1. *None of the Directors have entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.*
2. *None of the Directors have any convictions for any offences within the past 5 years other than traffic offences.*
3. *None of the Directors have any public sanctions & penalties imposed by any regulatory bodies during the financial year 2016.*

GROUP MANAGEMENT PROFILE

Lee Pei Sze
Chief Financial Officer

Ms Lee Pei Sze, female aged 40, holds a Bachelor of Management Studies degree, majoring in Accounting from University of Waikato, New Zealand. Ms Lee started her career with Star Cruise Administrative Services Sdn Bhd in 1999 and joined Integrated Logistics Solutions Sdn Bhd, a wholly-owned subsidiary of the Company in 2005 as Group Financial Controller, being subsequently appointed Group Chief Financial Officer of the Group in 2014.

Hoo Pee Chon
Chief Risk Officer

Mr Hoo Pee Chon, male aged 59, holds a Diploma in Business Studies, majoring in Finance, from Tunku Abdul Rahman College, Kuala Lumpur. Mr Hoo joined the Group in 1982 and has more than 34 years experience in the logistics industry. He has held several managerial positions in the Group and was promoted to the position of Deputy Group Operation Director (Malaysian operations) in 2005. Mr Hoo was transferred to Integrated National Logistics DWC LLC an associate company of the Group in Dubai, United Arab Emirates as Head of Finance & Administration in 2012 and was appointed to his current position as Chief Risk Officer of the Group in 2016.

Motohiko Tachibana
Group Internal Auditor

Mr Motohiko Tachibana, male aged 69, holds a Bachelor of Economics degree from Otemon Gakuin University, Japan. Mr Tachibana was an Accountant with Matsushita Industrial Corporation Sdn Bhd before joining the Group in 1989. He has held several managerial positions in the Group. Prior to his appointment as the Group Internal Auditor in early 2016, he was the Chief Risk Officer of the Group.

GROUP MANAGEMENT PROFILE

Amarjit Singh A/L Banta Singh
Group Company Secretary

Mr Amarjit Singh A/L Banta Singh, male aged 65, is a Fellow of the Chartered Association of Certified Accountants, a member of Malaysian Institute of Accountants and the Institute of Chartered Secretaries & Administrators. Mr Amarjit was formerly the Deputy Chief Executive Officer of Koperasi Angkatan Tentera Malaysia Berhad and joined the Group in 2009 as the Group Company Secretary.

Tee Jia Jie
Executive Director of IL Solar Sdn Bhd

Mr Tee Jia Jie, male aged 24, has been appointed as Executive Director of IL Solar Sdn Bhd, a subsidiary of the Company. He graduated with a BSC (Hons) Economics from Cardiff Metropolitan University in 2014 and Postgraduate in International Commercial Law from Cardiff University in 2015.

Notes

None of the Group Management:

1. *Holds any directorships of other public companies.*
2. *Have any family relationship with any director & /or major shareholder of the Company, apart from Tee Jia Jie, who is the son of the Chief Executive Officer of the company.*
3. *Have entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.*
4. *Have any convictions for any offences and public sanctions & penalties imposed by any regulatory bodies other than traffic offences within past five years..*

CORPORATE GOVERNANCE STATEMENT

The Malaysian Code of Corporate Governance (MCCG 2012) defines corporate governance as: "the process and structure used to direct and manage the business and affairs of the company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value, whilst taking into account the interests of the other stakeholders." The Board of Directors (Board) remains committed to subscribe to the principles of good corporate governance that is central to the effective operation of the Company and to ensure the highest standards of accountability and transparency.

The Board supports the framework which is designed to promote the best Corporate Governance culture and which assists the Board in the discharge of its corporate governance responsibilities .The Board continues to improve existing practices and incorporate the principles and recommendations of the MCCG 2012 into the existing Corporate Governance framework.

This Statement outlines the Group's main corporate governance practises and policies which are in line with the principles and recommendations laid out in the MCCG 2012 as follows :-

1. Clear Roles and Responsibilities
2. Strengthen Composition of the Board and various Board Committees
3. Reinforce Independence
4. Foster Commitment
5. Uphold Integrity in Financial reporting
6. Recognise and Manage Risks
7. Ensure Timely and high Quality Disclosures
8. Strengthen Relationship Between the Company and its Shareholders

The Board is pleased to report below on the principles and best practices of the Code that were applied in the financial year ended 31 December 2016.

1. CLEAR ROLES AND RESPONSIBILITIES

Board Role and Responsibilities

The Company has an experienced Board comprising three Executive Directors, three Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Board of Directors is primarily responsible for charting and reviewing the strategic direction of the Group and delegates the implementation of these directions to the management. The independent non-executive directors are considered independent of any business or other relationship or circumstances that could interfere with the execution of their independent judgement and decision making in the best interests of the Company.

Re-election of Directors - The Company's Articles of Association state that one third of the Directors shall retire from office by rotation at each Annual General Meeting (AGM) and all Directors shall retire from office once at least in each three years but shall be eligible to offer themselves for re-election.

The responsibilities of the Board are inclusive of but not limited to:

i. Charting the strategic direction, and setting out short term and long term plans for the Group.
ii. Promoting ethical and best corporate governance culture in the Group.
iii. Monitoring and reviewing compliance with internal control policies and risk management systems.
iv. Monitoring compliance with relevant laws & regulations and accounting standards within the corporate and business environment.
v. Overseeing and reviewing business operations within a systematic and controlled environment.
vi. Monitoring the financial performance of the Group.
vii. Appointing and determining the remuneration, duration and relevant appointment terms of the Executive Directors.
viii. Assessing the performance of and developing the succession plan for the Executive Directors.

CORPORATE GOVERNANCE STATEMENT

The Board composition represents a mix of knowledge, skills, and expertise which assist the Board in effectively discharging its stewardship and responsibilities. The profiles of the members of the Board are set out in the Annual Report.

The Board has delegated to the CEO and his management team the day to day management of the Group.

The Company has a clear distinction and separation of roles between the Chairman and the CEO, with clear division of responsibilities. The Board of Directors is headed by Datuk R. Karunakaran, an independent non-executive chairman, who has broad exposure and extensive experience in the international trade and investment arena. As Chairman, he plays a vital role in leading and guiding the Board, and also serves as the communication point between the Board and the CEO.

The responsibilities of the Management of the Group are inclusive of but not limited to:

i. Chart the strategic direction.
ii. Develop short term & long term plans.
iii. Monitoring Financial results, comparison with budget & analysis of variances.
iv. Statutory compliance.
v. Highlight to the Board key areas needing attention.
vi. Manage Investor relations.
vii. Engage adequate & suitable qualified personnel.
viii. Uphold Corporate Governance; avoid conflicts of interest & unethical practices.

The CEO, Mr Tee Tuan Sem, and his management team are responsible for implementing the plans chartered out and the day to day management of the Group, with clear authority delegated by the Board.

Board Meetings

The Board meets on a quarterly basis with additional meetings being convened when necessary to address urgent matters. All the Directors have complied with the minimum attendance requirements as stipulated by the Main Market Listing Requirements of Bursa Malaysia. The Board met on five occasions during the year ended 31 December 2016 and the details of attendance at Board Meetings is set out below.

ATTENDANCE	Total Number of Meetings	Number of Meetings Attended
EXECUTIVE DIRECTORS		
TEE TUAN SEM	5	5
MAKOTO TAKAHASHI	5	5
SAM LOH CHENG KEAT *	1	1
INDEPENDENT NON-EXECUTIVE DIRECTORS		
DATUK R. KARUNAKARAN	5	5
LEE KAY LOON	5	5
WAN AZFAR BIN DATO' WAN ANNUAR	5	5
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR		
DATO' HAJI WAZIR BIN HAJI MUAZ **	5	5

Note:
* *Appointed Executive Director with effect from 15 September 2016*
** *Redesignated as Non-Independent Non-Executive Director with effect from 5th November 2016.*

Code of Ethics

The Board has adopted a Code of Ethics for Directors which outlines their standards of ethical behaviour in discharging their duties and responsibilities. This Code aims is to enhance the standard of corporate governance and behaviour as well as upholding the spirit of responsibility including social responsibility in line with prevailing legislation, regulations and guidelines.

Whistleblowing Policy

A formal Whistleblowing Policy has been established to assist in ensuring that the Group's business and operations are conducted in an ethical, moral and legal manner. The Whistleblowing Policy is designed to encourage employees or external parties to disclose suspected malpractice or misconduct and to provide protection to employees or external parties who report allegations of such pratices.

Strategies Promoting Sustainability

The Board is responsible for formulating on-going programmes to promote sustainability where attention is given to environmental, social and governance aspects of business which underpin sustainability

Supply of Information

The Board has timely access to relevant information pertaining to the Group. The Agenda for the meeting together with comprehensive management reports & proposal papers are furnished to all Directors for their perusal 3 days before the meeting. Directors can obtain further clarifications from the management and the Secretary. Senior management and external advisors may be invited to attend Board Meetings to provide further details, clarifications and/or advise the Board as and when required on matters to be deliberated. Should any Director be unable to attend any Board meeting, he may give his opinion in advance, and such opinion will be considered in the decision making process at the Board meeting.

All matters discussed and resolutions passed at each Board meeting are recorded in the minutes of the meeting. These minutes are circulated to all Directors for their confirmation and any Director can request for further clarification on the minutes prior to their confirmation.

The members of the Board also evaluate business propositions and corporate proposals that require Board approval. The Board is regularly updated and advised on new regulatory requirements relating to the duties and responsibilities of Directors. Further advice can be obtained from the Company Secretary or from external professionals where necessary.

Board Charter

The Board is guided by the Board Charter which sets out the principles governing the Board of Directors of the Company and adopts the principles of good governance and practice in accordance with applicable laws, rules and regulations in Malaysia. The Board will periodically review and update the Board Charter.

Company Secretary

The Company Secretary is responsible for the secretarial function such as ensuring compliance with all statutory & regulatory requirements, recording the proceedings of Board and Committee meetings, and proper maintenance of secretarial records.

CORPORATE GOVERNANCE STATEMENT

Corporate Social Responsibility (CSR)

The Group recognises its commitment to contribute to the community and society. During the year, the Group contributed a total of RM30,000 to Persatuan Dialisis Kurnia and Persatuan Kebajikan Ti-Ratana.

2. STRENGTHEN COMPOSITION

Board Composition

The Board acknowledges the importance of age, nationality, professional background & gender diversity and recognises the benefits that such diversity can bring. The Nomination & Remuneration Committee considers diversity generally when making appropriate appointments to the Board, taking into account relevant skills, ethnicity, age, experience and knowledge. Notwithstanding the challenges in achieving the appropriate level of diversity on the Board, the Company will work towards addressing this as and when vacancies arise and suitable candidates are indentified. The Company's prime responsibility in new appointments is always to select the best candidates available.

Board Committees

The Company has two Board Committees to assist the Board. They are delegated specific functions and are governed by their Terms of Reference, namely the Audit & Risk Management Committee and the Nomination & Remuneration Committee

Both Committees have a majority of independent non-executive Directors and submit their respective reports and minutes to the Board. Their responsibilities and functions are set out below.

Audit & Risk Management Committee (ARMC)

The Audit & Risk Management Committee oversees the integrity of the financial statements, compliance with relevant accounting standards and the group's risk management and internal controls. The Committee had four meetings during financial year 2016 and comprises:-

i. Lee Kay Loon
ii. Wan Azfar bin Dato' Wan Annuar
iii Dato' Haji Wazir bin Haji Muaz

The ARMC's terms of reference include the review and deliberation on the Company's Financial Statements, the audit findings of the External Auditors arising from the audit of the Company's Financial Statements and the audit findings and issues raised by the internal audit staff. The ARMC also reviews the Company's quarterly unaudited financial statements and annual audited Financial Statements before they are approved by the Board.

The ARMC's Report for the financial year ended 31 December 2016 is on pages 28 to 30 of this Annual Report.

Nomination & Remuneration Committee (NRC)

The Nomination & Remuneration Committee does an annual review of the composition of the Board and makes recommendations to the Board accordingly, keeping in mind the need to meet current and future requirements of the Group.

The Committee is satisfied with the current size of the Board and the mix of qualifications, skills & experience of its Board members. Part of the evaluation criteria is the commitment displayed, the depth of contribution, ability to communicate and undertake assignments on behalf of the Board. The Committee had four meetings during the financial year and comprises the following directors:-

i. Datuk R. Karunakaran
ii. Dato' Haji Wazir bin Haji Muaz
iii. Lee Kay Loon
iv. Wan Azfar bin Dato' Wan Annuar

A formal evaluation process is in place to assess the effectiveness of the Board as a whole. Evaluation results of the Board Evaluation and Individual Director Self/Peer Evaluation are presented to the NRC, Board meetings and to the respective Directors.

The NRC also reviews the remuneration of the Board and Senior Management from time to time with a view to ensuring the company offers fair compensation and is able to attract and retain talent who can add value to the Company. Fees paid to Non-Executive Directors are tabled at the Company's AGM for approval.

The Chairman of the Committee is Datuk R. Karunakaran, an Independent Non-Executive Director. All the Committee members are Non-Executive, with a majority being independent.

The terms of reference of the NRC are as follows:

A. Primary Purpose

(i) Propose and recommend suitable candidates for appointment as Directors.
(ii) Review the composition and effectiveness of the Board and the Board Committees in terms of the required mix of skills, expertise, attributes and core competencies of the Directors as well as the contribution of each individual Director on an annual basis.
(iii) Recommend to the Board the framework on terms of employment and elements of remuneration of the Executive Directors.
(iv) Review the term of office and performance of the NRC annually.
(v) Review and recommend to the Board the annual bonus and salary increment of the Executive Directors and the remuneration of the Non-Executive Directors.

Individual Directors shall abstain from deliberations and voting on their own remuneration at the Board and Committee meetings.

B. Composition

(i) The NRC shall wholly comprise Non-Executive directors, a majority of whom are Independent.
(ii) Members of the NRC are appointed by the Board and comprise Board members who will not benefit personally from their decisions and who will give due regard to the interests of shareholders and other stakeholders.

C. Responsibilities

(i) Ensure an appropriate balance of experience, abilities and diversity on the Board.
(ii) Review from time to time the size and composition of the Board.
(iii) Consider candidates for appointment, whether as Executive or Non-Executive Directors.
(iv) Make recommendations to the Board on the re-appointment of Non-Executive Directors at the end of their term.
(v) Advise the Board and the Chief Executive Officer on the issue of succession planning.
(vi) Recommend to the Board a competitive compensation and remuneration package for Executive Directors in order to attract talent and experience needed for the continued progress of the Group.
(vii) Recommend to the Board a competitive remuneration package for Non-Executive Directors who have the necessary skills and experience to bring independent judgement to bear on the issues of strategy, performance and resources for the success of the Group.
(viii) Review and recommend annual compensation and reward for all Directors. A Director should abstain from discussion on his/her own remuneration.

CORPORATE GOVERNANCE STATEMENT

D. Authority

The NRC is authorized by the Board to act on all matters within its terms of reference and other matters as may be approved by the Board from time to time.

E. Reporting

In discharging the above responsibilities, the NRC shall report to the Board on :-
(i) The effectiveness of the present size of the Board of Directors.
(ii) The effectiveness of the composition of the Board of Directors and the mix of Executive and Non-Executive Directors.
(iii) The existence of, or potential conflicts of interest involving the Board members.
(iv) The contribution of individual Directors in decision making at the Board level.
(v) A continuous education program for Board members to upgrade their skills and enhance their effectiveness.

F. Meetings

(i) Meetings of the NRC shall be held as and when necessary but at least twice a year.
(ii) The NRC shall be provided with sufficient resources to undertake its duties. It shall have access to the services of the Company Secretary including assisting in planning the committee's work, drawing up meeting agendas, maintenance of minutes, collection and distribution of information and provision of any necessary logistical support.
(iii) The meetings of the NRC shall be transparent, with all proceedings recorded and actions documented.

The NRC had undertaken the following responsibilities during the year under review:

a) Facilitated annual assessment and performance of individual Directors, effectiveness of the Board as a whole and the Board Committees.
b) Facilitated the annual review of the required skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.
c) Conducted assessment on Directors who are subject to re-appointment or re-election.
d) Reviewed the Terms of Reference of the NRC.
e) Conducted annual assessment on Independent Directors.
f) Assisted the Board in assessing the training needs of the Directors during the year.
g) Reviewed and deliberated on the quantum of Directors' annual fees.
h) Reviewed annually the performance of the Chief Executive Officer and other key management personnel, and recommended to the Board their remuneration commensurate with their performance and contributions to the Group.

Details of Directors remuneration, benefits in kind and other emoluments for the financial year ended 31 December, 2016 are as follows:-

	Company			Group		
Category	**Executive Directors (RM)**	**Non-Executive Directors (RM)**	**Total (RM)**	**Executive Directors (RM)**	**Non-Executive Directors (RM)**	**Total (RM)**
Fees	-	388,000	388,000	-	388,000	388,000
Salaries & bonuses	1,080,000	-	1,080,000	3,076,746	-	3,076,746
Benefits in kind	92,367	-	92,367	92,367	-	92,367
Other emoluments	97,730	-	97,730	105,806	-	105,806
Total (RM)	1,270,097	388,000	1,658,097	3,274,919	388,000	3,662,919

Directors remuneration analysed into bands of RM50,000 is as follows :-

Range of Remuneration*	Number of Directors		
	Executive	Non-Executive Independent	Non-Executive Non-Independent
RM 50,001 to RM 100,000	1	1	1
RM 100,001 to RM 150,000	-	2	-
RM1,000,001 to RM1,050,000	1	-	-
RM2,150,001 to RM2,200,000	1	-	-

* Total remuneration received by the Directors from the Company and its subsidiaries.

3. REINFORCE INDEPENDENCE

The Non-Executive Directors are not employees of the Company and do not participate in the day to day management of the Company. Three of the four Non-Executive Directors, including the Chairman, are independent directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. Should any director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in discussions on the matter.The NRC has reviewed the performance of the independent directors and is satisfied they have been able to discharge their responsibilities in an independent manner.

As recommended by the MCCG 2012, the tenure of an Independent Director of the Company should not exceed a cumulative term of nine years. An Independent Director may continue to serve the Board subject to re-designation as a Non-Independent Director. In the event the Board intends to retain the Independent Director after serving a cumulative term of nine years, shareholders' approval will be sought. The Board believes that valuable contributions can be obtained from directors who have, over a period of time, developed valuable insight of the Company and its business. Their experience enables them to discharge their duties and responsibilities independently and effectively in the decision making processes of the Board, notwithstanding their tenure on the Board.

Datuk R. Karunakaran, an Independent Non-Executive Director, will complete a nine year term on the 30 June 2017. Notwithstanding his long tenure in office as Chairman and based on the review and recommendation of the NRC, the Board is unanimous in its opinion that Datuk R. Karunakaran's independence has not been impaired or compromised and the Board resolves to seek the shareholders' approval for Datuk R. Karunakaran to continue serving as an Independent Non-Executive Director of the Company.

4. FOSTER COMMITMENT

Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

Continuing Development Program

All new appointees to the Board are given an introduction to familiarize themselves with the Group's operations so as to assist them in discharging their duties and responsibilities. They are required to attend the Mandatory Accreditation Programme by Bursa Malaysia and thereafter to continually upgrade their knowledge and exposure through in-house training programmes as well as courses conducted by external parties. All Directors have completed the Mandatory Accreditation Programme stipulated by Bursa Malaysia.

CORPORATE GOVERNANCE STATEMENT

Training programmes and seminars attended by the Directors of the Company during the financial year ended 31 December 2016 are as follows:

Director		Training / Seminar Attended
Datuk. R. Karunakaran	1 2 3 4 5 6	- Workshop on Risk Management - Corporate Governance - by Sime Darby Motor Sdn Bhd. - Invest Malaysia 2016 - conducted by Bursa Malaysia. - 2016 WFE/IOMA Derivatives & Clearing Conference. - Avoiding Financial Myopia - by Prof Dr Jeffrey Sampler - conducted by FIDE Forum. - Briefing on Trans-Pacific Partnership Agreement - conducted by Bursa Malaysia. - Maybank Annual Risk Workshop - conducted by Malayan Banking Berhad
Tee Tuan Sem	1 2 3	- Enhancing Risk Management. - Cyber Security Threats. - Tax Risk Mitigation. *conducted by Axcelasia Columbus Sdn Bhd.*
Makoto Takahashi	1 2 3	- Enhancing Risk Management. - Cyber Security Threats. - Tax Risk Mitigation. *conducted by Axcelasia Columbus Sdn Bhd.*
Sam Loh Cheng Keat	1	- Mandatory Accreditation Programme for Directors of Public Listed Companies - conducted by Bursa Malaysia Berhad.
Lee Kay Loon	1 2 3 4	- Enhancing Risk Management. - Cyber Security Threats. - Tax Risk Mitigation. *conducted by Axcelasia Columbus Sdn Bhd.* - Frequently Committed Offences by Directors/Secretaries Under The New Companies Bill – Clear and Present Dangers *conducted by the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).*
Wan Azfar bin Dato' Wan Annuar	1 2 3 4	- Enhancing Risk Management. - Cyber Security Threats. - Tax Risk Mitigation. *conducted by Axcelasia Columbus Sdn Bhd.* - Cyber Security Threat conducted by Bursa Malaysia.
Dato' Haji Wazir bin Haji Muaz	1 2 3 4	- Enhancing Risk Management. - Cyber Security Threats. - Tax Risk Mitigation. *conducted by Axcelasia Columbus Sdn Bhd.* - Risk Management Programme : I Am Ready to Manage Risk – conducted by Bursa Malaysia.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance of financial Statements with Applicable Financial Reporting Standards

The Board strives to provide true, fair and comprehensive financial reporting of the Group's performance in the audited financial statements and quarterly financial reports together with material disclosures in the notes to accounts, in accordance with the MFRS and Bursa Malaysia requirements.

The ARMC exercises professional oversight of the integrity of the financial reports before presenting the financial statements to the Board for approval. The ARMC also provides assurance to the Board with support and clarifications from the external auditors that the financial statements & reports presented are in compliance with applicable laws and accounting standards and give a true and fair view of the Group's performance and financial position.

Assessment of External Auditors

The Board has a formal and transparent relationship with the external auditors. The ARMC recommends to the Board on the appointment of the external auditors which is subject to the approval of shareholders at the AGM whilst their remuneration is determined by the Board. The role of the ARMC is further set out in their Report. The Board has private sessions and dialogues through the Committee with the external auditors, in the absence of the executive directors and the management. For the year under review, there were two such dialogue sessions with the external auditors.

It is the practice of the ARMC to conduct annual assessment of the external auditor. Areas of assessment include among others, the external auditor's objectivity and independence, size and competency of the audit team, audit strategy, audit reporting, partner involvement and audit fees. In support of the assessment on independence, the external auditors provide the ARMC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. Premised on the result of the assessment, the ARMC will make recommendations for re-appointment of external auditors accordingly.

The ARMC ensures that the external auditors are independent of the activities they audit and reviews the contracts for non-audit services by the external auditors. During the financial year, the amount of non-audit fees paid to external auditors was RM29,200.

6. RECOGNISE AND MANAGE RISK

Relevant Internal control systems are implemented for the day to day operations of the group. The Internal Audit Department has an independent reporting channel to the Audit & Risk Management Committee and is authorised to conduct independent audits of all the departments and offices within the group. It reports the findings to the Audit & Risk Management Committee at the end of each quarter.

The Audit & Risk Management Committee reviews, deliberates and evaluates the effectiveness and efficiency of the internal control systems in the organization which are designed to manage and mitigate rather than eliminate risks in achieving the company's corporate objectives, safeguarding the company's assets as well as investors interests.

CORPORATE GOVERNANCE STATEMENT

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board monitors all price sensitive information potentially required to be released to Bursa Malaysia and makes material announcements to Bursa Malaysia in a timely manner as required. In line with best practices, the Board strives to disclose price sensitive information to the public as soon as practicable through Bursa, the media and the company's website.

Price sensitive information is defined as any information that on becoming generally available would tend to have a material effect on the market price of the Company's listed securities. The Company Secretary is responsible to compile such information for the approval of the Board soonest possible and release such information to the market as stipulated by Bursa Malaysia.

Apart from the provisions relating to the "closed period" for dealing in the company's shares, the directors and senior management privy to price sensitive information are prohibited from dealing in the shares of the company until such information is publicly available.

8. STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

The Annual General Meeting is the principal forum for dialogue and interaction with the shareholders. The Board is committed to provide shareholders with comprehensive and timely information about the Group's activities and performance to enable investors make informed decisions. Shareholders are encouraged to attend Annual General Meetings and use the opportunity to ask questions on resolutions being proposed and on the progress, performance and future prospects of the company. The Chairman and Board members, with the assistance of the external auditors, are responsible to respond and provide explanations on matters raised.

Information on the Group's activities is provided in the Annual Report and Financial Statements which are despatched to shareholders. The Company also encourages shareholders and investors to access online the company's Annual report and up to date announcements, which are made available at the Bursa Malaysia website and the company's own website at www.ilb.com.my

Investors and the public who wish to contact the Group on any enquiry, comment or proposal can channel them through e-mail or contact the following persons:-

Name	Contact No.	E-mail address
Amarjit Singh, Company Secretary	03-5631 7377	amarjit@ilb.com.my
Lee Pei Sze, Group Chief Financial Officer	03-5631 7377	leepeisze@ilb.com.my

OTHER DISCLOSURES

1. Audit fees and Non-Audit Fees

During the financial year ended 31 December 2016, the amount of audit fees and non-audit fees paid or payable to the Company and the Group are as follows:

	Group (RM)	Company (RM)
Audit Fees	89,000	73,000
Non-Audit Fees	29,200	29,200

2. Material Contracts

There were no material contracts entered into by the Group which involved directors and/or major shareholders interests during the financial year.

3. Variance in Results

There was no variance between the results for the financial year 2016 and the unaudited results previously announced by the Company. The Company did not release any profit estimate, forecast or projections during the financial year.

4. Share Buy-Back

During the financial year ended 31 December 2016, the Company did not purchase any of its issued shares from the open market and there are 5,288,275 shares held as Treasury Shares. There was no resale or cancellation of treasury shares during the same period.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION AND MEETINGS

The Audit & Risk Management Committee ("Committee") comprises the following members and details of attendance at meetings held during the financial year ended 31 December 2016 are as follows :-

Composition of the Committee	Attendance at Committee meetings
Lee Kay Loon (Chairman / Independent Non-Executive Director)	4 out of 4
Wan Azfar bin Dato' Wan Annuar (Member / Independent Non-Executive Director)	4 out of 4
Dato' Haji Wazir bin Haji Muaz (Member / Non-Independent Non-Executive Director)	3 out of 4

ATTENDANCE AT MEETINGS

The Committee met four times during the Financial Year in accordance with the requirements of the Committee's Terms of Reference.

The Group's Chief Risk officer (CRO) and the Company Secretary who is also the secretary to the Committee were in attendance during the meetings. Executive Directors and other officers were also invited to attend the meetings to deliberate on relevant matters as and when required.

After each meeting, the Chairman of the Committee reports to the board on the matters deliberated, rectifications required and relevant recommendations based on the issues discussed for information and further action.

TERMS OF REFERENCE

As provided for in Bursa's Main Market Listing Requirements, the Committee's Terms of Reference are available on the Company's website www.ilb.com.my

COSTS INCURRED BY INTERNAL AUDIT & RISK MANAGEMENT DEPARTMENT

Costs incurred by the Internal Audit & Risk Management Department for the financial year ended 2016 amounted to RM 222,000. All internal audit activities were conducted by the in-house audit team.

SUMMARY OF ACTIVITIES OF THE AUDIT & RISK MANAGEMENT COMMITTEE

Risk Management and Internal Control Reviews

- Reviewed a total of eight reports covering assignments and audits implemented within the Group. Recommendations and advice on best practises were also given to the management.

- Reviewed and deliberated on the risk management audit conducted on the Group's operations. The risk management coverage included management procedures, improvements in ISO, Safety, Health and Environmental (SHE) training requirements, electrical systems safety evaluation and review & improvement in the Standard Operating Procedures (SOP).

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

Internal Audit

- Reviewed and approved the Group Internal Audit Plan.
- Performed a quarterly review of both internal and external risk management, corporate governance, effectiveness and efficiency of operations, Safety, Health and Environment aspects as well as compliance with laws and regulations.
- Reviewed and assessed the adequacy and efficiency of corrective action taken by the management on outstanding Internal Audit issues raised in previous reports.
- Reviewed the Terms of Reference of the Committee

External Audit

- Reviewed and approved the External Auditors audit plan and scope of audit works.
- Deliberated on the results of the annual audit report and reported to the Board.
- Assessed the performance of the External Auditors and recommended their re-appointment to the Board.
- Met with the External Auditors without the presence of the Executive Directors and management to discuss matters affecting the audit and the Committee's duties.

Financial Results

- Reviewed quarterly and annual financial statements with recommendation to the Board for approval.
- Deliberated on compliance with Malaysian Financial Reporting Stardards (MFRS) requirements.

Related Party Transactions

- Reviewed Related Party Transactions during the period
- Reviewed the system of identifying, and meeting disclosure requirements of Related Party Transactions.

Statutory Reporting

- Reviewed and recommended to the Board for approval the Statement on Corporate Governance, Statement on Risk Management & Internal Control (SORMIC) and Committee reports.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

Others

- Reviewed the Dubai operations at Dubai Logistics City, DWC Dubai, United Arab Emirates for better awareness of the operations of the Joint Venture Company.

- Conducted discussions with key management to better understand operations and areas needing improvement.

- Reviewed all litigation involving the Company and their potential impact on the Group's financial statements.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (SORMIC)

A. BOARD RESPONSIBILITY

1. The Board of Directors is responsible for the adequacy and effectiveness of the Group's Risk Management and Internal Control System. The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of internal controls and risk management. This includes the establishment of an appropriate control environment and risk management framework, processes and structures, and continually reviewing the adequacy and integrity of the said systems to safeguard shareholders' investment and the Group's assets. The Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal controls of the Group during the year.

2. The system of risk management and internal controls covers risk management, finance, operations, management information systems and compliance with relevant laws, both local and foreign, all other regulations, policies and procedures.

3. Whilst acknowledging its responsibilities, the Board is aware of the limitations that are inherent in any system of internal control and risk management, such system being designed to manage, rather than eliminate, the risk that may impede the achievement of the Group's business objectives. Accordingly, it can only provide a reasonable combination of preventive, detective and corrective measures but not absolute assurance against material misstatement or losses, fraud or breaches of laws or regulations.

4. The Group's risk management and internal control framework has been in place for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group. The process is regularly reviewed by the Board.

5. The implementation of the risk management and internal control system within the Group inclusive of design, operation, identification, assessment, mitigation and control of risks, are operated with the assistance of the Management throughout the period. The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

6. The key features of the internal control systems which are operated with the assistance of the Management are described as below :-

B. RISK MANAGEMENT FRAMEWORK

7. The Group has in place processes for the identification, evaluation, reporting, treatment, monitoring and review of the major strategic, business and operation risks within the Group, covering both wholly and partially owned subsidiaries (excluding associates and jointly controlled entities). The Audit & Risk Management Committee (ARMC) and the Board of Directors review both the risk management and internal controls on a regular basis.

8. The following material associate has not been dealt with as part of the Group for the purposes of the Statement on Risk Management & Internal Control :-

   - Hengyang Petrochemical Logistics Limited

9. For the period under review, the ARMC is assisted by the Chief Risk Officer. The framework is continually monitored to ensure it is responsive to the changes in the Group's Corporate Structure.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (SORMIC)

C. INTERNAL CONTROL STRUCTURE

10. The Group has an established internal control structure and is committed to maintaining the structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets. There is a clearly defined operating structure with lines of responsibilities and delegation of authority in place to assist the Board to maintain a proper control environment, supported by the following activities:-

    - **Organisation Structure**

      The organization structure outlines the authority, responsibility, segregation of duties and accountability to ensure the Group achieves its strategies and operational objectives.

    - **Group Policies and Procedures**

      The Group has procedures and controls to ensure the reporting of complete and accurate financial information. These procedures and controls include obtaining authority for major transactions and ensuring compliance with laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and compliance with safety requirements.

    - **Management Information System**

      The Board recognizes the importance of information and communication technologies to promote effective and efficient business operations & timely and accurate communications to enhance the business interests of the Group.

    - **Quarterly Budget versus Actual Financial Reporting**

      The annual budget approved by the Board at the commencement of the financial year. Management accounts containing actual operation results versus forecasted results for the year are prepared and reported to the Board on a quarterly basis. These reports are reviewed and explanations obtained for variances before the Quarterly Results are approved for release to Bursa Malaysia for announcement to the public.

    - **Audit & Risk Management Committee (ARMC)**

      Members of the ARMC comprise a majority of independent non-executive directors which provide direction and oversight over the internal audit function to enhance its independence. The ARMC meets each quarter to review internal audit findings, discuss risk management issues and ensures that weaknesses and issues highlighted are appropriately addressed by the management.

    - **Internal Audit**

      An annual internal audit plan is reviewed and approved by the ARMC before the beginning of the year. The objectives of the said audit plan are to ensure, through regular internal audit reviews, that the Group's policies and procedures are being complied with in order to provide assurance on the adequacy and effectiveness of the Group's system of internal controls. Follow-up reviews and deliberation of internal audit reports are carried out to ensure that appropriate action is taken to address internal control weaknesses highlighted.

The Chief Risk Officer has an independent status in the Group and reports to the Board through the ARMC. Where necessary, internal audit assignments can be outsourced to facilitate the transfer of internal audit knowledge and coverage of areas where technical skills and resources are not available internally.

- **Operational Monitoring and Controls**

  The monitoring and control procedures are regularly reviewed by the Management responsible for reporting to the Board. These are supplemented by independent reviews undertaken by the internal audit department on the controls in operation and reported to the ARMC. Regular reports are produced for the Board to assess the impact of control issues and appropriate actions recommended.

- **Control Environment**

  The Board believes that a sound internal control system reduces, though it cannot eliminate, the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

D. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

11. The external auditors had reviewed this Statement on Risk Management and Internal Control and reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed issuers to be set out, nor is factually inaccurate.

E. CONCLUSION

12. During the year, the Risk Management & Internal Control activities were performed in accordance with the audit plan. Where weaknesses in internal control were detected, rectification actions were taken and assurances provided by management. The Board is satisfied that the risk management and internal control in place are adequate and effective. Weaknesses highlighted have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

This statement is made in accordance with the resolution of the Board of Directors dated 28 February 2017.

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flow of the Group and of the Company for the financial year. As required by the Act and the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

In preparing those financial statements, the Company's Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable approved accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors are also responsible for the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CONTENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	3,770,424	(10,069,290)
Attributable to:		
Owners of the Company	5,844,698	
Non-controlling interests	(2,074,274)	
	3,770,424	

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year was as follows:

	RM
In respect of the financial year ended 31 December 2015:	
Single-tier interim dividend of 2.5% per ordinary share	4,318,435

The directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company 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 or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND AN UNUSUAL NATURE

In the opinion of the directors:-

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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.

DIRECTORS' REPORT

ISSUE OF SHARES OR DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2016, the Company held a total of 5,288,275 treasury shares out of its 178,025,503 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM4,383,954. Further details are disclosed in Note 25 to the financial statements.

DIRECTORS OF THE COMPANY

The directors in office during the financial year and from the end of the financial year to the date of the report are:

DATO' HAJI WAZIR BIN HAJI MUAZ
DATUK KAROWNAKARAN @ KARUNAKARAN
LEE KAY LOON
MAKOTO TAKAHASHI
TEE TUAN SEM
WAN AZFAR BIN DATO' WAN ANNUAR
LOH CHENG KEAT (Appointed on 14 September 2016)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in the ordinary shares of the Company during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2016	**Bought**	**Sold**	**At 31.12.2016**
Direct Interest				
Makoto Takahashi	20,803,990	-	-	20,803,990
Loh Cheng Keat	2,000,000	1,520,300	-	3,520,300
Indirect Interest				
Tee Tuan Sem *	20,399,382	-	-	20,399,382

* held through spouse and/or nominees.

By virtue of their interests in the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Makoto Takahashi and Tee Tuan Sem are deemed to have interests in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Directors' Remuneration and Note 7 to 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.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

	Group RM	Company RM
Directors' fees	388,000	388,000
Directors' other emoluments	3,182,552	1,177,730
	3,570,552	1,565,730

The monetary value of benefits-in-kind of the Group and of the Company provided to certain directors of the Company amounted to RM92,367 and RM92,367 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 14 to the financial statements.

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

AUDITORS' REMUNERATION

	Group RM	Company RM
Auditors' remuneration:		
- Malaysian operations		
- current year	89,000	73,000
- Overseas operations		
- current year	183,015	-
Non statutory audit fees:		
- Malaysian operations	29,200	29,200
	301,215	102,200

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 40 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 41 to the financial statements.

AUDITORS

Messrs. Baker Tilly Monteiro Heng have indicated their willingness to accept appointment as auditors of the Company in place of the retiring auditors, Messrs. Baker Tilly AC.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

TEE TUAN SEM

MAKOTO TAKAHASHI

Date: 31 March 2017

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	5	21,653,158	31,480,429	5,000,000	-
Direct operating costs		(15,707,451)	(24,581,213)	-	-
Gross profit		5,945,707	6,899,216	5,000,000	-
Other income		36,985,995	7,930,850	13,206,591	42,572,740
Administrative costs		(19,221,928)	(14,077,492)	(7,645,618)	(5,128,165)
Other expenses		(33,005)	(1,958,673)	(20,340,035)	(65,281)
		(19,254,933)	(16,036,165)	(27,985,653)	(5,193,446)
Profit/(Loss) from operations		23,676,769	(1,206,099)	(9,779,062)	37,379,294
Finance costs	6	(3,291,407)	(961,513)	(204,108)	-
Share of results of associates		(11,803,484)	656,291	-	-
Share of results of a jointly controlled entity		(4,682,577)	(10,934,334)	-	-
Profit/(Loss) before tax	7	3,899,301	(12,445,655)	(9,983,170)	37,379,294
Tax expense	8	(128,877)	(770,836)	(86,120)	(32,796)
Profit/(Loss) for the financial year		3,770,424	(13,216,491)	(10,069,290)	37,346,498
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(1,594,453)	49,563,907	-	-
Reclassification adjustment for the cumulative exchange gain on translation of financial statements of foreign operations transferred to profit or loss upon disposal of subsidiaries		(19,899,234)	-	-	-
Reclassification adjustment for the fair value reserve		84,850	-	-	-
Fair value gain of available-for-sale financial assets		(38,780)	(41,924)	(38,780)	-
Other comprehensive (loss)/income for the financial year		(21,447,617)	49,521,983	(38,780)	-
Total comprehensive (loss)/income for the financial year		(17,677,193)	36,305,492	(10,108,070)	37,346,498

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Profit/(Loss) attributable to:					
Owners of the Company		5,844,698	(11,942,581)	(10,069,290)	37,346,498
Non-controlling interests		(2,074,274)	(1,273,910)	-	-
		3,770,424	(13,216,491)	(10,069,290)	37,346,498
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(12,901,145)	32,176,765	(10,108,070)	37,346,498
Non-controlling interests		(4,776,048)	4,128,727	-	-
		(17,677,193)	36,305,492	(10,108,070)	37,346,498
Earnings/(Loss) per share attributable to owners of the Company (sen)	9				
- Basic		3.384	(6.835)		
- Diluted		3.384	(6.835)		

The accompanying notes form an integrated part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	189,595,495	127,734,759	7,502,098	3,133,467
Land use rights	12	17,050,183	17,848,395	-	-
Intangible assets	13	2,724,904	2,724,904	-	-
Subsidiaries	14	-	-	22,816,195	22,841,195
Interest in associates	15	38,656,264	43,273,145	11,007,500	11,007,500
Interest in a jointly controlled entity	16	20,154,263	23,771,025	48,699,769	63,581,469
Other investments	17	494,625	1,634,216	494,625	527,280
Amounts owing by subsidiaries	18	-	-	13,341,492	63,966,068
Amount owing by a jointly controlled entity	19	67,171,500	64,289,500	67,171,500	64,289,500
		335,847,234	281,275,944	171,033,179	229,346,479
Current assets					
Receivables	20	18,391,299	21,066,455	61,487,582	17,375,206
Amount owing by a jointly controlled entity	19	34,196,400	24,546,900	34,196,400	24,546,900
Tax assets		536,103	620,788	535,253	620,106
Other investments	17	17,443,664	31,569,015	17,443,664	31,569,015
Cash and cash equivalents	22	52,252,005	120,781,408	8,027,124	1,136,608
		122,819,471	198,584,566	121,690,023	75,247,835
TOTAL ASSETS		458,666,705	479,860,510	292,723,202	304,594,314

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	23	178,025,503	178,025,503	178,025,503	178,025,503
Share premium	24	15,096,203	15,096,203	15,096,203	15,096,203
Treasury shares	25	(4,383,954)	(4,383,954)	(4,383,954)	(4,383,954)
Reserves	26	77,056,741	105,360,106	19,036,027	19,074,807
Retained earnings		37,039,664	25,128,752	70,330,701	84,718,426
		302,834,157	319,226,610	278,104,480	292,530,985
Non-controlling interests		51,624,229	55,009,543	-	-
Total Equity		354,458,386	374,236,153	278,104,480	292,530,985
Non-current liabilities					
Term loans	27	58,687,651	42,977,861	4,180,399	-
Unsecured loans from corporate shareholders	28	9,134,193	36,951,137	-	-
Deferred tax liabilities	29	1,995,710	1,562,898	-	-
Total non-current liabilities		69,817,554	81,491,896	4,180,399	-
Current liabilities					
Term loans	27	10,941,176	2,146,961	398,621	-
Payables	30	17,063,378	21,138,988	709,166	908,084
Unsecured loans from corporate shareholders	28	6,127,532	-	-	-
Amounts owing to subsidiaries	18	-	-	9,330,536	11,155,245
Tax payables		258,679	846,512	-	-
Total current liabilities		34,390,765	24,132,461	10,438,323	12,063,329
Total Liabilities		104,208,319	105,624,357	14,618,722	12,063,329
TOTAL EQUITY AND LIABILITIES		458,666,705	479,860,510	292,723,202	304,594,314

The accompanying notes form an integrated part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Total equity RM	Equity attributable to owners of the parent RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total reserves RM	Asset revaluation reserve RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Fair value reserve RM	Other reserve RM	Capital redemption reserve RM	Non-controlling interests RM
				← Non-distributable →		← Distributable →			← Non-distributable →						
Group															
At 1.1.2015		346,464,684	295,963,815	178,025,503	15,096,203	(1,252,427)	43,427,558	60,666,978	2,516,115	8,131,236	26,247,007	44,759	4,727,861	19,000,000	50,500,869
Total comprehensive loss for the financial year															
Loss for the financial year		(13,216,491)	(11,942,581)	-	-	-	(11,942,581)	-	-	-	-	-	-	-	(1,273,910)
Total comprehensive loss		(13,216,491)	(11,942,581)	-	-	-	(11,942,581)	-	-	-	-	-	-	-	(1,273,910)
Total other comprehensive income/(loss) for the financial year															
Foreign currency translation differences		49,563,907	44,148,693	-	-	-	-	44,148,693	-	1,879,033	41,187,328	-	1,082,332	-	5,415,214
Fair value adjustment of available-for-sale financial assets		(41,924)	(29,347)	-	-	-	-	(29,347)	-	-	-	(29,347)	-	-	(12,577)
Total other comprehensive income/(loss)		49,521,983	44,119,346	-	-	-	-	44,119,346	-	1,879,033	41,187,328	(29,347)	1,082,332	-	5,402,637
Total comprehensive income/(loss) for the financial year		36,305,492	32,176,765	-	-	-	(11,942,581)	44,119,346	-	1,879,033	41,187,328	(29,347)	1,082,332	-	4,128,727
Balance carried down		382,770,176	328,140,580	178,025,503	15,096,203	(1,252,427)	31,484,977	104,786,324	2,516,115	10,010,269	67,434,335	15,412	5,810,193	19,000,000	54,629,596

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

				Non-distributable		Distributable			Non-distributable						
	Note	Total equity RM	Equity attributable to owners of the parent RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total reserves RM	Asset revaluation reserve RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Fair value reserve RM	Other reserve RM	Capital redemption reserve RM	Non-controlling interests RM
Group															
Balance brought down		382,770,176	328,140,580	178,025,503	15,096,203	(1,252,427)	31,484,977	104,786,324	2,516,115	10,010,269	67,434,335	15,412	5,810,193	19,000,000	54,629,596
Transactions with owners															
Transfer to statutory reserve fund		-	-	-	-	-	(171,156)	171,156	-	171,156	-	-	-	-	-
Purchase of treasury shares	25	(3,131,527)	(3,131,527)	-	-	(3,131,527)	-	-	-	-	-	-	-	-	-
Surplus on revaluation of buildings		592,551	269,611	-	-	-	-	269,611	269,611	-	-	-	-	-	322,940
Share of other reserve of an associate		190,022	133,015	-	-	-	-	133,015	-	-	-	-	133,015	-	57,007
Dividends paid on shares	33	(6,185,069)	(6,185,069)	-	-	-	(6,185,069)	-	-	-	-	-	-	-	-
Total transactions with owners		(8,534,023)	(8,913,970)	-	-	(3,131,527)	(6,356,225)	573,782	269,611	171,156	-	-	133,015	-	379,947
At 31.12.2015		374,236,153	319,226,610	178,025,503	15,096,203	(4,383,954)	25,128,752	105,360,106	2,785,726	10,181,425	67,434,335	15,412	5,943,208	19,000,000	55,009,543

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Total equity RM	Equity attributable to owners of the parent RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total reserves RM	Asset revaluation reserve RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Fair value reserve RM	Other reserve RM	Capital redemption reserve RM	Non-controlling interests RM
				Non-distributable	Non-distributable	Distributable	Distributable		Non-distributable	Non-distributable	Non-distributable	Non-distributable	Non-distributable	Non-distributable	
Group															
At 31.12.2015		374,236,153	319,226,610	178,025,503	15,096,203	(4,383,954)	25,128,752	105,360,106	2,785,726	10,181,425	67,434,335	15,412	5,943,208	19,000,000	55,009,543
Total comprehensive income/(loss) for the financial year															
Profit/(Loss) for the financial year		3,770,424	5,844,698	-	-	-	5,844,698	-	-	-	-	-	-	-	(2,074,274)
Total comprehensive income/(loss)		3,770,424	5,844,698	-	-	-	5,844,698	-	-	-	-	-	-	-	(2,074,274)
Total other comprehensive (loss)/income for the financial year															
Foreign currency translation differences		(1,594,453)	1,132,776	-	-	-	-	1,132,776	-	226,542	643,402	-	262,832	-	(2,727,229)
Reclassified to profit or loss upon disposal of subsidiaries		(19,814,384)	(19,839,839)	-	-	-	-	(19,839,839)	-	-	(19,899,234)	59,395	-	-	25,455
Fair value adjustment of available-for-sale financial assets		(38,780)	(38,780)	-	-	-	-	(38,780)	-	-	-	(38,780)	-	-	-
Total other comprehensive (loss)/income		(21,447,617)	(18,745,843)	-	-	-	-	(18,745,843)	-	226,542	(19,255,832)	20,615	262,832	-	(2,701,774)
Total comprehensive (loss)/income for the financial year		(17,677,193)	(12,901,145)	-	-	-	5,844,698	(18,745,843)	-	226,542	(19,255,832)	20,615	262,832	-	(4,776,048)
Balance carried down		356,558,960	306,325,465	178,025,503	15,096,203	(4,383,954)	30,973,450	86,614,263	2,785,726	10,407,967	48,178,503	36,027	6,206,040	19,000,000	50,233,495

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Total equity RM	Equity attributable to owners of the parent RM	Share capital RM (Non-distributable)	Share premium RM (Non-distributable)	Treasury shares RM (Distributable)	Retained earnings RM (Distributable)	Total reserves RM	Asset revaluation reserve RM (Non-distributable)	Statutory reserve fund RM (Non-distributable)	Foreign exchange translation reserve RM (Non-distributable)	Fair value reserve RM (Non-distributable)	Other reserve RM (Non-distributable)	Capital redemption reserve RM (Non-distributable)	Non-controlling interests RM
Group															
Balance brought down		356,558,960	306,325,465	178,025,503	15,096,203	(4,383,954)	30,973,450	86,614,263	2,785,726	10,407,967	48,178,503	36,027	6,206,040	19,000,000	50,233,495
Transactions with owners															
Transfer on disposal of subsidiaries		-	-	-	-	-	10,407,475	(10,407,475)	-	(10,407,475)	-	-	-	-	-
Transfer to statutory reserve fund		-	-	-	-	-	(22,826)	22,826	-	22,826	-	-	-	-	-
Changes in non-controlling interests in subsidiaries		400,000	-	-	-	-	-	-	-	-	-	-	-	-	400,000
Surplus on revaluation of freehold land and buildings		1,817,861	827,127	-	-	-	-	827,127	827,127	-	-	-	-	-	990,734
Dividends paid on shares	33	(4,318,435)	(4,318,435)	-	-	-	(4,318,435)	-	-	-	-	-	-	-	-
Total transactions with owners		(2,100,574)	(3,491,308)	-	-	-	6,066,214	(9,557,522)	827,127	(10,384,649)	-	-	-	-	1,390,734
At 31.12.2016		354,458,386	302,834,157	178,025,503	15,096,203	(4,383,954)	37,039,664	77,056,741	3,612,853	23,318	48,178,503	36,027	6,206,040	19,000,000	51,624,229

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

			Non-distributable		Distributable		Non-distributable		
	Note	Total equity RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total reserves RM	Capital redemption reserve RM	Fair value reserve RM
Company									
At 1.1.2015		264,501,083	178,025,503	15,096,203	(1,252,427)	53,556,997	19,074,807	19,000,000	74,807
Total comprehensive income for the financial year									
Profit for the financial year		37,346,498	-	-	-	37,346,498	-	-	-
Total comprehensive income		37,346,498	-	-	-	37,346,498	-	-	-
Transactions with owners									
Purchase of treasury shares	25	(3,131,527)	-	-	(3,131,527)	-	-	-	-
Dividends paid on shares	33	(6,185,069)	-	-	-	(6,185,069)	-	-	-
Total transactions with owners		(9,316,596)	-	-	(3,131,527)	(6,185,069)	-	-	-
At 31.12.2015		292,530,985	178,025,503	15,096,203	(4,383,954)	84,718,426	19,074,807	19,000,000	74,807

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

			Non-distributable		Distributable		Non-distributable		
	Note	Total equity RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total reserves RM	Capital redemption reserve RM	Fair value reserve RM
Company									
At 31.12.2015		292,530,985	178,025,503	15,096,203	(4,383,954)	84,718,426	19,074,807	19,000,000	74,807
Total comprehensive loss for the financial year									
Loss for the financial year		(10,069,290)	-	-	-	(10,069,290)	-	-	-
Total comprehensive loss		(10,069,290)	-	-	-	(10,069,290)	-	-	-
Total other comprehensive loss for the financial year									
Fair value adjustment of available-for-sale financial assets		(38,780)	-	-	-	-	(38,780)	-	(38,780)
Total other comprehensive loss		(38,780)	-	-	-	-	(38,780)	-	(38,780)
Total comprehensive loss for the financial year		(10,108,070)	-	-	-	(10,069,290)	(38,780)	-	(38,780)
Transaction with owners									
Dividends paid on shares	33	(4,318,435)	-	-	-	(4,318,435)	-	-	-
Total transaction with owners		(4,318,435)	-	-	-	(4,318,435)	-	-	-
At 31.12.2016		278,104,480	178,025,503	15,096,203	(4,383,954)	70,330,701	19,036,027	19,000,000	36,027

The accompanying notes form an integrated part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM**	**RM**	**RM**	**RM**
Cash Flows from Operating Activities					
Profit/(Loss) before tax:		3,899,301	(12,445,655)	(9,983,170)	37,379,294
Adjustments for:					
Amortisation of land use rights		415,026	392,263	-	-
Depreciation of property, plant and equipment		2,323,973	1,998,309	152,425	265,744
Deposits written off		-	400	-	-
Dividend income		-	-	(5,000,000)	-
Gain on disposal of subsidiaries		(14,413,081)	-	-	-
Gain on unrealised foreign exchange		(7,081)	(74,526)	(6,304,359)	(35,859,145)
Impairment loss on goodwill	13	-	41,727	-	-
Impairment loss on investment in associate		-	1,851,265	-	-
Impairment loss on investment in jointly controlled entity		-	-	16,175,655	-
Interest income		(3,303,935)	(4,861,000)	(3,510,195)	(4,033,682)
Interest expense		3,291,407	961,513	204,108	-
Income distribution from short-term fund		(1,436,465)	(1,072,214)	(1,436,465)	(1,072,214)
Loss/(Gain) on disposal of property, plant and equipment		280	-	(4,073)	-
Property, plant and equipment written off		-	4	-	4
Provision for employee benefits		20,996	8,428	20,996	8,428
Reversal of impairment on investment in associate		(15,820,723)	-	-	-
Share of results of associates		11,803,484	(656,291)	-	-
Share of results of a jointly controlled entity		4,682,577	10,934,334	-	-
Waiver of amount owing by a subsidiary		-	-	4,117,517	-
Operating loss before working capital changes, carried forward		(8,544,241)	(2,921,443)	(5,567,561)	(3,311,571)

STATEMENTS OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Cash flows from operating activities (cont'd)					
Operating loss before working capital changes, brought forward		(8,544,241)	(2,921,443)	(5,567,561)	(3,311,571)
Changes in working capital:					
Receivables		(1,443,815)	3,649,652	249,379	(1,557,980)
Payables		(6,169,086)	(6,996,350)	(219,914)	(724,675)
Net cash flows used in operations		(16,157,142)	(6,268,141)	(5,538,096)	(5,594,226)
Interest paid		(3,422,588)	(963,289)	(204,108)	-
Tax paid		(648,769)	(437,262)	-	(54,186)
Net cash flows used in operating activities		(20,228,499)	(7,668,692)	(5,742,204)	(5,648,412)
Cash Flows from Investing Activities					
Purchase of property, plant and equipment	10	(60,825,905)	(48,715,168)	(36,616,983)	(2,873,000)
Proceeds from disposal of property, plant and equipment		-	-	32,100,000	-
Additional investment in subsidiaries		-	-	-	(1,999,998)
Effect of disposal of subsidiaries, net of cash disposed	14(c)	978,132	-	-	-
Changes in non-controlling interests in subsidiaries		400,000	-	-	-
Acquisition of subsidiaries, net of cash acquired	14(a)	-	(2,554,332)	-	(2)
Distribution received		-	-	25,000	-
Withdrawal of short-term fund		14,125,351	10,514,333	14,125,351	10,514,333
(Placement)/Withdrawal of time deposits	22	(807,338)	33,102,393	(807,338)	-
Repayments from/(Advances to) subsidiaries		-	-	3,664,033	(3,709)
Advances to a jointly controlled entity		(7,824,347)	(3,580,883)	(7,824,347)	(3,580,883)
Dividend received		5,000,000	-	5,000,000	-
Interest received		2,182,160	3,511,060	1,444,032	2,683,742
Net cash flows (used in)/from investing activities		(46,771,947)	(7,722,597)	11,109,748	4,740,483

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Cash Flows from Financing Activities					
Advances from subsidiaries		-	-	454,091	11,085,245
Dividends paid	33	(4,318,435)	(6,185,069)	(4,318,435)	(6,185,069)
Drawdown of unsecured loan from a corporate shareholder		46,280,000	6,265,385	-	-
Repayments of unsecured loan from a corporate shareholder		(69,188,600)	(3,324,000)	-	-
Treasury shares repurchased		-	(3,131,527)	-	(3,131,527)
Proceeds from term loans		24,949,378	45,124,822	4,800,000	-
Repayments of term loans		(2,464,286)	-	(220,980)	-
Net cash flows (used in)/ from financing activities		(4,741,943)	38,749,611	714,676	1,768,649
Net (decrease)/increase in cash and cash equivalents		(71,742,389)	23,358,322	6,082,220	860,720
Effects of exchange rates changes on cash and cash equivalents		2,533,062	9,851,638	958	(682)
Cash and cash equivalents at the beginning of the financial year		120,444,360	87,234,400	1,136,608	276,570
Cash and cash equivalents at the end of the financial year	22	51,235,033	120,444,360	7,219,786	1,136,608

The accompanying notes form an integrated part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
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1. CORPORATE INFORMATION

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

The registered office of the Company is located at B-25-2, Block B, Jaya One, No. 72A, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan and the principal place of business is located at Indera Subang Condominium, Ground Floor, Club House, Jalan USJ 6/2L, 47610 UEP Subang Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 14. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 March 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate financial statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
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2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of amendments/improvements to MFRSs (cont'd)

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduce specific guidance on when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses. The amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of amendments/improvements to MFRSs (cont'd)

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:

- when the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or

- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
<u>Amendments/Improvements to MFRSs</u>		
MFRS1	First time adoption of MFRSs	1 January 2018
MFRS 2	Share based Payments	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
MFRS 140	Investment Property	1 January 2018
<u>New IC Int</u>		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below. Due to the complexity of these new MFRSs, amendments/improvements to MFRSs and new IC Int, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (cont'd)

MFRS 9 Financial Instruments (cont'd)

Key requirements of MFRS 9: (cont'd)

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

NOTES TO THE FINANCIAL STATEMENTS
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2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (cont'd)

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of MFRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (cont'd)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting 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 the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates, and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.13(a).

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(a) Subsidiaries and business combination (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(c) Associates (cont'd)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128 Investments in Associates and Joint Ventures.

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.15(b).

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Foreign currency transactions and operations (cont'd)

(b) Translation of foreign operations (cont'd)

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

(a) Services

Revenue from services are recognised when services are rendered.

(b) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield of the asset.

(c) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

3.5 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and to the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in profit or loss in the period in which the employees render their services.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.7 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Income tax (cont'd)

(b) Deferred tax (cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that 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. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3.8 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

The Group and the Company categorise the financial instruments as follows: (cont'd)

(ii) Financial liabilities

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries and jointly control entities as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities 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 would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.9 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than freehold land and warehouse and office buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15(b).

Freehold land and warehouse and office buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and warehouse buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings in full when the asset is derecognised.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.6.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate items of property, plant and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Property, plant and equipment (cont'd)

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The principal depreciation rates are as follows:

Long term leasehold land	60 years
Warehouse and office buildings	2% - 5%
Warehouse renovation	20%
Equipment, furniture and fittings	20% - 33.33%
Motor vehicles	20%
Solar photovoltaic	21 years

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.10 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

3.11 Capital work-in-progress

Capital work-in-progress consists of expenditure incurred on the construction of property, plant and equipment which take a substantial period of time to be ready for their intended use.

Capital work-in-progress is stated at cost during the period of construction. No depreciation is provided on capital work-in-progress and upon completion of the construction, the cost will be transferred to property, plant and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

(b) Customer contract

Customer contract acquired in a business combination are recognised at fair value at the acquisition date.

Subsequent to recognition, customer contract are stated at cost less accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15(b).

(c) Amortisation

Amortisation of customer contract is provided for on a straight-line basis over the contract period of twenty one years. The residual value, useful lives and amortisation methods are reviewed at the end of each reporting period.

3.14 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

3.15 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 Impairment of assets (cont'd)

(a) Impairment and uncollectibility of financial assets (cont'd)

Loans and receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 Impairment of assets (cont'd)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only 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 previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.17 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.19 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.19 Fair value measurements (cont'd)

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following.

(a) Measurement of income taxes

The Group and the Company operate in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Group's and the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise. The income tax expense of the Group and the Company are disclosed in Note 8.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(b) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.9, the Group and the Company review the residual values, depreciation rates and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 10.

(c) Revaluation of freehold land and warehouse and office buildings

The Group and the Company carry its freehold land and warehouse and office buildings, which are included in property, plant and equipment, at fair values. The Group engaged an independent professionally qualified valuer to determine their fair values at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying amount materially differ from the market value.

(d) Useful lives of other intangible assets

The Group and the Company estimate the useful lives to amortise other intangible assets based on the future performance of the assets acquired and management's judgement of the period over which economic benefits will be derived from the assets. The estimated useful lives of other intangible assets are reviewed periodically. The amount and timing of recorded expenses for any period would be affected by changes in the estimates. A reduction in the estimated useful lives of the other intangible assets would increase the recorded expenses and decrease the non-current assets. The carrying amounts of the other intangible assets are disclosed in Note 13.

(e) Joint arrangements

As disclosed in Note 16, the Company holds 50% of the voting rights of its joint arrangement. The Company has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The Company's joint arrangement is structured as a limited company and provides the Company and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement is classified as a joint venture.

(f) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance of the subsidiaries. The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 29.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(g) Impairment of financial assets

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

For available-for-sale investments, the Group and the Company recognise an impairment loss when there has been a significant or prolonged decline in the market price of the investments. The Group and the Company use its judgement to decide when an impairment loss shall be recognised using past experience of similar investments, historical volatility of the prices and current market conditions. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 39(a).

(h) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 39(b).

5. REVENUE

	Group		**Company**	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Dividend revenue	-	-	5,000,000	-
Warehousing and related value added services	20,689,486	29,634,249	-	-
Transportation and distribution, freight forwarding and haulage services	443,672	1,846,180	-	-
Installation of solar panel	520,000	-	-	-
	21,653,158	31,480,429	5,000,000	-

6. FINANCE COSTS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Interest expense on:				
- Term loans	1,653,295	-	204,108	-
- Shareholder's loan	1,638,112	961,513	-	-
	3,291,407	961,513	204,108	-

7. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Amortisation of land use rights	415,026	392,263	-	-
Auditors' remuneration				
- auditors of the Company				
- statutory audit	89,000	88,000	73,000	73,000
- other services	29,200	22,200	29,200	22,200
- component auditors of the Group				
- statutory audit	183,015	200,135	-	-
Compensation received	-	(110,000)	-	-
Depreciation of property, plant and equipment	2,323,973	1,998,309	152,425	265,744
Deposits written off	-	400	-	-
Directors' remuneration*				
- fees	388,000	388,000	388,000	388,000
- other emoluments	3,182,552	2,332,811	1,177,730	916,043

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7. PROFIT/(LOSS) BEFORE TAX (cont'd)

Profit/(Loss) before tax is arrived at after charging/(crediting): (cont'd)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Gain on disposal of subsidiaries	(14,413,081)	-	-	-
Government subsidies	-	(195,309)	-	-
Impairment loss on goodwill	-	41,727	-	-
Impairment loss on investment in associate	-	1,851,265	-	-
Impairment loss on investment in jointly controlled entity	-	-	16,175,655	-
Income distribution from short-term fund	(1,436,465)	(1,072,214)	(1,436,465)	(1,072,214)
Interest expense	3,291,407	961,513	204,108	-
Interest income				
- cash at banks	(823,971)	(2,438,846)	(7,567)	(1)
- amounts owing by subsidiaries	-	-	(1,022,664)	(1,611,527)
- amount owing by a jointly controlled entity	(2,479,964)	(2,422,154)	(2,479,964)	(2,422,154)
Loss/(Gain) on disposal of property, plant and equipment	280	-	(4,073)	-
Loss/(Gain) on foreign exchange				
- realised	2,310,135	48,277	13,858	48,277
- unrealised	(7,081)	(74,526)	(6,304,359)	(35,859,145)
Property, plant and equipment written off	-	4	-	4
Provision for employee benefits	20,996	8,428	20,996	8,428
Rental expense on:				
- warehouse and office buildings	5,219,259	9,155,991	776,242	823,765
- equipment and store	66,000	31,000	12,000	13,000
Rental income on warehouse	(1,576,198)	(1,607,700)	(1,576,198)	(1,607,700)
Reversal of impairment on investment in associate	(15,820,723)	-	-	-
Staff costs				
- Contribution to defined contribution plans	209,889	128,540	100,082	75,337
- Salaries and others	7,309,690	11,398,242	1,191,833	915,366
Waiver of amount owing by subsidiaries	-	-	4,117,517	-

7. PROFIT/(LOSS) BEFORE TAX (cont'd)

* Included in directors' remuneration are aggregate amounts of remuneration received and receivable by the directors of the Company during the financial year, as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Executive directors				
- other emoluments	3,182,552	2,332,811	1,177,730	916,043
Non-executive directors				
- fees	388,000	388,000	388,000	388,000
Total directors' remuneration	3,570,552	2,720,811	1,565,730	1,304,043

The monetary value of benefits-in-kind of the Group and of the Company provided to certain directors of the Company amounted to RM92,367 (2015: RM89,700) and RM92,367 (2015: RM89,700) respectively.

8. TAX EXPENSE

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Current income tax:				
Taxation in Malaysia				
- Current income tax	86,103	65,996	85,000	32,796
- Real property gain tax	1,268	-	1,268	-
- Over provision in prior financial years	(13,153)	(42,843)	(148)	-
	74,218	23,153	86,120	32,796
Taxation outside Malaysia				
- Current income tax	54,659	679,270	-	-
Total current income tax	128,877	702,423	86,120	32,796
Deferred tax (Note 29)				
- Origination and reversal of temporary differences	-	68,413	-	-
Tax expense recognised in profit or loss	128,877	770,836	86,120	32,796

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8. TAX EXPENSE (cont'd)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit/(Loss) before tax	3,899,301	(12,445,655)	(9,983,170)	37,379,294
Tax at Malaysian statutory income tax rate of 24% (2015: 25%)	935,832	(3,111,400)	(2,396,000)	9,344,800
Different tax rate in other countries	(341,360)	1,129,400	-	-
Effect of changes in tax rate	-	4,600	-	35
Adjustments:				
- non-taxable income	(6,159,160)	(957,200)	(3,899,365)	(10,241,260)
- non-deductible expenses	3,890,613	1,383,679	6,395,248	928,391
- real property gain tax	1,268	-	1,268	-
- withholding tax in foreign subsidiaries	4,662	81,800	-	-
Share of results of associates	54,115	(575,400)	-	-
Share of results of a jointly controlled entity	1,123,818	2,733,600	-	-
Utilisation of deferred tax assets not recognised in prior financial years	175,669	(187,400)	(14,883)	-
Deferred tax assets not recognised during the financial year	456,573	312,000	-	830
- Adjustment in respect of current tax of prior financial years	(13,153)	(42,843)	(148)	-
Tax expense recognised in profit or loss	128,877	770,836	86,120	32,796

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group has unutilised tax losses and unabsorbed capital allowances of RM9,139,348 (2015: RM6,577,705) and RM62,733 (2015: RM81,419) respectively, available for set-off against future taxable profits.

9. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share are based on the profit/(loss) for the financial year attributable to owners of Company by the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2016 RM	2015 RM
Profit/(Loss) for the financial year attributable to owners of the Company	5,844,698	(11,942,581)
Weighted average number of ordinary shares for basic earnings/(loss) per share	172,737,228	174,721,210
Basic earnings/(loss) per ordinary share (sen)	3.384	(6.835)

The diluted earnings/(loss) per ordinary share of the Group for the financial years ended 31 December 2016 and 31 December 2015 are same as the basic earnings/(loss) per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM	Long-term Leasehold Land RM	Warehouse and Office Buildings RM	Warehouse Renovation RM	Equipment, Furniture and Fittings RM	Motor Vehicles RM	Solar Photovoltaic RM	Capital Work-in-Progress RM	Total RM
Group									
Cost/Valuation									
At 1.1.2016									
At cost	-	-	-	302,683	5,223,839	2,744,282	-	58,604,613	66,875,417
At valuation	800,000	-	67,580,200	-	-	-	-	-	68,380,200
	800,000	-	67,580,200	302,683	5,223,839	2,744,282	-	58,604,613	135,255,617
Translation differences	-	-	(2,451,044)	(15,037)	(338,110)	(46,890)	-	(410,434)	(3,261,515)
Additions	32,186,366	2,848,800	184,227	-	49,343	264,758	-	29,366,557	64,900,051
Adjustment on revaluation	-	-	2,372,724	-	-	-	-	-	2,372,724
Elimination of accumulated depreciation on revaluation	-	-	(1,894,245)	-	-	-	-	-	(1,894,245)
Transfer	4,848,825	-	70,058,211	-	-	-	9,880,863	(84,787,899)	-
Disposals	-	-	-	-	(48,468)	-	-	-	(48,468)
Disposal of subsidiaries (Note 14)	-	-	-	(166,594)	(3,807,234)	(647,843)	-	-	(4,621,671)
At 31.12.2016	37,835,191	2,848,800	135,850,073	121,052	1,079,370	2,314,307	9,880,863	2,772,837	192,702,493
Representing									
At cost	-	2,848,800	-	121,052	1,079,370	2,314,307	9,880,863	2,772,837	19,017,229
At valuation	37,835,191	-	135,850,073	-	-	-	-	-	173,685,264
	37,835,191	2,848,800	135,850,073	121,052	1,079,370	2,314,307	9,880,863	2,772,837	192,702,493

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold Land RM	Long-term Leasehold Land RM	Warehouse and Office Buildings RM	Warehouse Renovation RM	Equipment, Furniture and Fittings RM	Motor Vehicles RM	Solar Photovoltaic RM	Capital Work-in-Progress RM	Total RM
Group									
Accumulated Depreciation									
At 1.1.2016	-	-	-	202,812	4,820,497	2,497,549	-	-	7,520,858
Translation differences	-	-	(83,379)	(13,864)	(317,108)	(45,116)	-	-	(459,467)
Charge for the financial year	-	47,480	1,995,429	24,612	111,333	114,766	30,353	-	2,323,973
Elimination of accumulated depreciation on revaluation	-	-	(1,894,245)	-	-	-	-	-	(1,894,245)
Disposals	-	-	-	-	(48,188)	-	-	-	(48,188)
Disposal of subsidiaries (Note 14)	-	-	-	(151,947)	(3,557,986)	(626,000)	-	-	(4,335,933)
At 31.12.2016	-	47,480	17,805	61,613	1,008,548	1,941,199	30,353	-	3,106,998
Net Carrying Amount									
At cost	-	2,801,320	-	59,439	70,822	373,108	9,850,510	2,772,837	15,928,036
At valuation	37,835,191	-	135,832,268	-	-	-	-	-	173,667,459
At 31.12.2016	37,835,191	2,801,320	135,832,268	59,439	70,822	373,108	9,850,510	2,772,837	189,595,495

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold Land RM	Long-term Leasehold Land RM	Warehouse and Office Buildings RM	Warehouse Renovation RM	Equipment, Furniture and Fittings RM	Motor Vehicles RM	Solar Photovoltaic RM	Capital Work-in-Progress RM	Total RM
Group									
Cost/Valuation									
At 1.1.2015									
At cost	-	-	-	175,975	4,373,428	2,587,486	-	-	7,136,889
At valuation	-	-	58,976,650	-	-	-	-	-	58,976,650
	-	-	58,976,650	175,975	4,373,428	2,587,486	-	-	66,113,539
Translation differences	-	-	9,377,884	27,643	661,893	156,796	-	-	10,224,216
Additions	-	-	-	99,065	196,476	-	-	58,423,940	58,719,481
Adjustment on revaluation	-	-	790,108	-	-	-	-	-	790,108
Elimination of accumulated depreciation on revaluation	-	-	(1,564,442)	-	-	-	-	-	(1,564,442)
Acquisition of subsidiaries (Note 14)	800,000	-	-	-	11,063	-	-	180,673	991,736
Disposals	-	-	-	-	(17,234)	-	-	-	(17,234)
Written off	-	-	-	-	(1,787)	-	-	-	(1,787)
At 31.12.2015	800,000	-	67,580,200	302,683	5,223,839	2,744,282	-	58,604,613	135,255,617
Representing									
At cost	-	-	-	302,683	5,223,839	2,744,282	-	58,604,613	66,875,417
At valuation	800,000	-	67,580,200	-	-	-	-	-	68,380,200
	800,000	-	67,580,200	302,683	5,223,839	2,744,282	-	58,604,613	135,255,617

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold Land RM	Long-term Leasehold Land RM	Warehouse and Office Buildings RM	Warehouse Renovation RM	Equipment, Furniture and Fittings RM	Motor Vehicles RM	Solar Photovoltaic RM	Capital Work-in-Progress RM	Total RM
Group									
Accumulated Depreciation									
At 1.1.2015	-	-	-	147,672	4,026,517	2,063,592	-	-	6,237,781
Translation differences	-	-	86,070	23,851	608,653	147,711	-	-	866,285
Charge for the financial year	-	-	1,478,372	31,289	202,402	286,246	-	-	1,998,309
Elimination of accumulated depreciation on revaluation	-	-	(1,564,442)	-	-	-	-	-	(1,564,442)
Acquisition of subsidiaries (Note 14)	-	-	-	-	1,942	-	-	-	1,942
Disposals	-	-	-	-	(17,234)	-	-	-	(17,234)
Written off	-	-	-	-	(1,783)	-	-	-	(1,783)
At 31.12.2015	-	-	-	202,812	4,820,497	2,497,549	-	-	7,520,858
Net Carrying Amount									
At cost	-	-	-	99,871	403,342	246,733	-	58,604,613	59,354,559
At valuation	800,000	-	67,580,200	-	-	-	-	-	68,380,200
At 31.12.2015	800,000	-	67,580,200	99,871	403,342	246,733	-	58,604,613	127,734,759

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold Land RM	Office Building RM	Equipment, Furniture and Fittings RM	Motor vehicles RM	Capital Work-in-Progress RM	Total RM
Company						
Cost/Valuation						
At 1.1.2016						
At cost	-	-	323,537	1,687,246	2,871,000	4,881,783
At valuation	-	-	-	-	-	-
	-	-	323,537	1,687,246	2,871,000	4,881,783
Additions	32,102,413	184,227	27,126	264,758	4,038,459	36,616,983
Disposals	(32,095,927)	-	-	-	-	(32,095,927)
Transfers	4,848,825	1,151,175	-	-	(6,000,000)	-
At 31.12.2016	4,855,311	1,335,402	350,663	1,952,004	909,459	9,402,839
Representing						
At cost	-	-	350,663	1,952,004	909,459	3,212,126
At valuation	4,855,311	1,335,402	-	-	-	6,190,713
	4,855,311	1,335,402	350,663	1,952,004	909,459	9,402,839

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold Land RM	Office Building RM	Equipment, Furniture and Fittings RM	Motor vehicles RM	Capital Work-in-Progress RM	Total RM
Company						
Accumulated Depreciation						
At 1.1.2016	-	-	278,117	1,470,199	-	1,748,316
Charge for the financial year	-	17,805	25,923	108,697	-	152,425
At 31.12.2016	-	17,805	304,040	1,578,896	-	1,900,741
Net Carrying Amount						
At cost	-	-	46,623	373,108	909,459	1,329,190
At valuation	4,855,311	1,317,597	-	-	-	6,172,908
At 31.12.2016	4,855,311	1,317,597	46,623	373,108	909,459	7,502,098

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10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Equipment, Furniture and Fittings RM	Motor vehicles RM	Capital Work-in-Progress RM	Total RM
Company				
Cost				
At 1.1.2015	323,324	1,687,246	-	2,010,570
Additions	2,000	-	2,871,000	2,873,000
Written off	(1,787)	-	-	(1,787)
At 31.12.2015	323,537	1,687,246	2,871,000	4,881,783
Accumulated Depreciation				
At 1.1.2015	249,411	1,234,944	-	1,484,355
Charge for the financial year	30,489	235,255	-	265,744
Written off	(1,783)	-	-	(1,783)
At 31.12.2015	278,117	1,470,199	-	1,748,316
Net Carrying Amount				
At 31.12.2015	45,420	217,047	2,871,000	3,133,467

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM64,900,051 (2015: RM58,719,481) and RM36,616,983 (2015: RM2,873,000) respectively which are satisfied by the following:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Additions of property, plant and equipment	64,900,051	58,719,481	36,616,983	2,873,000
Less: Payable	(4,074,146)	(10,004,313)	-	-
Cash payments on purchase of property, plant and equipment	60,825,905	48,715,168	36,616,983	2,873,000

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) The freehold land and warehouse and office buildings of the Group and of the Company were revalued on 5 May 2016 and 31 December 2016 respectively by external independent valuers, having appropriate recognised professional qualification. The valuations are based on replacement cost method and comparison method respectively.

The net carrying amount of these property, plant and equipment had no revaluation been made are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Freehold land	5,184,045	328,734	4,855,311	-
Warehouse and office buildings	130,558,927	64,898,589	1,317,597	-

(c) The net carrying amount of property, plant and equipment pledged to the financial institutions as security for term loan facilities (Note 27) are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Freehold land	4,855,311	-	4,855,311	-
Warehouse and office buildings	135,832,268	67,580,200	1,317,597	-
	140,687,579	67,580,200	6,172,908	-

(d) The fair value of freehold land and warehouse and office buildings of the Group and of the Company are categorised as follows:

	Fair value measurements at 31 December 2016			
	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Group				
31.12.2016				
Freehold land	-	37,835,191	-	37,835,191
Warehouse and office buildings	-	1,317,597	134,514,671	135,832,268
31.12.2015				
Freehold land	-	800,000	-	800,000
Warehouse and office buildings	-	-	67,580,200	67,580,200

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(d) The fair value of freehold land and warehouse and office buildings of the Group and of the Company are categorised as follows: (cont'd)

	Fair value measurements at 31 December 2016			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Company				
31.12.2016				
Freehold land	-	4,855,311	-	4,855,311
Office building	-	1,317,597	-	1,317,597

(i) The valuation of freehold land and office building as at 5 May 2016 are determined using the Comparison Method of Valuation which compares the land with similar land that have been sold recently and those that are currently being offered for sale in the vicinity or other comparable localities. The characteristics, merits and demerits of these lands are noted and appropriate adjustment thereof are then made to arrive at the value of the land.

In view that there is comparable market data of similar land in the vicinity where the Group's freehold land is situated, the valuation was based on significant observable inputs and is therefore recognised under level 2 of the fair value hierarchy.

(ii) The valuation of warehouse buildings as at 31 December 2016 is determined using replacement cost approach which determines the cost to replace an asset at current prices. In view of the lack of comparable market data of similar buildings in the vicinity where the Group's warehouse buildings are situated, the valuation was based on significant unobservable inputs and is therefore recognised under level 3 of the fair value hierarchy.

The directors and the professional valuer consider that it is appropriate to use the replacement cost approach since the directors will use the warehouse buildings for long–term yield from production of logistics services for best utilisation of the buildings for maximisation of returns rather than primarily for rental income and will not dispose the warehouse buildings in the short run.

The key unobservable inputs of the valuation include average construction cost per square meter of RM1,562 (equivalent to RMB2,700), direct administrative cost of approximately 3%, interest rate on financing of approximately 2% and residual ratio of 85%, 93% and 99%. These assumptions are estimated by the professional valuer based on the risk profile of the warehouse buildings being valued.

A significant increase/decrease in the estimated average construction cost per square, direct administrative cost and interest rate on financing in isolation would result in a significant increase/decrease in the fair value of the warehouse buildings.

There were no transfers between level 1, level 2 and level 3 during the financial years ended 31 December 2016 and 31 December 2015.

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(e) Included in property, plant and equipment are borrowing cost capitalised in the warehouse building during the financial year as follows:

	Group	
	2016	2015
	RM	RM
Borrowing costs capitalised	747,244	730,701

11. CAPITAL WORK-IN-PROGRESS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At 1 January	58,604,613	-	2,871,000	-
Additions	29,366,557	58,423,940	4,038,459	2,871,000
Translation differences	(410,434)	-	-	-
Acquisition of subsidiaries (Note 14)	-	180,673	-	-
Transfer to property, plant and equipment (Note 10)	(84,787,899)	-	(6,000,000)	-
At 31 December	2,772,837	58,604,613	909,459	2,871,000

12. LAND USE RIGHTS

	Group	
	2016	2015
	RM	RM
At 1 January	17,848,395	15,783,542
Amortisation for the financial year	(415,026)	(392,263)
Translation differences	(383,186)	2,457,116
At 31 December	17,050,183	17,848,395

At the end of the financial year, the Group has land use rights located in Suzhou in The People's Republic of China ("PRC") where the Group's warehousing facilities reside under medium lease terms for a duration of 50 years.

The land use rights is pledged to the financial institutions as security for term loan facilities as disclosed in Note 27.

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13. INTANGIBLE ASSETS

	Goodwill RM	Customer Contract RM	Total RM
Group			
Cost			
At 1 January/31 December 2016	41,727	2,724,904	2,766,631
Accumulated impairment			
At 1 January/31 December 2016	(41,727)	-	(41,727)
Carrying amount			
At 31 December 2016	-	2,724,904	2,724,904
Cost			
At 1 January 2015	-	-	-
Acquisition of subsidiaries (Note 14)	41,727	2,724,904	2,766,631
At 31 December 2015	41,727	2,724,904	2,766,631
Accumulated impairment			
At 1 January 2015	-	-	-
Impairment loss	(41,727)	-	(41,727)
At 31 December 2015	(41,727)	-	(41,727)
Carrying amount			
At 31 December 2015	-	2,724,904	2,724,904

The intangible assets including goodwill and customer contract which has arisen from the acquisition of subsidiaries during the financial year ended 31 December 2016 is set out in Note 14.

(a) Impairment of goodwill

In the previous financial year, an impairment loss of RM41,727 was recognised in profit or loss of the Group as other expenses.

(b) Customer contract

The fair value of intangible assets is attributable to customer contracts arising from the acquisition of a subsidiary.The acquired subsidiary was granted a feed-in approval by Sustainable Energy Development Authority Malaysia (“SEDA”) pursuant to the Renewable Energy Act 2011.

A Renewable Energy Power Purchase Agreement (“REPPA”) was entered into with Tenaga Nasional Berhad (“TNB”) with effective period of 21 years commencing from the Feed-in Tariff (“FiT”) commencement.

13. INTANGIBLE ASSETS (cont'd)

(b) Customer contract (cont'd)

The solar power plant is fully constructed on 8 December 2016 and there is no sales and cost of sales recognised in profit or loss for the financial year.

The customer contract will be amortised on a straight-line basis over the effective period of 21 years upon the commencement of the FiT.

14. SUBSIDIARIES

	Company	
	2016	2015
	RM	RM
Unquoted shares, at cost		
At 1 January	34,316,195	32,316,195
Additions	-	2,000,000
Distribution received	(25,000)	-
At 31 December	34,291,195	34,316,195
Less: Accumulated impairment loss		
At 1 January	(11,475,000)	(11,475,000)
Written off	-	-
At 31 December	(11,475,000)	(11,475,000)
	22,816,195	22,841,195

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14. SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2016	Effective Equity Interest 2015
	Integrated Forwarding & Shipping Berhad	Malaysia	Ceased operations	100%	100%
^	Integrated Freight Services Sdn. Bhd.	Malaysia	Ceased operations	100%	100%
	IL Energy Sdn. Bhd.	Malaysia	Investment holding	100%	100%
@	ILB International (BVI) Limited	British Virgin Islands	Investment holding	100%	100%
	Subsidiaries of IL Energy Sdn. Bhd.				
	EVN Vision Sdn. Bhd.	Malaysia	Solar power plant	100%	100%
	Feel Solar Sdn. Bhd.	Malaysia	Trading of solar related goods and designing, installation and commissioning of solar photovoltaic systems and other renewable energy related system	100%	100%
	IL Solar Sdn. Bhd.	Malaysia	Dormant	80%	100%
	Subsidiary of ILB International (BVI) Limited				
@	ISH Logistics Group Limited	Grand Cayman Island	Investment holding	70%	70%
	Subsidiary of ISH Logistics Group Limited				
@	ISH Group (BVI) Limited	British Virgin Islands	Investment holding	70%	70%

14. SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2016	Effective Equity Interest 2015
Subsidiary of ISH Group (BVI) Limited				
@ Integrated Logistics (H.K.) Limited	Hong Kong	Investment holding, warehousing and related value added services and transportation	70%	70%
Subsidiaries of Integrated Logistics (H.K.) Limited				
@ ISH Logistics (Shanghai) Limited	Hong Kong	Investment holding	-	70%
@ Integrated Logistics (China) Company Limited	The People's Republic of China	Warehousing and related value added services and transportation	70%	70%
@ Integrated Etern Logistics (Suzhou) Company Limited	The People's Republic of China	Warehousing and related value added services and transportation	45.5%	45.5%
@ ISH Cargo Services (H.K.) Company Limited	Hong Kong	Investment holding	-	70%

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14. SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2016	Effective Equity Interest 2015
Subsidiary of ISH Logistics (Shanghai) Limited				
@ Integrated Shun Hing Logistics (Shanghai) Company Limited	The People's Republic of China	Warehousing and related value added services and transportation	-	70%
Subsidiary of ISH Cargo Services (H.K.) Company Limited				
@ Integrated Shun Hing Logistics (Shenzhen) Company Limited	The People's Republic of China	Warehousing and related value added services and transportation	-	70%

@ Not audited by Baker Tilly AC. Audited by an independent member firm of Baker Tilly International.

^ The subsidiary was consolidated using unaudited management financial statements as it had been placed under Member's Voluntary Winding-up pursuant to Section 254(1) of the Companies Act 1965 in Malaysia. The Member's Voluntary Winding-up had been completed on 3 February 2017.

(a) Acquisition of subsidiaries in the previous financial year

(i) On 16 June 2015, the Company had acquired 2 ordinary shares of RM1.00 each in IL Energy Sdn. Bhd. ("IL Energy"), representing 100% of the issued and paid up share capital of IL Energy for a total cash consideration of RM2.00.

The fair value of identifiable net assets and effect of the acquisition on cash flows is as follows:

	2015 RM
Cash and cash equivalent acquired	2
Consideration paid in cash	(2)
Net cash outflow on acquisition	-

14. SUBSIDIARIES (cont'd)

(a) Acquisition of subsidiaries in the previous financial year (cont'd)

(ii) On 8 July 2015, IL Energy, had acquired 2 ordinary shares of RM1.00 each in IL Solar Sdn. Bhd. ("IL Solar"), representing 100% of the issued and paid up share capital of IL Solar for a total cash consideration of RM2.00.

The fair value of identifiable net assets and effect of the acquisition on cash flows is as follows:

	2015 RM
Cash and cash equivalent acquired	2
Consideration paid in cash	(2)
Net cash outflow on acquisition	-

(iii) On 14 July 2015, IL Energy, had acquired 100,000 ordinary shares of RM1.00 each in EVN Vision Sdn. Bhd. ("EVN"), representing 100% of the issued and paid up share capital of EVN for a total cash consideration of RM2,524,000.

Fair value of the identifiable assets acquired and liabilities recognised

	2015 RM
Assets	
Property, plant and equipment (Note 10)	800,000
Capital work-in-progress (Note 11)	180,673
Intangible assets (Note 13)	2,724,904
Cash and bank balances	14,291
Pledged bank deposit	200,000
	3,919,868
Liabilities	
Trade and other payables	(718,328)
Deferred tax liabilities (Note 29)	(677,540)
Total identifiable net assets acquired	2,524,000
Fair value of consideration transferred	(2,524,000)
Goodwill arising on acquisition	-

14. SUBSIDIARIES (cont'd)

(a) Acquisition of subsidiaries in the previous financial year (cont'd)

(iii) (cont'd)

Effects of acquisition on cash flows

	2015 RM
Fair value of consideration transferred	2,524,000
Less: Non-cash consideration	-
	2,524,000
Less: Cash and cash equivalents of the subsidiary acquired	(14,291)
Net cash outflow on acquisition	2,509,709

Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and loss net of tax are as follows:

Revenue	-
Loss for the financial period	(96,248)

If the acquisition had occurred on 1 January 2015, the consolidated results for the financial year ended 31 December 2015 would have been as follows:

Revenue	-
Loss for the financial year	(159,778)

(iv) On 31 July 2015, IL Energy, had acquired 100,000 ordinary shares of RM1.00 each in Feel Solar Sdn. Bhd. ("Feel Solar"), representing 100% of the issued share capital of Feel Solar for a total cash consideration of RM115,388.

Fair value of the identifiable assets acquired and liabilities recognised

Assets	
Property, plant and equipment (Note 10)	9,121
Deposits	3,148
Cash and cash equivalents	99,743
	112,012
Liabilities	
Trade and other payables	(9,373)
Total identifiable net assets acquired	102,639
Fair value of consideration transferred	(144,366)
Goodwill arising on acquisition (Note 13)	(41,727)

14. **SUBSIDIARIES** (cont'd)

(a) **Acquisition of subsidiaries in the previous financial year** (cont'd)

(iv) (cont'd)

Effect of acquisition on cash flows

	2015 RM
Fair value of consideration transferred	144,366
Less: Non-cash consideration	-
	144,366
Less: Cash and cash equivalents of the subsidiary acquired	(99,743)
Net cash outflow on acquisition	44,623

Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and loss net of tax are as follows:

Revenue	96,810
Loss for the financial period	(358,279)

If the acquisition had occurred on 1 January 2015, the consolidated results for the financial year ended 31 December 2015 would have been as follows:

Revenue	123,459
Loss for the financial year	(360,546)

(b) **Acquisition of additional interest in the previous financial year**

(i) On 16 December 2015, the Company had subscribed additional 1,999,998 ordinary shares of RM1.00 each in IL Energy for a total cash consideration of RM1,999,998.

(ii) On 16 December 2015, IL Energy, had subscribed additional 1,900,000 ordinary shares of RM1.00 each in EVN Vision for a total cash consideration of RM1,900,000.

(c) **Disposal of subsidiaries**

On 19 April 2016, Integrated Logistics (H.K.) Limited ("ILHK"), an indirect 70% owned subsidiary of the Company entered into a Deed of Sale and Purchase ("Deed") with Natural Creation Limited and Joint Fun Company Limited (collectively, "Purchasers"), both are indirect wholly-owned subsidiary of C.J.H. Investment Company Limited who has guaranteed the performance of Purchasers' obligations under the Deed, for the disposal by ILHK of its entire equity interest in ISH Logistics (Shanghai) Limited and ISH Cargo Services (HK) Company Limited to Purchasers for a total cash consideration of HKD137.3 million (equivalent to approximately RM77.6 million).

14. SUBSIDIARIES (cont'd)

(c) Disposal of subsidiaries (cont'd)

The disposal was completed on 8 July 2016 upon fulfilment of all the Conditions Precedent of the Deed.

Effect of disposal on the financial position and cash flow of the Group:

	Note	2016 RM
Property, plant and equipment	10	285,738
Other investments	17	1,015,871
Receivables		6,592,829
Pledged bank deposit		121,633
Cash and cash equivalents		70,229,320
Payables		(1,850,298)
Deferred tax liabilities	29	(190,777)
Translation differences		6,819,492
Net assets and liabilities		83,023,808
Cash consideration received		(77,622,505)
		5,401,303
Reclassification adjustment of exchange translation reserve		(19,899,234)
Reclassification adjustment of fair value reserve		84,850
Gain on disposal of investment in subsidiaries		(14,413,081)
Cash consideration received		77,622,505
Cash and cash equivalents		(70,229,320)
Translation differences		(6,415,053)
Net cash inflow arising from disposal		978,132

(d) Dilution of interest in IL Solar

On 5 September 2016, IL Energy had transferred 400,000 ordinary shares of RM1 each to Pensolar Sdn. Bhd. and Atlantic Blue Sdn. Bhd. at RM400,000. This had resulted in a dilution of interest in IL Solar from 100% to 80%. A loss on dilution of interest amounting to RM400,000 has been recognised to the Group's non-controlling interests in the current year's statement of changes in equity.

14. SUBSIDIARIES (cont'd)

(e) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows:

	Integrated Logistics (H.K.) Limited RM	Integrated Shun Hing Logistics (Shanghai) Co. Limited RM	Integrated Logistics (China) Co. Limited RM	Integrated Etern Logistics (Suzhou) Co. Limited RM	ISH Logistics Group Limited RM	Integrated Shun Hing Logistics (Shenzhen) Co. Limited RM	Other immaterial individual subsidiaries RM	Total RM
2016								
NCI percentage of ownership interest and voting interest	30%	-	30%	54.5%	30%	-		
Carrying amount of NCI	9,145,262	-	11,112,566	36,889,640	(5,772,942)	-	249,703	51,624,229
(Loss)/Profit allocated to NCI	(834,224)	(545,482)	126,409	(415,773)	(493,391)	90,094	(1,907)	(2,074,274)
2015								
NCI percentage of ownership interest and voting interest	30%	30%	30%	54.5%	30%	30%		
Carrying amount of NCI	9,180,023	9,756,433	11,236,373	37,049,681	(27,594,732)	15,258,852	122,913	55,009,543
(Loss)/Profit allocated to NCI	(1,430,610)	298,207	130,714	173,664	(680,430)	216,389	18,156	(1,273,910)

14. SUBSIDIARIES (cont'd)

(f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

2016	**Integrated Logistics (H.K.) Limited RM**	**Integrated Logistics (China) Co. Limited RM**	**Integrated Etern Logistics (Suzhou) Co. Limited RM**	**ISH Logistics Group Limited RM**
Assets and liabilities				
Non-current assets	104,785,796	8,553	151,585,347	28,925,451
Current assets	2,801,611	37,324,399	15,341,574	44,415,344
Non-current liabilities	(13,254,000)	-	(73,922,820)	(19,059,274)
Current liabilities	(42,820,432)	(291,066)	(25,316,688)	(221,910)
Net assets	51,512,975	37,041,886	67,687,413	54,059,611
Results				
Revenue	412,279	55,639	13,375,315	-
Profit/(loss) for the financial year	3,650,958	421,363	(762,887)	(1,644,636)
Total comprehensive income/(loss)	3,650,958	421,363	(762,887)	(1,644,636)
Cash flows(used in)/from operating activities	(1,003,037)	742,450	(1,447,227)	74,749,717
Cash flows from/(used in) investing activities	77,633,317	-	(12,617,493)	-
Cash flows(used in)/from financing activities	(76,832,404)	-	14,400,083	(74,751,600)
Effects of exchange rate changes on cash and cash equivalents	-	22,661	-	-
Net change in cash and cash equivalents	(202,124)	765,111	335,363	(1,883)
Dividends paid to NCI	-	-	-	-

14. SUBSIDIARIES (cont'd)

(f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (cont'd)

2015	Integrated Logistics (H.K.) Limited RM	Integrated Shun Hing Logistics (Shanghai) Co. Limited RM	Integrated Logistics (China) Co. Limited RM	Integrated Etern Logistics (Suzhou) Co. Limited RM	ISH Logistics Group Limited RM	Integrated Shun Hing Logistics (Shenzhen) Co. Limited RM
Assets and liabilities						
Non-current assets	130,673,174	602,710	19,946	135,639,847	432	903,807
Current assets	54,225,398	34,362,988	37,486,871	16,164,233	145,399,766	52,388,278
Non-current liabilities	(87,856,291)	-	-	(62,164,433)	(91,380,097)	-
Current liabilities	(42,464,081)	(2,403,076)	(52,539)	(21,658,581)	(641,049)	(283,712)
Net assets	54,578,200	32,562,622	37,454,278	67,981,066	53,379,052	53,008,373
Results						
Revenue	2,547,453	19,860,434	696,054	8,202,032	-	-
(Loss)/Profit for the financial year	(1,161,075)	1,034,132	435,712	318,650	(2,268,100)	751,420
Total comprehensive (loss)/income	(1,161,075)	1,034,132	435,712	318,650	(2,268,100)	751,420
Cash flows (used in)/from operating activities	(921,698)	(486,849)	(1,562,016)	(11,839,373)	10,047,244	647,093
Cash flows from/(used in) investing activities	13,132,205	627,360	923,368	(36,440,620)	-	1,001,899
Cash flows (used in)/from financing activities	(12,319,256)	-	-	57,702,875	(10,048,000)	-
Effects of exchange rate changes on cash and cash equivalents	-	(1,748,898)	(2,099,401)	983,494	-	(2,925,009)
Net change in cash and cash equivalents	(108,749)	(1,608,387)	(2,738,049)	10,406,376	(756)	(1,276,017)
Dividends paid to NCI	-	-	-	-	-	-

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15. INTEREST IN ASSOCIATES

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Unquoted shares, at cost				
At 1 January	10,988,300	16,381,181	11,007,500	11,007,500
Distribution received	(5,000,000)	-	-	-
Disposal during the financial year	-	(5,392,881)	-	-
At 31 December	5,988,300	10,988,300	11,007,500	11,007,500
Less: Accumulated impairment loss				
At 1 January	-	(5,392,881)	-	-
Disposal during the financial year	-	5,392,881	-	-
At 31 December	-	-	-	-
Share of results:				
At 1 January	4,395,377	2,093,972	-	-
Additions	(225,744)	2,301,405	-	-
At 31 December	4,169,633	4,395,377	-	-
	10,157,933	15,383,677	11,007,500	11,007,500
Quoted shares outside Malaysia, at cost				
At 1 January/ 31 December	66,096,686	66,096,686	-	-
Less: Accumulated impairment loss				
At 1 January	(43,540,544)	(41,689,279)	-	-
Reversal/(Additions)	15,820,723	(1,851,265)	-	-
At 31 December	(27,719,821)	(43,540,544)	-	-
Share of results:				
At 1 January	(1,620,913)	24,201	-	-
Additions	(11,577,740)	(1,645,114)	-	-
At 31 December	(13,198,653)	(1,620,913)	-	-
Add: Share of other reserves	-	190,022	-	-
Exchange differences	3,320,119	6,764,217	-	-
	28,498,331	27,889,468	-	-
	38,656,264	43,273,145	11,007,500	11,007,500
Market value:				
Quoted shares outside Malaysia	28,498,331	27,889,468		

15. INTEREST IN ASSOCIATES (cont'd)

Details of the associates are as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2016	Effective Equity Interest 2015
Integrated Mits Sdn. Bhd.	Malaysia	Warehousing and related value added services	50%	50%
Interest held through Integrated Logistics (H.K.) Limited				
* Hengyang Petrochemical Logistics Limited	Singapore	Investment holding	18.1%	18.1%

* The audited financial statements and auditors' report for the financial year were not available. However, the results have been accounted for based on the public announcement for the financial year ended 31 December 2016.

(a) Fair value information

As at 31 December 2016, the fair value of Hengyang Petrochemical Logistics Limited, which is listed on Singapore Exchange Limited, was RM28,498,331 (2015: RM27,889,468) based on the quoted market price available on the stock exchange, which has been categorised within level 1 fair value hierarchy.

(b) During the financial year, the Group made a reversal of provision of impairment of its investment in an associate upon comparing its carrying amount and its quoted market price as at year end.

(c) The following table illustrates the summarised financial information of the associates:

	Hengyang Petrochemical Logistics Limited RM	Integrated Mits Sdn. Bhd. RM	Total RM
2016			
Assets and liabilities			
Non-current assets	45,006,143	19,715,446	64,721,589
Current assets	1,096,746,333	3,691,175	1,100,437,508
Non-current liabilities	(507,948,454)	(2,970,232)	(510,918,686)
Current liabilities	(288,476,546)	(118,881)	(288,595,427)
Net assets	345,327,476	20,317,508	365,644,984
Results			
Revenue	94,984,933	1,371,283	96,356,216
Loss for the financial year	(67,151,288)	(450,959)	(67,602,247)
Total comprehensive loss	(67,151,288)	(450,959)	(67,602,247)

15. INTEREST IN ASSOCIATES (cont'd)

(c) The following table illustrates the summarised financial information of the associates: (cont'd)

	Hengyang Petrochemical Logistics Limited RM	Integrated Mits Sdn. Bhd. RM	Total RM
2015			
Assets and liabilities			
Non-current assets	1,143,801,492	20,196,374	1,163,997,866
Current assets	75,625,021	14,304,882	89,929,903
Non-current liabilities	(360,548,962)	(2,727,675)	(363,276,637)
Current liabilities	(438,545,240)	(1,005,115)	(439,550,355)
Net assets	420,332,311	30,768,466	451,100,777
Results			
Revenue	132,849,344	1,526,197	134,375,541
(Loss)/Profit for the financial year	(8,389,142)	4,602,809	(3,786,333)
Total comprehensive (loss)/income	(8,389,142)	4,602,809	(3,786,333)

(d) The reconciliation of net assets of the associates to the carrying amount of the investment in associates are as follows:

	Hengyang Petrochemical Logistics Limited RM	Integrated Mits Sdn. Bhd. RM	Total RM
2016			
Group's share of net assets	41,605,866	8,924,171	50,530,037
Goodwill	11,292,167	1,233,762	12,525,929
Exchange differences	3,320,119	-	3,320,119
Less: Accumulated impairment losses	(27,719,821)	-	(27,719,821)
Carrying amount in the consolidated statement of financial position	28,498,331	10,157,933	38,656,264
Group's share of results	(11,577,740)	(225,744)	(11,803,484)
2015			
Group's share of net assets	53,373,628	14,149,915	67,523,543
Goodwill	11,292,167	1,234,318	12,526,485
Exchange differences	6,764,217	-	6,764,217
Less: Accumulated impairment losses	(43,540,544)	-	(43,540,544)
Carrying amount in the consolidated statement of financial position	27,889,468	15,384,233	43,273,701
Group's share of results	(1,645,114)	2,301,405	656,291

16. INTEREST IN A JOINTLY CONTROLLED ENTITY

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unquoted shares, at cost				
At 1 January/ 31 December	35,066,081	35,066,081	34,716,902	34,716,902
Amounts owing by a jointly controlled entity	30,158,522	28,864,567	30,158,522	28,864,567
Less: Accumulated impairment loss				
At 1 January	-	-	-	-
Addition	-	-	(16,175,655)	-
At 31 December	-	-	(16,175,655)	-
Share of results:				
At 1 January	(41,109,384)	(30,175,050)	-	-
Additions	(4,682,577)	(10,934,334)	-	-
At 31 December	(45,791,961)	(41,109,384)	-	-
Exchange differences	721,621	949,761	-	-
	20,154,263	23,771,025	48,699,769	63,581,469
The Group's investment in a jointly controlled entity is represented by:-				
Group's share of net assets	20,154,263	23,771,025		

The amounts owing by a jointly controlled entity is solely due from Integrated National Logistics DWC-LLC ("INL") which is non-trade in nature, unsecured and interest-free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. The Group's intention is to provide adequate funds to the jointly controlled entity to meet its liabilities as and when they fall due. As this amount is, in substance, part of the Group's net investment in the jointly controlled entity, it is stated at cost less accumulated impairment losses.

The amounts owing by a jointly controlled entity is denominated in United Arab Emirates Dirham.

16. INTEREST IN A JOINTLY CONTROLLED ENTITY (cont'd)

(a) The details of jointly controlled entity are as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2016	Effective Equity Interest 2015
* Integrated National Logistics DWC-LLC	United Arab Emirates	Warehousing and related value added services	50%	50%

* Audited by auditors other than Baker Tilly AC.

(b) The summarised financial information of INL are as follows:

	Group 2016 RM	Group 2015 RM
Assets and liabilities		
Non-current assets	347,144,475	347,153,186
Current assets	16,732,749	17,900,018
Non-current liabilities	(202,639,104)	(219,357,933)
Current liabilities	(120,476,396)	(97,719,092)
Net assets	40,761,724	47,976,179
Proportion of the ownership of the Group	50%	50%
Carrying amount of the investment in jointly controlled entities	20,154,263	23,771,025
Results		
Revenue	60,599,527	41,436,126
Cost of sales	(38,116,733)	(36,115,018)
Gross profit	22,482,794	5,321,108
Other income	337,120	189,797
Administrative expenses	(22,452,576)	(18,902,620)
Finance costs	(9,732,492)	(8,476,952)
Loss before tax	(9,365,154)	(21,868,667)
Tax expense	-	-
Loss for the financial year	(9,365,154)	(21,868,667)
Group's share of results	(4,682,577)	(10,934,334)

17. OTHER INVESTMENTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-current				
Available-for-sale financial assets				
Golf club memberships				
At 1 January	1,634,216	1,446,936	527,280	494,256
Translation differences	(84,940)	229,204	6,125	33,024
Change in fair value	(38,780)	(41,924)	(38,780)	-
Disposal of subsidiaries (Note 14)	(1,015,871)	-	-	-
At 31 December	494,625	1,634,216	494,625	527,280
Current				
Held for trading investment				
Short-term fund	17,443,664	31,569,015	17,443,664	31,569,015
Market value of quoted investments	17,443,664	31,569,015	17,443,664	31,569,015

18. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amount owing by subsidiaries are denominated in Hong Kong Dollar, non-trade in nature, unsecured and bears effective interest at rates ranging from 2.55% to 3.01% (2015: 2.39% to 2.40%) per annum and repayable commencing from year 2017.

The amounts owing to subsidiaries are non-trade in nature, interest-free and repayable in the next 12 month. Included in the amounts owing to subsidiaries is an amount of RM9,256,000 (2015: RM11,080,000) denominated in Hong Kong Dollar.

19. AMOUNT OWING BY A JOINTLY CONTROLLED ENTITY

The amount owing by a jointly controlled entity, INL, is denominated in United Arab Emirates Dirham, non-trade in nature, unsecured, interest-free except for an amount of RM67,171,500 (2015: RM64,289,500) which bears effective interest at a rate of 4.0% (2015: 4.0%) per annum and repayable commencing from year 2021.

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20. RECEIVABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables				
- external parties	57,782	7,114,539	-	-
Other receivables, deposits and prepayments (Note 21)	18,333,517	13,951,916	61,487,582	17,375,206
	18,391,299	21,066,455	61,487,582	17,375,206

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2015: 30 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2016 RM	2015 RM
Neither past due nor impaired	57,712	4,052,655
1 to 30 days past due not impaired	-	2,377,885
31 to 60 days past due not impaired	-	683,049
61 to 90 days past due not impaired	70	950
	70	3,061,884
Impaired	-	-
	57,782	7,114,539

<u>Receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

<u>Receivables that are past due but not impaired</u>

The Group has trade receivables amounting to RM70 (2015: RM3,061,884) that are past due at the reporting date but not impaired.

No impairment loss on trade receivables has been made as, in the opinion of the management, the debts would be collected in full within the next twelve months.

The Group does not hold any collateral or other credit enhancements over these balances.

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables				
- external parties	2,648,152	2,614,557	2,406,539	1,557,725
- subsidiaries	-	-	48,284,879	8,494,547
- a jointly controlled entity	10,362,216	7,129,549	10,362,216	7,129,549
- GST refundable	273,918	321,218	-	183,445
	13,284,286	10,065,324	61,053,634	17,365,266
Deposits	4,410,843	3,091,506	433,948	9,940
Prepayments	638,388	795,086	-	-
	18,333,517	13,951,916	61,487,582	17,375,206

Other receivables from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand by cash.

Included in the amount owing by a jointly controlled entity of the Group and of the Company is an amount of RM9,985,070 (2015: RM6,985,080) representing interest receivable arising from the advances (Note 19) and denominated in United Arab Emirates Dirham.

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deposits with licensed banks (Note (a))	312,676	437,048	-	-
Time deposits (Note (b))	807,338	-	807,338	-
Cash at banks and on hand	51,131,991	120,344,360	7,219,786	1,136,608
Cash and cash equivalents as reported in the statements of financial position	52,252,005	120,781,408	8,027,124	1,136,608
Less: Time deposits (Note (b))	(807,338)	-	(807,338)	-
Less: Pledged bank deposits (Note (a))	(209,634)	(337,048)	-	-
Cash and cash equivalents as reported in the statements of cash flows	51,235,033	120,444,360	7,219,786	1,136,608

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22. CASH AND CASH EQUIVALENTS (cont'd)

(a) Deposits with licensed bank are placement made a period of three months or less, depending on the immediate cash requirements of the Group and bear interest rates ranging from 2.75% to 3.50% (2015: 0.22% to 3.50%) per annum.

Included in the deposits with licensed banks of the Group is an amount of RM209,634 (2015: RM337,048) pledged to banks as performance security in relation to custom duty costs arising from the Group's transportation service.

(b) Time deposits are deposits placed with licensed bank for periods more than 3 months and bear effective interest at a rate of 3.10% per annum.

(c) At the end of the financial year, the deposits with licensed banks and bank balances of the Group denominated in Renminbi ("RMB"), which are held in People Republic of China amounted to RM28,981,956 (2015: RM98,021,408). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

23. SHARE CAPITAL

	Number of ordinary of RM1 each		<---------Amount---------->	
	2016 Unit	2015 Unit	2016 RM	2015 RM
Authorised:				
At 1 January/31 December	250,000,000	250,000,000	250,000,000	250,000,000
Issued and fully paid up:				
At 1 January/31 December	178,025,503	178,025,503	178,025,503	178,025,503

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

24. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par values of the shares. The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965 in Malaysia.

25. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 30 March 2016, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company believe that the repurchase plan are applied in the best interests of the Company and its shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act 1965 in Malaysia.

In the previous financial year, the Company repurchased 3,978,900 ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.787 per ordinary share. The total consideration paid for the share repurchased including transaction costs was RM3,131,527.

As at 31 December 2016, the Company held a total of 5,288,275 treasury shares out of its 178,025,503 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM4,383,954.

The details of repurchase of treasury shares in the previous financial year were as follows:

Month	No. of shares repurchased Unit	<------- Price per share --------> Highest RM	Lowest RM	Average RM	Total consideration RM
2015					
March 2015	413,600	0.710	0.690	0.711	293,917
April 2015	223,400	0.710	0.690	0.713	159,264
May 2015	758,000	0.825	0.770	0.811	614,506
June 2015	683,800	0.825	0.780	0.811	554,772
July 2015	138,000	0.850	0.845	0.853	117,763
August 2015	1,354,000	0.795	0.715	0.772	1,044,968
September 2015	408,100	0.850	0.825	0.849	346,337
	3,978,900				3,131,527

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury share during the financial year.

26. RESERVES

(a) Asset revaluation reserve

The asset revaluation reserve represents increase in the fair value of warehouse buildings and freehold land, net of tax, and decrease to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

26. RESERVES (cont'd)

(b) Statutory reserve fund

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in The People's Republic of China ("PRC"), the subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory income after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

(c) Foreign exchange translation reserve

The foreign exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed off or impaired.

(e) Other reserve

Other reserve represents the surplus arising from the change in ownership interest of a subsidiary of an associate, Hengyang Petrochemical Logistics Limited in the previous financial year. It is not distributable and the balance in other reserve will be recycled to the profit or loss when the associate is disposed.

(f) Capital redemption reserve

Capital redemption reserve comprises mainly reserve arising from the cancellation of treasury shares.

27. TERM LOANS

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Non-current liabilities					
Term loan 1	(a)	54,507,252	42,977,861	-	-
Term loan 2	(b)	4,180,399	-	4,180,399	-
		58,687,651	42,977,861	4,180,399	-
Current liabilities					
Term loan 1	(a)	10,542,555	2,146,961	-	-
Term loan 2	(b)	398,621	-	398,621	-
		10,941,176	2,146,961	398,621	-
Total term loans		69,628,827	45,124,822	4,579,020	-

27. TERM LOANS (cont'd)

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Non-current liabilities				
Term loans				
More than 1 year but less than 2 years	12,531,405	10,090,716	418,682	-
More than 2 years but less than 3 years	12,552,475	11,593,588	439,752	-
More than 3 years but less than 4 years	12,574,605	11,593,588	461,882	-
More than 4 years but less than 5 years	12,597,850	9,699,969	485,127	-
More than 5 years	8,431,316	-	2,374,956	-
	58,687,651	42,977,861	4,180,399	-
Current liabilities				
Secured term loans	10,941,176	2,146,961	398,621	-
	69,628,827	45,124,822	4,579,020	-

(a) Term loan 1

The term loan 1 of a subsidiary is denominated in United States Dollar, bears interest at a rate of 1.50% (2015: 1.50%) per annum above the Bank's cost of fund and is repayable quarterly by 3 instalments of USD500,000 followed by 20 instalments of USD675,000 each commencing from the 15th month from the first drawdown date.

The term loan is secured by pledge of the Group's land use rights (Note 12), warehouse buildings included in property, plant and equipment (Note 10), the trade receivables derived from those warehouses and corporate guarantee from immediate holding company.

(b) Term loan 2

The term loan 2 of the Company bears interest at a rate of 4.92% (2015: Nil) per annum is repayable by monthly instalments of RM51,250 over 53 months and last instalment of the remaining loan balance, commencing from the day of full drawdown of the term loan.

The term loan is secured by pledge of the Company's freehold land and office building included in property, plant and equipment (Note 10).

28. UNSECURED LOANS FROM CORPORATE SHAREHOLDERS

(a) The unsecured loan from Shun Hing China Investments Limited, a corporate shareholder of a subsidiary, amounting to RM9,134,193 (2015: RM30,685,752) is denominated in Hong Kong Dollar, is non-trade in nature, bears interest rates ranging from 2.55% to 3.01% (2015: 2.39% to 2.40%) per annum. The unsecured loan is extended for a period of 2 years upon its maturity on 31 December 2016 and is automatically rolled over for another period of 2 years subsequent to each maturity unless otherwise informed by the corporate shareholder.

(b) The unsecured loan from Jiangsu Etern Logistic Development Co., Limited, a corporate shareholder of a subsidiary, amounting to RM6,127,532 (2015: RM6,265,385) is denominated in Renminbi, is non-trade in nature, bears interest at a rate of 5% (2015: 5%) per annum. The loan period is from 1 January 2015 to 31 December 2017 without fixed repayment term.

29. DEFERRED TAX LIABILITIES

	Group	
	2016 RM	**2015 RM**
At 1 January	1,562,898	498,291
Translation differences	17,610	121,098
Recognised in profit or loss (Note 8)	-	68,413
Disposal of subsidiaries (Note 14)	(190,777)	-
Acquisition of subsidiaries (Note 14)	-	677,540
Provision on revaluation surplus	605,979	197,556
At 31 December	1,995,710	1,562,898

This is in respect of estimated deferred tax liabilities arising from temporary differences as follows:

	Group	
	2016 RM	**2015 RM**
Deferred tax liabilities		
PRC distributable profits	-	203,330
Surplus arising from revaluation of office and warehouse buildings	1,341,733	705,591
Customer contract	653,977	653,977
	1,995,710	1,562,898

29. DEFERRED TAX LIABILITIES (cont'd)

Pursuant to the China Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is liable for withholding taxes at 5% on dividends from subsidiaries established in the PRC in respect of earnings generated since 1 January 2009.

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unutilised tax losses	9,139,348	6,577,705	-	-
Deductible temporary differences in respect of expenses	29,127	50,123	29,127	50,123
Unabsorbed capital allowances claimed on property, plant and equipment	62,733	81,419	17,812	58,828
	9,231,208	6,709,247	46,939	108,951

30. PAYABLES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade payables	39,700	604,801	-	-
Other payables, deposits and accruals (Note 31)	16,973,555	20,505,060	659,043	878,957
Provisions (Note 32)	50,123	29,127	50,123	29,127
	17,063,378	21,138,988	709,166	908,084

The normal trade credit terms granted to the Group and the Company ranges from 45 to 60 days (2015: 45 to 60 days).

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31. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other payables				
- external parties	8,313,513	10,893,612	6,110	244
- corporate shareholder	1,189,039	1,340,405	-	-
- an associate	57,968	115,936	57,968	115,936
- GST payable	77,173	-	77,173	-
	9,637,693	12,349,953	141,251	116,180
Rental and utilities deposits	4,790,344	5,005,791	-	-
Accruals	2,545,518	3,149,316	517,792	762,777
	16,973,555	20,505,060	659,043	878,957

Other payables from corporate shareholders and an associate are non-trade in nature, unsecured, interest-free and are repayable on demand by cash.

32. PROVISIONS

	Group/Company	
	2016 RM	2015 RM
Employee benefits		
At 1 January	29,127	20,699
Provision made during the financial year	20,996	8,428
At 31 December	50,123	29,127

Employee benefits are in respect of short term accumulating compensated absences for employees of the Group and of the Company.

The provision is made based on the number of days of outstanding compensated absences of each employee multiplied by their respective salary/wages as at the end of the financial year.

33. DIVIDENDS

	Group/Company	
	2016 **RM**	**2015** **RM**
Recognised during the financial year:		
Dividends on ordinary shares		
- Single tier interim dividend of 2.5% per ordinary share in respect of financial year ended 31 December 2015	4,318,435	-
Dividends on ordinary shares		
- Single tier interim dividend of 3.5% per ordinary share in respect of financial year ended 31 December 2014	-	6,185,069
	4,318,435	6,185,069

34. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their services and has three reportable operating segments as follows:

(i)	Warehousing and related value added services	- rental of warehouses, handling and providing logistics solution services
(ii)	Freight forwarding	- sea and air freight forwarding and shipping agent
(iii)	Transportation and distribution	- trucking and container haulage

Other non-reportable segments comprise of investment holding, renewable energy and dormant companies, which are below the quantitative thresholds for determining reportable segments.

Inter-segment pricing is determined on negotiated terms.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

34. SEGMENT INFORMATION (cont'd)

(a) Operating Segments

	Warehousing and Related Value Added Services		Freight Forwarding		Transportation and Distribution		Others		Adjustments and Eliminations		Notes	Total	
	2016 RM	2015 RM	2016 RM	2015 RM	2016 RM	2015 RM	2016 RM	2015 RM	2016 RM	2015 RM		2016 RM	2015 RM
Revenue													
External revenue	20,689,486	29,634,249	-	240,786	443,672	1,605,394	5,520,000	-	(5,000,000)	-		21,653,158	31,480,429
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	A	-	-
Total revenue	20,689,486	29,634,249	-	240,786	443,672	1,605,394	5,520,000	-	(5,000,000)	-		21,653,158	31,480,429
Results													
Interest income	(808,265)	(2,354,282)	-	-	-	-	(3,518,334)	(4,118,245)	1,022,664	1,611,527		(3,303,935)	(4,861,000)
Interest expense	4,112,263	2,387,831	-	-	83,924	125,675	204,108	-	(1,108,888)	(1,551,993)		3,291,407	961,513
Depreciation of property, plant and equipment	2,071,107	1,709,956	-	-	-	-	252,866	288,353	-	-		2,323,973	1,998,309
Amortisation of land use rights	415,026	392,263	-	-	-	-	-	-	-	-		415,026	392,263
Non-cash expenses (other than depreciation and amortisation)	280	1,851,265	-	-	-	-	20,996	50,559	-	-	B	21,276	1,901,824
Gain on disposal of subsidiaries	(14,413,081)	-	-	-	-	-	-	-	-	-		(14,413,081)	-
Reversal of impairment loss on investment in associate	(15,820,723)	-	-	-	-	-	-	-	-	-		(15,820,723)	-
Rental income	-	-	-	-	-	-	(1,576,198)	(1,607,700)	-	-		(1,576,198)	(1,607,700)
Rental expense	4,497,017	8,350,226	-	-	-	-	788,242	836,765	-	-		5,285,259	9,186,991
Segment profit/(loss)	24,161,528	(1,475,012)	-	135,172	(225,736)	(61,272)	(3,550,430)	(766,500)	(16,486,061)	(10,278,043)	C	3,899,301	(12,445,655)

34. SEGMENT INFORMATION (cont'd)

(a) Operating Segments (cont'd)

A There is no inter-segment revenues.

B Other non-cash expenses consist of the following:

	2016 RM	2015 RM
Deposits written off	-	400
Impairment loss on goodwill	-	41,727
Impairment loss on investment in associate	-	1,851,265
Loss on disposal of property, plant and equipment	280	-
Property, plant and equipment written off	-	4
Provision for employee benefits	20,996	8,428
	21,276	1,901,824

C The following items are added to/(deducted from) segment profit to arrive at "Profit/(Loss) before tax" presented in the statements of comprehensive income:

	Group	
	2016 RM	2015 RM
Share of results of associates	(11,803,484)	656,291
Share of results of a jointly controlled entity	(4,682,577)	(10,934,334)
	(16,486,061)	(10,278,043)

(b) Geographical Segments

The Group operates in three principal geographical areas of the world:

(i) Malaysia
(ii) The People's Republic of China (including Hong Kong)
(iii) United Arab Emirates

34. SEGMENT INFORMATION (cont'd)

(b) Geographical Segments (cont'd)

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including interests in associates and a jointly controlled entity) and deferred tax assets.

	Revenue	
	2016	**2015**
	RM	**RM**
Malaysia	520,000	160,000
The People's Republic of China (including Hong Kong)	21,133,158	31,320,429
	21,653,158	31,480,429

	Non-current assets	
	2016	**2015**
	RM	**RM**
Malaysia	57,776,682	12,275,773
The People's Republic of China (including Hong Kong)	151,593,900	136,032,285
	209,370,582	148,308,058

Non-current assets information presented above consist of the following items as presented in the statements of financial position:

	2016	**2015**
	RM	**RM**
Property, plant and equipment	186,822,658	69,130,146
Land use rights	17,050,183	17,848,395
Capital work-in-progress	2,772,837	58,604,613
Intangible assets	2,724,904	2,724,904
	209,370,582	148,308,058

(c) Major Customers

Revenue from one (2015: two) major individual customers of the Group's warehousing segment and related value added services segment of approximately RM11.5 million (2015: RM15.6 million), represent more than 10% of the Group's total revenue in The People's Republic of China.

35. CAPITAL AND OTHER COMMITMENTS

(a) Capital commitments

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Approved and contracted for, but not provided for:				
- construction of warehouse buildings	3,838,347	16,069,878	-	-
- office building	583,859	3,129,000	583,859	3,129,000
- solar power plant	-	3,402,080	-	-
- share of jointly controlled entity's capital commitments in relation to enhancement of logistics warehouse facility	474,683	-	-	-
	4,896,889	22,600,958	583,859	3,129,000

(b) Operating lease commitments – as lessor

The Group had contracted with lessees under non-cancellable operating leases in respect of the Group's warehouse buildings. As at the end of the financial year, the future minimum lease payments receivable by the Group under the non-cancellable operating leases with its tenants are as follows:

	Group	
	2016	**2015**
	RM	**RM**
Within one year	11,174,513	10,317,103
Between two to five years	96,228,235	109,638,415
	107,402,748	119,955,518

(c) Operating lease commitments – as lessee

The Group leases certain of its office properties under operating lease arrangements.

In the previous financial year, the Group had future minimum outstanding commitments payable under non-cancellable operating leases in respect of buildings and equipment, which fall due as follows:

	Group	
	2016	**2015**
	RM	**RM**
Within one year	-	7,350,203

36. CONTINGENT LIABILITY

The Company is contingently liable for corporate guarantees granted to financial institutions to secure credit facilities granted to subsidiaries and a jointly controlled entity amounting to RM65,049,807 (2015: RM45,124,821) and RM44,461,427 (2015: RM54,698,676) respectively.

37. RELATED PARTIES

(a) Identify of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The Company has a related party relationship with its subsidiaries, associate, director related companies and key management personnel. Director related companies refer to companies in which directors of the Company have substantial financial interests.

(b) Significant related party transactions

Significant related party transactions are as follows:

	Company	
	2016 RM	**2015 RM**
(Received or receivable from)/Paid or payable to subsidiaries		
- Interest	(1,022,664)	(1,611,527)
- Sale of freehold land	(32,100,000)	-
- Waiver of amount owing by a subsidiary	4,117,517	-
(Received or receivable from)/Paid or payable to a jointly controlled entity and an associate		
- Interests	(2,479,964)	(2,422,154)
- Dividend	(5,000,000)	-
- Rental of premises	656,242	703,765
- Secretarial fee	(1,430)	-

37. RELATED PARTIES (cont'd)

(c) Compensation of the key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any director of the Company.

The remuneration of the key management personnel other than those as disclosed in Note 7 is as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other key management personnel:				
Short-term employee benefits	764,158	450,417	622,583	450,417
Post-employment benefits	57,510	38,300	57,510	38,300
	821,668	488,717	680,093	488,717

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are exercised by the Executive Directors and the Financial Controller. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below.

(a) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales, purchases and borrowings) that are denominated in a foreign currency and the Group's net investments in foreign subsidiaries.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Foreign Currency Risk (cont'd)

The Group's and the Company's unhedged financial assets and liabilities of the Group and of the Company that are not denominated in their functional currencies are as follows:

	Group			Company		
	<-------Functional currencies------->			<-------Functional currencies------->		
	Chinese Renminbi RM	Ringgit Malaysia RM	Total RM	Chinese Renminbi RM	Ringgit Malaysia RM	Total RM
31 December 2016						
Functional assets and liabilities not held in functional currencies:						
Other receivables						
Hong Kong Dollar	5,165	132,960	138,125	-	132,960	132,960
United Arab Emirates Dirham	-	9,985,070	9,985,070	-	9,985,070	9,985,070
	5,165	10,118,030	10,123,195	-	10,118,030	10,118,030
Cash and cash equivalents						
United States Dollar	10,942,595	22,489	10,965,084	-	22,489	22,489

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Foreign Currency Risk (cont'd)

The Group's and the Company's unhedged financial assets and liabilities of the Group and of the Company that are not denominated in their functional currencies are as follows: (cont'd)

	Group			Company		
	<-------Functional currencies------->			<-------Functional currencies------->		
	Chinese Renminbi RM	Ringgit Malaysia RM	Total RM	Chinese Renminbi RM	Ringgit Malaysia RM	Total RM
31 December 2016						
Functional assets and liabilities not held in functional currencies:						
Amounts owing by subsidiaries						
Hong Kong Dollar	-	-	-	-	13,341,492	13,341,492
Amounts owing by a jointly controlled entity						
United Arab Emirates Dirham	-	101,367,900	101,367,900	-	101,367,900	101,367,900
Other payables						
United States Dollar	(10,950)	-	(10,950)	-	-	-

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Foreign Currency Risk (cont'd)

The Group's and the Company's unhedged financial assets and liabilities of the Group and of the Company that are not denominated in their functional currencies are as follows: (cont'd)

	Group			Company		
	<-------Functional currencies------->			<-------Functional currencies------->		
	Chinese Renminbi	Ringgit Malaysia	Total	Chinese Renminbi	Ringgit Malaysia	Total
	RM	RM	RM	RM	RM	RM
31 December 2016						
Functional assets and liabilities not held in functional currencies:						
Term loans						
United States Dollar	(65,049,807)	-	(65,049,807)	-	-	-
Amounts owing to subsidiaries						
Hong Kong Dollar	-	-	-	-	(9,256,000)	(9,256,000)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Foreign Currency Risk (cont'd)

The Group's and the Company's unhedged financial assets and liabilities of the Group and of the Company that are not denominated in their functional currencies are as follows: (cont'd)

	Group			Company		
	<-------Functional currencies------->			<-------Functional currencies------->		
	Chinese Renminbi RM	Ringgit Malaysia RM	Total RM	Chinese Renminbi RM	Ringgit Malaysia RM	Total RM
31 December 2015						
Functional assets and liabilities not held in functional currencies:						
Trade receivables						
Hong Kong Dollar	73,345	-	73,345	-	-	-
United States Dollar	287,126	-	287,126	-	-	-
	360,471	-	360,471	-	-	-
Other receivables						
Hong Kong Dollar	120,351	427,491	547,842	-	427,491	427,491
United Arab Emirates Dirham	-	6,985,080	6,985,080	-	6,985,080	6,985,080
	120,351	7,412,571	7,532,922	-	7,412,571	7,412,571
Cash and cash equivalents						
Hong Kong Dollar	6,885,197	-	6,885,197	-	-	-
United States Dollar	14,123,885	21,468	14,145,353	-	21,468	21,468
Japanese Yen	1,881	-	1,881	-	-	-
Singapore Dollar	31,032	-	31,032	-	-	-
	21,041,995	21,468	21,063,463	-	21,468	21,468

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Foreign Currency Risk (cont'd)

The Group's and the Company's unhedged financial assets and liabilities of the Group and of the Company that are not denominated in their functional currencies are as follows: (cont'd)

	Group			Company		
	<-------Functional currencies------->			<-------Functional currencies------->		
	Chinese Renminbi RM	Ringgit Malaysia RM	Total RM	Chinese Renminbi RM	Ringgit Malaysia RM	Total RM
31 December 2015						
Functional assets and liabilities not held in functional currencies:						
Amounts owing by subsidiaries						
Hong Kong Dollar	-	-	-	-	63,966,068	63,966,068
Amounts owing by a jointly controlled entity						
United Arab Emirates Dirham	-	88,836,400	88,836,400	-	88,836,400	88,836,400
Trade payables						
Hong Kong Dollar	(34,849)	-	(34,849)	-	-	-
United States Dollar	(11,630)	-	(11,630)	-	-	-
	(46,479)	-	(46,479)	-	-	-

38. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (cont'd)

(a) **Foreign Currency Risk** (cont'd)

The Group's and the Company's unhedged financial assets and liabilities of the Group and of the Company that are not denominated in their functional currencies are as follows: (cont'd)

	Group			Company		
	<-------Functional currencies------->			<-------Functional currencies------->		
	Chinese Renminbi RM	Ringgit Malaysia RM	Total RM	Chinese Renminbi RM	Ringgit Malaysia RM	Total RM
31 December 2015						
Functional assets and liabilities not held in functional currencies:						
Other payables						
Hong Kong Dollar	(600,935)	-	(600,935)	-	-	-
United States Dollar	(10,950)	-	(10,950)	-	-	-
	(611,885)	-	(611,885)	-	-	-
Term loans						
United States Dollar	(45,124,822)	-	(45,124,822)	-	-	-
Amounts owing to subsidiaries						
Hong Kong Dollar	-	-	-	-	(11,080,000)	(11,080,000)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Foreign Currency Risk (cont'd)

Sensitivity analysis for foreign currency risk

As at the end of the financial year, if Chinese Renmimbi ("RMB") had strengthened or weakened 100 basis points against Hong Kong Dollar ("HKD") and United States Dollar ("USD") with all other variables held constant, the Group's loss after tax for the financial year would increase/(decrease) by the following amounts.

	Group	
	2016 RM	2015 RM
RMB/HKD - strengthen	-	48,323
- weaken	-	(48,323)
RMB/USD - strengthen	411,298	230,523
- weaken	(411,298)	(230,523)

As at the end of the financial year, if Ringgit Malaysia ("RM") had strengthened or weakened 100 basis points against United Arab Emirates Dirham ("AED") and HKD with all other variables held constant, the Group's and the Company's loss after tax for the financial year would increase/(decrease) by the following amounts.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
RM/AED - strengthen	846,283	666,273	846,283	666,273
- weaken	(846,283)	(666,273)	(846,283)	(666,273)
RM/HKD - strengthen	1,010	3,206	32,060	399,852
- weaken	(1,010)	(3,206)	(32,060)	(399,852)

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates to interest bearing financial assets and liabilities.

Interest bearing financial assets includes deposits placed with licensed banks which are placed for better yield returns than cash at banks and advances to a jointly controlled entity at fixed rate which expose the Group to fair value risk.

The Group's interest bearing financial liabilities comprise bank borrowings and loan from a corporate shareholder at floating rate which expose the Company to interest rate risk.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Interest Rate Risk (cont'd)

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the end of the financial year would not affect profit or loss.

As at the end of the financial year, a change of 100 basis points in interest rates, with all other variables held constant, would decrease or increase the equity and profit after tax by approximately RM529,179 (2015: RM338,436) arising mainly as a result of lower/higher interest income on floating deposits rate and lower/higher interest expense on floating rate loans and borrowings.

(c) Credit Risk

Credit risk is the risk of a financial loss to the Group that may arise if a customer or counterparty to a financial instrument default on its contractual obligations. The Group's exposure to credit risk arises principally from its receivables. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and the financial guarantees given.

Receivables

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group's maximum exposure to credit risk arising from the receivables is represented by the carrying amounts in the statements of financial position.

The exposure of credit risk for receivables as at the end of the financial year by geographic region is as follows:

	Group			
	2016		2015	
	RM	% of total	RM	% of total
The People's Republic of China	57,782	100%	7,114,539	100%

The Group does not have any significant exposure to any individual customer. A significant portion of its trade receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2016

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Credit Risk (cont'd)

Financial Guarantees

The Company provides unsecured corporate guarantees to banks in respect of banking facilities granted to certain subsidiaries and a jointly controlled entity.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and a jointly controlled entity and their financial performance.

The maximum exposure to credit risk amounts to RM65,049,807 (2015: RM45,124,822) and RM44,461,427 (2015: RM54,698,676) representing the outstanding banking facilities of the subsidiaries and a jointly controlled entity respectively as at the end of the financial year.

As at the end of the financial year, there was no indication that any of these subsidiaries and a jointly controlled entity would default on repayment.

The financial guarantee has not been recognised in the financial statements of the Company since the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' and of the jointly controlled entity's borrowings in view of the security pledged by the subsidiaries and a jointly controlled entity and it is unlikely that the subsidiaries and the jointly controlled entity will default within the guarantee period.

Inter-Company/Related Party Balances

The Company provides unsecured loans and advances to subsidiaries and a jointly controlled entity. The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position as at the end of the financial year.

As at the end of the financial year, there was no indication that the loans and advances to the subsidiaries and a jointly controlled entity are not recoverable.

(d) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from loans and borrowings.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. The Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

The Group employs projected cash flow analysis to manage liquidity risk by forecasting the amount of cash required and by monitoring the working capital of the Group to ensure that all liabilities due and known funding requirements could be met.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Liquidity Risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:

		<----- Contractual Undiscounted Cash Flows ---->		
	Carrying amount RM	**On demand or within 1 year RM**	**2 to 5 years RM**	**Total RM**
2016				
Group				
Financial liabilities:				
Payables	17,063,378	17,063,378	-	17,063,378
Unsecured loans from corporate shareholders	15,261,725	6,710,120	9,410.405	16,120,525
Term loans	69,628,827	11,522,328	61,492,583	73,014,911
	101,953,930	35,295,826	70,902,988	106,198,814
Company				
Financial liabilities:				
Term loans	4,579,020	615,000	5,099,380	5,714,380
Other payables	709,166	709,166	-	709,166
	5,288,186	1,324,166	5,099,380	6,423,546

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Liquidity Risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations: (cont'd)

		<----- Contractual Undiscounted Cash Flows ---->		
	Carrying amount RM	**On demand or within 1 year RM**	**2 to 5 years RM**	**Total RM**
2015				
Group				
Financial liabilities:				
Payables	21,138,988	21,138,988	-	21,138,988
Unsecured loans from corporate shareholders	36,951,137	32,533,108	6,549,477	39,082,585
Term loans	45,124,822	2,218,991	44,419,768	46,638,759
	103,214,947	55,891,087	50,969,245	106,860,332
Company				
Financial liabilities:				
Payables	908,084	908,084	-	908,084

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2016 RM	2015 RM
Group		
Financial assets		
Loans and receivables		
- Receivables, net of prepayments and GST refundable	17,478,993	19,950,151
- Amounts owing by a jointly controlled entity	101,367,900	88,836,400
- Cash and cash equivalents	52,252,005	120,781,408
	171,098,898	229,567,959
Available-for-sale financial assets		
- Other investments	494,625	1,634,216
	171,593,523	231,202,175
Financial liabilities		
Other financial liabilities		
- Payables, net of provisions and GST payable	16,936,082	21,109,861
- Term loans	69,628,827	45,124,822
- Unsecured loans from corporate shareholders	15,261,725	36,951,137
	101,826,634	103,185,820
Company		
Financial assets		
Loans and receivables		
- Receivables, net of prepayments and GST refundable	61,487,582	17,191,761
- Amounts owing by subsidiaries	13,341,492	63,966,068
- Amounts owing by a jointly controlled entity	101,367,900	88,836,400
- Cash and cash equivalents	8,027,124	1,136,608
	184,224,098	171,130,837
Available-for-sale financial assets		
- Other investments	494,625	527,280
Financial liabilities		
Other financial liabilities		
- Payables, net of provisions and GST payable	581,870	878,957
- Amounts owing to subsidiaries	9,330,536	11,155,245
- Term loans	4,579,020	-
	14,491,426	12,034,202

39. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair values measurements

The carrying amounts of cash and cash equivalents, short-term receivables, payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

There have been no transfers between Level 1 and Level 2 during the financial year (2015: no transfer in either directions).

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2016										
Group										
Financial assets										
Available-for-sale financial assets										
- golf club memberships	-	494,625	-	494,625	-	-	-	-	494,625	494,625
Held for trading financial assets										
- Short-term fund	17,443,664	-	-	17,443,664	-	-	-	-	17,443,664	17,443,664
	17,443,664	494,625	-	17,938,289	-	-	-	-	17,938,289	17,938,289
Financial liabilities										
Term loans	-	-	-	-	-	69,628,827	-	69,628,827	69,628,827	69,628,827

39. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair values measurements (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
2015										
Group										
Financial assets										
Available-for-sale financial assets										
- golf club memberships	-	1,634,216	-	1,634,216	-	-	-	-	1,634,216	1,634,216
Held for trading financial assets										
- Short-term fund	31,569,015	-	-	31,569,015	-	-	-	-	31,569,015	31,569,015
	31,569,015	1,634,216	-	33,203,231	-	-	-	-	33,203,231	33,203,231
Financial liabilities										
Term loans	-	-	-	-	-	45,124,822	-	45,124,822	45,124,822	45,124,822

39. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair values measurements (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Total fair value RM**	**Carrying amount RM**
2016										
Company										
Financial assets										
Available-for-sale financial assets										
- golf club memberships	-	494,625	-	494,625	-	-	-	-	494,625	494,625
Held for trading financial assets										
- Short-term fund	17,443,664	-	-	17,443,664	-	-	-	-	17,443,664	17,443,664
	17,443,664	494,625	-	17,938,289	-	-	-	-	17,938,289	17,938,289
Financial liabilities										
Term loans	-	-	-	-	-	4,579,020	-	4,579,020	4,579,020	4,579,020
2015										
Company										
Financial assets										
Available-for-sale financial assets										
- golf club memberships	-	527,280	-	527,280	-	-	-	-	527,280	527,280
Held for trading financial assets										
- Short-term fund	31,569,015	-	-	31,569,015	-	-	-	-	31,569,015	31,569,015
	31,569,015	527,280	-	32,096,295	-	-	-	-	32,096,295	32,096,295

During the financial years ended 31 December 2016 and 31 December 2015, there was no transfer between fair value measurement hierarchy.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Details of disposal of subsidiaries during the financial year are disclosed in Note 14.

(b) On 14 March 2016, the Company entered into a Sale and Purchase Agreement ("SPA") to acquire five (5) adjoining parcels of freehold vacant agriculture land measuring a total of approximately 31.1149 hectares from Zillion-Lite Venture Sdn. Bhd. of No. 17 & 18 (2nd Floor), Jalan Tengah, 05100 Alor Setar, Kedah on an "as is where is" basis with vacant possession and free from all charges, caveats and encumbrances but subject to all conditions of title whether express or implied contained in the document of title and the terms and conditions as contained in the SPA for a total cash consideration of RM30 million.

The acquisition was completed on 12 July 2016 upon fulfilment of all the terms and conditions contained in the SPA.

41. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Companies Act 2016

The Minister of Domestic Trade, Co-operatives and Consumerism appointed 31 January 2017 as the date on which Companies Act 2016 comes into operation except for Section 241 and Division 8 of Part III.

Accordingly, the Group and the Company shall prepare the financial statements for the financial year ending 31 December 2017 in accordance with the requirements of Companies Act 2016 which will be applied prospectively.

Amongst the key changes introduced in the Companies Act 2016 which will affect the financial statements of the Group and of the Company are, where applicable:
- the removal of the authorised share capital;
- shares issued will have no par or nominal value; and
- share premium and capital redemption reserve will become part of share capital.

In addition, the financial statements disclosure requirements under the Companies Act 2016 are different from those requirements set out in the Companies Act 1965. Consequently, items to be disclosed in the Group's and the Company's financial statements for the financial year ending 31 December 2017 may be different from those disclosed in the financial statements for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2016

42. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities in the Group will be able to continue as a going concern, maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

Deposits are made at varying periods depending on the immediate cash requirements of the Group and of the Company, and earn interests at the respective short-term deposit rates.

The Group reviews the capital structure on an annual basis. As a part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2016 and 31 December 2015.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Payables	17,063,378	21,138,988	709,166	908,084
Term loans	69,628,827	45,124,822	4,579,020	-
Unsecured loans from corporate shareholders	15,261,725	36,951,137	-	-
Total debts	101,953,930	103,214,947	5,288,186	908,084
Less: Cash and cash equivalents	(51,235,033)	(120,444,360)	(7,219,786)	(1,136,608)
Less: Short-term fund	(17,443,664)	(31,569,015)	(17,443,664)	(31,569,015)
Net debt/(cash)	33,275,233	(48,798,428)	(19,375,264)	(31,797,539)
Total equity	354,458,386	374,236,153	278,104,480	292,530,985
Debt-to-equity ratio	9%	*	*	*

* Not meaningful as the Group and the Company are in net cash positions.

The Company is also required to comply with the disclosure and necessary capital requirement as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

As disclosed in Note 26(b), certain subsidiaries of the Group is required by the Foreign Enterprise Law of the PRC to contribute and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the respective PRC's subsidiaries for the financial years ended 31 December 2016 and 31 December 2015.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 31 December 2016 and 31 December 2015 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained earnings of the Group and of the Company as at 31 December 2016 and 31 December 2015 are analysed as follow:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Total retained earnings of the Company and its subsidiaries				
- Realised	122,993,792	103,182,263	64,026,342	84,686,085
- Unrealised	7,081	74,526	6,304,359	32,341
	123,000,873	103,256,789	70,330,701	84,718,426
Total share of retained earnings from associates				
- Realised	82,667	11,631,570	-	-
- Unrealised	(3,641,010)	(3,386,429)	-	-
	(3,558,343)	8,245,141	-	-
Total share of accumulated losses from jointly controlled entity				
- Realised	(42,148,080)	(37,465,503)	-	-
- Unrealised	-	-	-	-
	(42,148,080)	(37,465,503)	-	-
Less : Consolidation adjustments	(40,254,786)	(48,907,675)	-	-
Total retained earnings	37,039,664	25,128,752	70,330,701	84,718,426

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, **TEE TUAN SEM** and **MAKOTO TAKAHASHI**, being two of the directors of INTEGRATED LOGISTICS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 42 to 146 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 147 has been prepared in accordance with the Guidance on *Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

TEE TUAN SEM
Director

MAKOTO TAKAHASHI
Director

Date: 31 March 2017

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, **TEE TUAN SEM**, being the director primarily responsible for the financial management of INTEGRATED LOGISTICS BERHAD, do solemnly and sincerely declare that the financial statements as set out on pages 42 to 146 and the supplementary information set out on page 147 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.

TEE TUAN SEM

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 31 March 2017.

Before me,

TAN KIM CHOOI

Commissioner for Oaths (W661)

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTEGRATED LOGISTICS BERHAD

(Incorporated in Malaysia)

Opinion

We have audited the financial statements of Integrated Logistics Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies, as set out on pages 42 to 146.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTEGRATED LOGISTICS BERHAD

(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Interest in a jointly controlled entity (Note 16 to the financial statements) and amount owing by a jointly controlled entity (Note 19 to the financial statements)

The Group and the Company determined whether there is any indication of impairment in interest in a jointly controlled entity ("JCE") and assessed whether objective evidence of impairment exists for amount owing by a JCE.

The recoverable amount of interest in a JCE was determined based on value-in-use and the amount owing by a JCE was compared with the present value of estimated future cash flows, which involves exercise of significant judgement on the discount rates applied and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margin.

Our response:

Our audit procedures focused on evaluating the cash flow projections and the Group's forecasting procedures which included, among others:

- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key assumptions such as discount rates, forecast growth rates and gross profit margins;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

Interest in associates (Note 15 to the financial statements)

The Group determined whether there is any indication of impairment in interest in associates. An asset is impaired when its carrying amount exceeds its recoverable amount. There is a risk in estimating the expected recoverable amount.

Our response:

Our audit procedures included, among others:

- reviewing the comparison of the net carrying amount of the interest in associates with its quoted price and net asset as at year end;
- reviewing the basis used by the Group to determine the recoverable amount; and
- testing the mathematical accuracy of the impairment assessment.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTEGRATED LOGISTICS BERHAD

(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTEGRATED LOGISTICS BERHAD
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Companies Act 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act 1965 in Malaysia.
(b) Other than the subsidiary without the auditors' reports as disclosed in Note 14 to the financial statements, we have considered the accounts and the auditors' reports of the remaining subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements, being accounts that have been included in the consolidated accounts.
(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
(d) Other than the subsidiary without the auditors' reports as disclosed in Note 14 to the financial statements, the auditors' reports on the accounts of the remaining subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 147 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTEGRATED LOGISTICS BERHAD

(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly AC
No. AF 001826
Chartered Accountants

Dato' Lock Peng Kuan
No. 02819/10/2018 J
Chartered Accountant

Kuala Lumpur

Date: 31 March 2017

PROPERTIES OF ILB GROUP
As at 31 December 2016

Location	Description	Age of Building (Years)	Tenure	Area (sq. ft.)		NBV @ 31.12.2016 (RM)	Year of Acquisition Or Revaluation*
Wu Guo Yong (2007) No. 07049293 Fenhu Economic Centre, East Fenhu Road, Fenhu, Wujiang, Jiangsu The People's Republic of China	Land with Warehouse Building	7.5	Land Use Rights expiring in 2056	Land- Built-up-	718,501 286,825	7,743,144 35,504,113	2016*
Wu Guo Yong (2010) No. 07049217 Fenhu Economic Centre, East Fenhu Road, Fenhu, Wujiang, Jiangsu The People's Republic of China	Land with Warehouse building	3.5 0.3	Land Use Rights expiring in 2060	Land- Built-up- Built-up-	694,023 192,582 351,164	9,307,038 30,783,165 68,227,393	2016*
Lot 1552, Seberang Perai Utara, Pulau Pinang	Vacant Land	-	Freehold	Land	175,527	800,000	2015
Lot 560, 561, 562, 563 & Lot 2011, Bandar Kayu Hitam, Daerah Kubang Pasu, Kedah	Vacant Agriculture Land	-	Freehold	Land	3,349,175	32,183,953	2016
No.6, Jalan Sungai Buloh 27/101A, Seksyen 27, 40400 Shah Alam, Selangor	Land with Office building	0.67	Freehold	Land- Built-up-	12,723 4,667	4,855,311 1,317,597	2016
			Total			**190,721,714**	

ANALYSIS OF SHAREHOLDINGS
As at 15 March 2017

SHARE CAPITAL

Authorised Share Capital	:	RM250,000,000
Issued and Fully Paid-up Share Capital	:	RM178,025,503
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Category	No. of Holders		No. of Shares *		Percentage (%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	735	52	24,121	900	0.01	0.00
100 – 1,000	339	4	141,143	1,125	0.08	0.00
1,001 – 10,000	2,815	52	9,624,164	215,788	5.57	0.12
10,001 – 100,000	719	44	19,003,717	1,511,617	11.00	0.88
100,001 to less than 5% of issued shares	110	19	53,021,670	33,121,535	30.70	19.18
5% and above of issued shares	2	1	35,267,458	20,803,990	20.42	12.04
Total	4,720	172	117,082,273	55,654,955	67.78	32.22
Grand Total	**4,892**		**172,737,228**		**100.00**	

* Excluding a total of 5,288,275 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name of shareholder	No. of shares held	% of issued capital*
1.	Makoto Takahashi	20,803,990	12.04
2.	Lembaga Tabung Haji	20,584,783	11.92
3.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - AmBank (M) Berhad for Tee Tuan Sem	14,682,675	8.50
4.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	8,370,238	4.85
5.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Win Kee (8106483)	7,304,500	4.23
6.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	6,763,792	3.92
7.	TA Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Tee Tuan Sem	5,334,776	3.09
8.	Hassan Mohammad Kazem Ahmadi	5,000,000	2.89
9.	United Asia Success Limited	4,354,848	2.52
10.	Loh Cheng Keat	3,520,300	2.04
11.	Beh Eng Par	2,690,000	1.56
12.	Tan Bee Kong	2,133,000	1.23
13.	Citigroup Nominees (Asing) Sdn Bhd CBHK PBGSG for Gan Boon Hwee	2,036,426	1.18
14.	Chng Kok Leong	1,250,100	0.72

ANALYSIS OF SHAREHOLDINGS
As at 15 March 2017

No.	Name of shareholder	No. of shares held	% of issued capital*
15.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-Res)	1,179,400	0.68
16.	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd (SFS)	1,100,000	0.64
17.	Lee Chin Chai	1,080,486	0.63
18.	Motohiko Tachibana	941,544	0.55
19.	Goh Theow Hiang	936,735	0.54
20.	Wang Jim	888,800	0.51
21.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Chan Han Siong (MY0893)	838,100	0.49
22.	Chow Chin Yann	823,800	0.48
23.	Yeoh Teng Lye	823,700	0.48
24.	Yeoh Hsiao Wye	731,900	0.42
25.	Teoh Ean Kee	687,000	0.40
26.	Suraya Elland Yusoff	677,400	0.39
27.	Lim Hong Liang	668,144	0.39
28.	Yeoh Chin Kueng	650,000	0.38
29.	Saw Huat Seong	649,400	0.38
30.	Chuah Suan Chin	639,200	0.37

* Excluding a total of 5,288,275 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares

The Directors shareholdings in the Company as at 15 March 2017 are as follows :-

Name of Directors	Direct No. of Shares	Note	% of issued Capital*	Indirect No. of Shares	Note	% of issued Capital *
Datuk R. Karunakaran	-	-	-	-	-	-
Tee Tuan Sem	20,017,451	1	11.59	381,931	2	0.24
Makoto Takahashi	20,803,890	3	12.04	-	-	-
Loh Cheng Keat	3,520,300	3	2.04	-	-	-
Wan Azfar bin Dato' Wan Annuar	-	-	-	-	-	-
Dato' Haji Wazir bin Haji Muaz	-	-	-	-	-	-
Lee Kay Loon	-	-	-	-	-	-

Notes
1. Held through Amsec Nominees (Tempatan) Sdn Bhd and TA Nominees (Tempatan) Sdn Bhd.
2. Deemed interest by virtue of the shareholdings of his wife, Yang Chiew Bi, which are held directly.
3. Held directly.

ANALYSIS OF SHAREHOLDINGS
As at 15 March 2017

Substantial Shareholders

The substantial shareholders of the Company as at 15 March 2017 are as follows :-

Name of Shareholder	Direct No. of Shares	Note	% of issued Capital*	Indirect No. of Shares	Note	% of issued Capital *
Makoto Takahashi	20,803,890	3	12.04	-	-	-
Lembaga Tabung Haji	20,584,783	3	11.92	-	-	-
Tee Tuan Sem	20,017,451	1	11.59	381,931	2	0.24

Notes
1. Held through Amsec Nominees (Tempatan) Sdn Bhd and TA Nominees (Tempatan) Sdn Bhd.
2. Deemed interest by virtue of the shareholdings of his wife, Yang Chiew Bi, which are held directly.
3. Held directly.

* Excluding a total of 5,288,275 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 25th Annual General Meeting ("AGM") of Integrated Logistics Berhad ("ILB" or "Company") will be held at Selangor 3, Grand Selangor Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 25 April 2017 at 10:00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2016 and Auditors Report thereon.	Please refer to Explanatory Note 1
2. To approve the payment of Directors' Fees of RM388,000 for the year ended 31 December 2016.	(Resolution 1)
3. To re-elect the following Directors retiring by rotation in accordance with Article 80 of the Company's Articles of Association :-	
a) Tee Tuan Sem	(Resolution 2)
b) Dato' Haji Wazir bin Haji Muaz	(Resolution 3)
4. To re-elect Loh Cheng Keat as a Director in accordance with Article 87 of the Company's Articles of Association.	(Resolution 4)
5. To appoint Messrs Baker Tilly Monteiro Heng who have indicated their willingness to accept appointment, as Auditors of the Company in place of retiring Auditors, Messrs. Baker Tilly AC, and to hold office until the conclusion of the next AGM & to authorise the Directors to fix their remuneration.	(Resolution 5)
6. To transact any other ordinary business of the Company for which due notice has been received.	

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following as Ordinary Resolution and Special Resolutions:-

ORDINARY RESOLUTIONS

7. **RETENTION OF INDEPENDENT DIRECTOR OF THE COMPANY** "**THAT**, approval be and is hereby given to Datuk R. Karunakaran to continue to act as an Independent Non-Executive Director of the Company, for a cumulative term of more than nine years in accordance with the Malaysian Code of Corporate Governance 2012."	(Resolution 6)

8. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY** (Resolution 7)

"**THAT**, subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 2016, the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy back and/or hold from time to time and at any time such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy-Back") provided that :-

i) The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten (10) per cent of the total issued and paid-up share capital of the Company from time to time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholders' mandate for share buy-back which was obtained at the Annual General Meeting held on 30 March 2016, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities.

ii) The maximum amount of funds to be allocated for the purchase of the shares pursuant to the Proposed Share Buy-Back shall not exceed the retained profits of the Company based on its latest audited accounts available up to the date of a transaction pursuant to the Proposed Share-Buy Back. As at 31 December 2016, the audited retained profits of the Company were RM70,330,701.

iii) The Proposed Share Buy-Back to be undertaken will be in compliance with Section 127 of the Companies Act, 2016 and the Directors will deal with the shares purchased in the following manner:-

   (a) to cancel the shares so purchased; or

   (b) to retain the shares so purchased as treasury shares for distribution as dividends to the shareholders of the Company and/or re-sell on Bursa Securities in accordance with the Main Market Listing Requirements of Bursa Securities and/or cancellation subsequently; or

   (c) to retain part of the Shares so purchased as treasury shares and cancel the remainder.

NOTICE OF ANNUAL GENERAL MEETING

AND THAT such authority to purchase the Company's own shares will be effective immediately from the passing of this resolution until the conclusion of the next Annual General Meeting ("AGM") at which such resolution was passed at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally or the passing of the date on which the next AGM is required by law to be held or the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting but so as not to prejudice the completion of a purchase made before such expiry date;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things in accordance with the Companies Act, 2016, the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Securities and all other relevant governmental/regulatory authorities."

9. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** (Resolution 8)

"**THAT** subject to Sections 75 and 76 of the Companies Act, 2016 and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed ten per cent (10%) of the issued and paid-up share capital of the Company (excluding treasury shares) for the time being.

AND THAT such authority shall commence immediately upon passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

SPECIAL RESOLUTIONS

10. **PROPOSED ALTERATION TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY** (Special Resolution 1)

"THAT the object clause No. 3 of the Memorandum of Association of the Company be amended by inserting a new clause 3(52) as follows:

Clause 3(52)

(a) To carry on business of power generation and generation of sustainable and integrated renewable energy through the use of solar photovoltaic and solar thermal energy technology.

(b) To operate as independent power producers, grid operators, transmission providers, fuel and energy power suppliers and traders and provide renewable and alternative energy through the use of coal, natural gas, wind, fuel oil, tidal and nuclear fuels."

NOTICE OF ANNUAL GENERAL MEETING

11. **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY** **"THAT** the proposed amendments to the Articles of Association of the Company as set out in Appendix A of the Annual Report be and is hereby approved AND THAT the Directors of the Company be and are hereby authorised to do all things and acts necessary to effect the amendments to the Articles of Association of the Company."	(Special Resolution 2)

By Order of the Board
Amarjit Singh A/L Banta Singh
Company Secretary
Selangor Darul Ehsan
Date: 3 April 2017

NOTES

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 April 2017 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 25th AGM of the Company.

2. Any member of the Company entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him. A proxy need not be a member of the Company and where a member appoints more than one (1) proxy, the member must specify the proportion of his shareholdings to be represented by each proxy respectively, failing which the appointment shall be invalid.

3. If you wish to appoint as your proxy any person other than "the Chairman of the Meeting", please insert the full name of the proxy (in block letters) in the space provided and delete the words "the Chairman of the Meeting".

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

5. A corporation may complete the proxy form under its common seal or under the hand of an officer or attorney duly authorized.

6. The instrument appointing a proxy must reach the Business Office of the Company at Indera Subang, Jalan USJ 6/2L, 47610 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the AGM. The lodging of the proxy form will not preclude shareholders from attending and voting in person at the AGM should they subsequently wish to do so.

EXPLANTORY NOTES

1. **Item 1 of the Agenda**

   AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

   This Agenda item is meant for discussion only as under the provisions of Section 340(1) of the Companies Act 2016, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put to a vote.

NOTICE OF ANNUAL GENERAL MEETING

2. **Item (7) of the Agenda**

RETENTION OF INDEPENDENT DIRECTOR OF THE COMPANY

The Nomination & Remuneration Committee has assessed the independence of Datuk R. Karunakaran, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and the Board, upon the Nomination & Remuneration Committee's recommendation, had recommended for shareholders' approval for him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

(a) He fulfills the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus he would be able to function as a check & balance and bring with him an element of objectivity to the Board;

(b) He provides the Board with a diverse set of experience, skills and expertise;

(c) He has performed his duty diligently and in the best interests of the Company and provides a broader view, independent and balanced assessment of proposals from the Board and Management; and

(d) He does not hold any shares in the Company and does not have any business dealings with the Company, save and except as being a Chairman and a member of the Board of Directors of the Company.

3. **Item (8) of the Agenda**

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The proposed ordinary resolution 7, if passed, will empower the Directors of the Company to buy back and/or hold from time to time shares of the Company not exceeding ten (10) per cent of the issued and paid-up share capital of the Company from time to time being quoted on Bursa Securities as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company.

For further information, please refer to the Share Buy-Back Statement dated 3 April 2017, which is dispatched together with the Annual Report 2016.

4. **Item (9) of the Agenda**

AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

The proposed ordinary resolution 8 is to seek the shareholders' approval on the renewal of the general mandate for the issuance of shares by the Company under Section 75 and 76 of the Companies Act 2016. If the resolution is duly passed, it is primarily to give flexibility to the Directors to issue and allot shares at any time in their absolute discretion and for such purposes as they consider would be in the interest of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING

The Company continues to consider opportunities to broaden its earnings potential. If any of the diversification proposals involves the issuance of new shares, the Directors, under certain circumstances when the opportunity arises, would have to convene a general meeting to approve the issuance of new shares.

In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total10% of the issued share capital of the Company for the time being, for such purposes. The renewed authority will provide flexibility to the Company for the allotment of shares for the purposes of funding future investment, working capital and/or acquisitions.

Kenanga Investment Bank Berhad had on 10 March 2017, on behalf of the Board of Directors of ILB, announced that ILB proposes to implement the Proposed Placement.

The Proposed Placement will be implemented in accordance with the general mandate under Section 132D of the Companies Act, 1965 (“Act”), which the Company obtained from its shareholders at its 24th annual general meeting (“AGM”) on 30 March 2016 (“General Mandate”). Under the General Mandate, the Board is empowered to issue up to 10% of the Company’s total number of issued shares (excluding treasury shares).

As at 15 March 2017, which is the latest practicable date before the date of this announcement, the Company’s issued share capital is RM172,737,228 comprising 172,737,228 ordinary shares (“Shares”) (excluding 5,288,275 treasury shares). Thus, the Company may issue a maximum of 17,273,722 Shares under the Proposed Placement, i.e. up to 10% of its total number of issued shares (excluding treasury shares).

Pursuant to the Proposed Placement, the Company intends to issue 17,000,000 Shares (“Placement Shares”) to Etern Group (HK) Co., Limited (“Etern” or “Investor”). Etern was incorporated in Hong Kong on 31 March 2011 under the Hong Kong Companies Ordinance as a private company limited by shares, and is principally involved in investment holding. Its issued share capital is United States Dollar (“USD”) 1 comprising 1 ordinary share, which is held by Yong Ding Holdings Company Limited.

5. **Item (10) of the Agenda**

PROPOSED ALTERATION TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY

The proposed Special Resolution 1, if passed, will empower the Memorandum of Association of the Company to be altered by amending the objects clause no. 3 by inserting a new clause 3(52) to be in line with the Company’s intention to diversify into solar energy and solar energy related businesses.

6. **Item (11) of the Agenda**

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The proposed Special Resolution 2, if passed, will allow the Chairman the prerogative to promote orderly conduct of general meetings and render the Articles of Association of the Company to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Directors who are standing for re-election at the Annual General Meeting of the Company in accordance with Article 80 of the Company's Articles of Association are :-

   a) Tee Tuan Sem
   b) Dato' Haji Wazir bin Haji Muaz

   Details of the Directors seeking re-election are set out in the Directors Profiles' section and their shareholdings in the Company are set out in this Annual Report.

2. To re-elect Loh Cheng Keat as a Director in accordance with Article 87 of the Company's Articles of Association.

   Details of Loh Cheng Keat, who is seeking re-election are set out in the Directors Profiles' section and his shareholdings in the Company are set out in this Annual Report.

3. Details of attendance at Board Meetings

   Five Board Meetings were held during the financial year ended 31 December 2016. Details of attendance of the Directors at Board Meetings are set out in this Annual Report.

4. Date, Time and Place of the 25th Annual General Meeting

Date and Time	:	25 April 2017 at 10:00 a.m.
Place	:	Dorsett Grand Subang Selangor 3, Grand Selangor Ballroom Jalan SS 12/1 47500 Subang Jaya Selangor Darul Ehsan

APPENDIX A

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of Association of the Company are proposed to be amended in the following manner:-

Article No.	Existing Articles	Amended Articles
To amend Article 65	At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or upon the declaration of the result of the show of hands) demanded :- (a) by the Chairman; (b) by at least three (3) Members present in person or by proxy; (c) by any Member of Members present in person or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to attend and vote at the meeting; or (d) by a Member or Members holding shares in the Company conferring a right to attend and vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right. Unless a poll is so demanded a declaration by the Chairman that a resolution has on a show of hands been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolutions. The demand for a poll may be withdrawn.	**Subject to the Listing Requirements, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting shall be voted by poll.**

APPENDIX A

Article No.	Existing Articles	Amended Articles
To amend Article 66	If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman, directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded, but a poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The Chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may, in addition to the powers of adjourning meetings contained in Article 64, adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.	**A poll shall be taken in such manner as the Chairman of the meeting directs and at least one (1) scrutineer must be appointed to validate the votes cast at the general meeting. The appointed scrutineer must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process. The Chairman of the meeting may fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.** **The poll may be conducted manually using voting slips or electronically using various forms of electronic devices. Such votes shall be counted by the poll administrator, and verified by the scrutineer, as may be appointed by the Chairman of the meeting for the purpose of determining the outcome of the resolution(s) to be decided on poll.** **Any poll duly demanded on the election of a Chairman of a meeting or on a question of adjournment shall be taken forthwith at the meeting and without adjournment. A poll demanded on any other question shall be taken either forthwith or at such time and place as the Chairman of the meeting directs.** **On a poll taken at a meeting of members of the Company, a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.**
To add Article 66B	New Provision	**Without prejudice to any other power which the Chairman may have under the provisions of these Articles or at common law and subject to the Act and the Listing Requirements, the Chairman may take such action as he thinks fit to promote the orderly conduct of the business of all general meetings as specified in the notice of such meetings and the Chairman's decision on matters of procedure or arising incidentally from the business of such meetings shall be final, as shall be his determination as to whether any matter is of such a nature.**

PROXY FORM

"I/We," ______________________________ of ______________________________

______________________________ being a member/members of

INTEGRATED LOGISTICS BERHAD, hereby appoint ("the Chairman of the Meeting") or ______________________________

______________________________ NRIC No. ______________________________

of ______________________________

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as my/our proxy to vote for me/us on my/our behalf, at the 25th Annual General Meeting ("AGM") of the Company to be held at Selangor 3, Grand Selangor Ballroom, Dorsett Grand Subang Hotel, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 25 April, 2017 at 10.00 a.m. or any adjournment thereof and to vote as indicated below :-

AS ORDINARY BUSINESS

		FOR	AGAINST
RESOLUTION 1	To approve Directors' fee of RM388,000.		
RESOLUTION 2	To re-elect Mr Tee Tuan Sem as Director in accordance with Article 80 of the Company's Articles of Association.		
RESOLUTION 3	To re-elect Dato' Haji Wazir Bin Haji Muaz as Director in accordance with Article 80 of the Company's Articles of Association.		
RESOLUTION 4	To re-elect Mr Loh Cheng Keat as Director in accordance with Article 87 of the Company's Articles of Association.		
RESOLUTION 5	To appoint Messrs Baker Tilly Monteiro Heng as the Company's Auditors until the conclusion of the next AGM and to authorize the Directors to fix their remuneration.		

AS SPECIAL BUSINESS
ORDINARY RESOLUTION

		FOR	AGAINST
RESOLUTION 6	Retention of Datuk R. Karunakaran as an Independent Non-Executive Director of the Company.		
RESOLUTION 7	Proposed Renewal of Share Buy-Back Authority.		
RESOLUTION 8	To authorize the Directors to allot and issue shares in the Company pursuant to Section 75 and 76 of the Companies Act, 2016.		

SPECIAL RESOLUTION

		FOR	AGAINST
SPECIAL RESOLUTION 1	Proposed Alteration to the Memorandum of Association of the Company		
SPECIAL RESOLUTION 2	Proposed Amendments to the Articles of Association of the Company		

Signature of Shareholder(s) ______________________________ ______________________________

No. of shares held

Signed this ________ day of ________________, 2017

NOTE :

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 18 April 2017 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 25th AGM.
2. Any member of the Company entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him, and that a proxy need not be a member of the Company and where a member appoints more than one (1) proxy, the member must specify the proportion of his shareholdings to be represented by each proxy respectively, failing which the appointment shall be invalid.
3. If you wish to appoint as your proxy any person other than "the Chairman of the Meeting", please insert the full name of the proxy (in block letters) in the space provided and delete the words "the Chairman of the Meeting".
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. A corporation may complete the proxy form under its common seal or under the hand of an officer or attorney duly authorized.
6. Please indicate with and "X" either "For" or "Against". If neither "For" or "Against" is indicated, the proxy will vote as he thinks fit or abstain from voting.
7. The instrument appointing a proxy must reach the Business Office of the Company at Indera Subang, Jalan USJ 6/2L, 47610 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the AGM. The lodging of the proxy form will not preclude shareholders from attending and voting in person at the AGM should they subsequently wish to do so.

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STAMP

The Company Secretary

Integrated Logistics Berhad (229690-K)

Indera Subang
Jalan USJ 6/2L
47610 UEP Subang Jaya
Selangor Darul Ehsan

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Integrated Group

Integrated Logistics Berhad (229690 K)

Indera Subang, Jalan USJ 6/2L, 47610 UEP Subang Jaya, Selangor Darul Ehsan.

Tel: 603-5631 7377 / Fax: 603-5631 6403