



**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<b>Individual quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.10</b>	<b>30.06.09</b>	<b>30.06.10</b>	<b>30.06.09</b>
	RM'000	RM'000	RM'000	RM'000
<b>Operating revenue</b>	<b>49,467</b>	<b>46,641</b>	<b>96,580</b>	<b>90,582</b>
Operating costs	(45,822)	(41,929)	(87,899)	(95,610)
Other operating revenue	1,851	1,172	2,989	1,671
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Profit/(loss) from operations</b>	<b>5,496</b>	<b>5,884</b>	<b>11,670</b>	<b>(3,357)</b>
Finance costs	(1,478)	(1,673)	(2,940)	(3,399)
Share of results of				
Associated companies	332	718	957	1,539
Jointly controlled entity	(149)	(341)	(283)	(421)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Profit/(loss) before taxation</b>	<b>4,201</b>	<b>4,588</b>	<b>9,404</b>	<b>(5,638)</b>
<b>Taxation</b>	<b>(1,856)</b>	<b>(1,565)</b>	<b>(2,791)</b>	<b>(629)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Profit/(loss) for the period</b>	<b><u>2,345</u></b>	<b><u>3,023</u></b>	<b><u>6,613</u></b>	<b><u>(6,267)</u></b>
<b>Attributable to:</b>				
Equity holders of the Company	1,801	2,326	5,009	(7,094)
Minority interest	544	697	1,604	827
	<hr/>	<hr/>	<hr/>	<hr/>
	<b><u>2,345</u></b>	<b><u>3,023</u></b>	<b><u>6,613</u></b>	<b><u>(6,267)</u></b>
<b>Earnings per share (sen)</b>				
<b>- Basic</b>	<b><u>0.9</u></b>	<b><u>1.2</u></b>	<b><u>2.6</u></b>	<b><u>(3.7)</u></b>
<b>- Diluted</b>	<b><u>0.9</u></b>	<b><u>1.2</u></b>	<b><u>2.6</u></b>	<b><u>(3.7)</u></b>

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2009.



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.06.10	30.06.09	30.06.10	30.06.09
	RM'000	RM'000	RM'000	RM'000
<b>Profit/(loss) for the period</b>	<b>2,345</b>	<b>3,023</b>	<b>6,613</b>	<b>(6,267)</b>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences of foreign operations	357	(10,194)	(17,135)	6,829
Changes in fair value of available-for-sale financial assets	(190)	-	(190)	-
<b>Other comprehensive income for the period, net of tax</b>	<b>167</b>	<b>(10,194)</b>	<b>(17,325)</b>	<b>6,829</b>
<b>Total comprehensive income for the period</b>	<b><u>2,512</u></b>	<b><u>(7,171)</u></b>	<b><u>(10,712)</u></b>	<b><u>562</u></b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	1,813	(5,476)	(9,138)	(1,326)
Minority interest	699	(1,695)	(1,574)	1,888
	<b><u>2,512</u></b>	<b><u>(7,171)</u></b>	<b><u>(10,712)</u></b>	<b><u>562</u></b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2009.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30.06.10 RM'000	As at 31.12.09 RM'000 (Restated)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	343,970	356,912
Prepaid land lease payment	130,666	122,066
Capital work-in-progress	515	-
Interest in associated company	63,315	58,811
Interest in jointly controlled entity	29,179	30,862
Other investments	-	924
Available-for-sale financial assets	1,169	-
Deferred tax assets	-	338
	<b>568,814</b>	<b>569,913</b>
<b>Current assets</b>		
Trade receivables	39,811	40,289
Other receivables, deposits and prepayments	32,454	29,186
Tax assets	113	609
Amount owing by jointly controlled entity	22,433	24,106
Cash & cash equivalents	71,803	102,689
	<b>166,614</b>	<b>196,879</b>
<b>TOTAL ASSETS</b>	<b>735,428</b>	<b>766,792</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital	197,026	197,026
Reserves	166,844	187,366
Treasury shares	(6,628)	(8,905)
	<b>357,242</b>	<b>375,487</b>
<b>Minority interest</b>	69,079	70,510
<b>Total equity</b>	<b>426,321</b>	<b>445,997</b>
<b>Non-current liabilities</b>		
Long term borrowing	163,562	180,021
Deferred taxation	44,538	46,614
	<b>208,100</b>	<b>226,635</b>
<b>Current liabilities</b>		
Trade payables	6,864	8,398
Other payables, deposits and accruals	26,669	30,516
Amount owing to an associated company	212	212
Short term borrowing	65,048	51,077
Taxation	2,214	3,957
	<b>101,007</b>	<b>94,160</b>
<b>Total Liabilities</b>	<b>309,107</b>	<b>320,795</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>735,428</b>	<b>766,792</b>
<b>Net assets per ordinary shares (RM)</b>	<b>2.25</b>	<b>2.40</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2009.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	6 months ended	
	30.06.10	30.06.09
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/(loss) before taxation</b>	<b>9,404</b>	<b>(5,638)</b>
Adjustments for :-		
Amortisation and depreciation of property, plant and equipment	6,240	18,823
Amortisation of prepaid land lease payment	1,287	1,689
Deposits written off	117	-
Gain on disposal of assets held for sale	-	(519)
Gain on disposal of property, plant and equipment	(355)	-
(Reversal)/Allowance for doubtful debts	(109)	(18)
(Reversal)/Provision for employee benefits	(89)	-
Property, plant and equipment written off	-	435
Share of profits of associated companies	(957)	(1,212)
Share of losses of jointly controlled entity	283	421
Unrealised gain on foreign exchange	(808)	-
Interest revenue	(174)	(149)
Interest expenses	2,940	3,203
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes	17,779	17,035
(Increase)/Decrease in trade and other receivables	(2,799)	23,527
(Decrease)/Increase in trade and other payables	(5,291)	12,014
Cash Generated From Operations	<hr/>	<hr/>
	9,689	52,576
Interest paid	(1,729)	(2,033)
Tax paid	(5,381)	(7,649)
Tax refund	426	2,212
<b>Net Cash Generated From Operating Activities</b>	<hr/> <b>3,005</b>	<hr/> <b>45,106</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additional investment in associated company	(5,749)	-
Additional investment in jointly controlled entity	-	(34,528)
Capital work-in-progress incurred	(515)	(876)
Proceeds from disposal of assets held for sale	-	11,108
Proceeds from disposal of property, plant and equipment	373	-
Purchase of leasehold land	(15,132)	(31,863)
Purchase of property, plant and equipment	(868)	(3,262)
Repayments from jointly controlled entity & associated company	544	26,980
Interest received	174	149
<b>Net Cash Used In Investing Activities</b>	<hr/> <b>(21,173)</b>	<hr/> <b>(32,292)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(1,211)	(1,170)
Repayments of term loan and commercial financing i-facility	(15,970)	(24,319)
Proceeds from revolving credit	9,000	8,500
Proceeds from unsecured loan	11,446	-
Repayments of other borrowing	(122)	(10,009)
Payment to share buy-back	(5,398)	(4,085)
Dividend paid	(4,061)	(2,875)
<b>Net Cash Used In Financing Activities</b>	<hr/> <b>(6,316)</b>	<hr/> <b>(33,958)</b>
	<hr/>	<hr/>
	(24,484)	(21,144)
Exchange differences	(6,402)	914
<b>Net decrease in cash and cash equivalents</b>	<hr/> <b>(30,886)</b>	<hr/> <b>(20,230)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>102,689</b>	<b>62,538</b>
<b>Cash and cash equivalents at end of the period</b>	<hr/> <b>71,803</b>	<hr/> <b>42,308</b>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2009.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	<b>6 months ended</b>	
	<b>30.06.10</b>	<b>30.06.09</b>
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/(loss) before taxation</b>	<b>9,404</b>	<b>(5,638)</b>
Adjustment for :-		
Non-cash items	8,375	22,673
Operating Profit Before Working Capital Changes	<u>17,779</u>	<u>17,035</u>
<b>Changes in working capital</b>		
Net change in current (assets)/liabilities	(14,774)	28,071
Net Cash Generated From Operating Activities	<u>3,005</u>	<u>45,106</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Cash Used In Investing Activities	(21,173)	(32,292)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Cash Use In Financing Activities	(6,316)	(33,958)
	<u>(24,484)</u>	<u>(21,144)</u>
Foreign exchange translation differences	(6,402)	914
<b>Net increase in cash and cash equivalents</b>	<u><b>(30,886)</b></u>	<u><b>(20,230)</b></u>
<b>Cash and cash equivalents at beginning of the year</b>	<b>102,689</b>	<b>62,538</b>
<b>Cash and cash equivalents at end of the period</b>	<u><u><b>71,803</b></u></u>	<u><u><b>42,308</b></u></u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2009.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	-----Non-Distributable-----						Distributable				Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Property revaluation reserve RM'000	Foreign exchange translation reserve RM'000	Fair value reserve RM'000	Reserve of subsidiary companies RM'000	Retained profits RM'000	Total RM'000	Minority interest RM'000	
<b>6 months ended 30 June 2010</b>											
<b>At 01.01.10</b>	197,026	(8,905)	51,761	45,544	11,934	-	12,983	65,144	375,487	70,510	445,997
Effect of adopting FRS139						352			352	143	495
At 01.01.10, restated	197,026	(8,905)	51,761	45,544	11,934	352	12,983	65,144	375,839	70,653	446,492
Total comprehensive income for the period					(13,368)	(133)	(646)	5,009	(9,138)	(1,574)	(10,712)
Treasury shares purchased		(5,398)							(5,398)		(5,398)
Final dividend of 3% per share less 25% in respect of the financial year ended 31.12.2009								(4,061)	(4,061)		(4,061)
Share dividend of one (1) treasury share for every twenty (20) existing ordinary shares of RM1.00 each held in the Company in respect of the financial year ended 31.12.2009		7,675	(7,675)								
<b>At 30.06.10</b>	<b>197,026</b>	<b>(6,628)</b>	<b>44,086</b>	<b>45,544</b>	<b>(1,434)</b>	<b>219</b>	<b>12,337</b>	<b>66,092</b>	<b>357,242</b>	<b>69,079</b>	<b>426,321</b>
<b>6 months ended 30 June 2009</b>											
<b>At 01.01.09</b>	197,026	(2,458)	51,761	49,928	7,056	-	10,653	70,253	384,219	65,001	449,220
Total comprehensive income for the period					5,597		171	(7,094)	(1,326)	1,888	562
Treasury shares purchased		(4,085)							(4,085)		(4,085)
Final dividend of 2% per share less 25% in respect of the financial year ended 31.12.2008								(2,875)	(2,875)		(2,875)
<b>At 30.06.09</b>	<b>197,026</b>	<b>(6,543)</b>	<b>51,761</b>	<b>49,928</b>	<b>12,653</b>	<b>-</b>	<b>10,824</b>	<b>60,284</b>	<b>375,933</b>	<b>66,889</b>	<b>442,822</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2009.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RM'000	Treasury shares RM'000	Non-distributable reserve RM'000	Distributable Retained profits RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
<b>6 months ended 30 June 2010</b>							
<b>At 01.01.10</b>	197,026	(8,905)	122,222	65,144	375,487	70,510	445,997
Effect of adopting FRS139			352		352	143	495
At 01.01.10, restated	197,026	(8,905)	122,574	65,144	375,839	70,653	446,492
Total comprehensive income for the period			(14,147)	5,009	(9,138)	(1,574)	(10,712)
Treasury shares purchased		(5,398)			(5,398)		(5,398)
Final dividend of 3% per share less 25% in respect of the financial year ended 31.12.2009				(4,061)	(4,061)		(4,061)
Share dividend of one (1) treasury share for every twenty (20) existing ordinary shares of RM1.00 each held in the Company in respect of the financial year ended 31.12.2009		7,675	(7,675)		-		-
<b>At 30.06.10</b>	<b>197,026</b>	<b>(6,628)</b>	<b>100,752</b>	<b>66,092</b>	<b>357,242</b>	<b>69,079</b>	<b>426,321</b>
<b>6 months ended 30 June 2009</b>							
<b>At 01.01.09</b>	197,026	(2,458)	119,398	70,253	384,219	65,001	449,220
Total comprehensive income for the period			5,768	(7,094)	(1,326)	1,888	562
Treasury shares purchased		(4,085)			(4,085)		(4,085)
Final dividend of 2% per share less 25% in respect of the financial year ended 31.12.2008				(2,875)	(2,875)		(2,875)
<b>At 30.06.09</b>	<b>197,026</b>	<b>(6,543)</b>	<b>125,166</b>	<b>60,284</b>	<b>375,933</b>	<b>66,889</b>	<b>442,822</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2009.



## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### A. Explanatory Notes As Per "FRS134"

#### A.1 Accounting Policies

The interim financial report is unaudited and has been prepared in accordance with FRS134, "Interim Financial Reporting" and Chapter 9.22 of Part K of the Listing Requirements of Bursa Malaysia and should be read in conjunction with the Group's most recent annual audited financial statements.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in the most recent annual financial statements except for the adoption of the following new and revised Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations that are effective from 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Costs of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
Amendments to FRSs	Improvements to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above FRSs, Amendments to FRSs and Interpretations do not have any material impact on the financial statements of the Group except for the following:

#### (a) FRS 101: Presentation of Financial Statements

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The comparative information has been re-presented in order to conform with the revised standard. This standard does not have any impact on the financial position and results of the Group.

#### (b) FRS 139: Financial Instruments - Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments.

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial liabilities are classified as either financial liabilities at fair value through profit or loss, other financial liabilities at amortised cost using the effective interest method, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Available-for-sale financial assets of the Group have been measured at fair value and changes in the fair value are recognised directly in equity as "Fair Value Reserve" until the investment is derecognised, at which time the cumulative gain or loss is removed from the Fair Value Reserve and recognised in income statement. In the event where the investment is determined to be impaired, the cumulative loss is recognised in the income statement and removed from the Fair Value Reserve.



## A.1 Accounting Policies (cont'd)

In accordance with the transitional provision of FRS139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the opening balance of the financial position as at 1 January 2010.

	As previously reported as at 01.01.2010 RM'000	Effects of adopting FRS139 RM'000	As restated as at 01.01.2010 RM'000
<u>Assets</u>			
Other investments	924	(924)	-
Available-for-sale financial assets	-	1,419	1,419
<u>Equity</u>			
Fair value reserve	-	495	495

(c) Amendments to FRSs: Improvement to FRSs (2009) - FRS 117: Leases

The amendments to FRS 117 requires an entity with existing leases of land and buildings to reassess the classification of land as a finance or operating lease. The Group has reclassified the existing long term leasehold land to property, plant and equipment following this reassessment. This standard does not have any impact on the financial position and results of the Group. Comparative balances have been restated as follows:

	As previously reported as at 31.12.2009 RM'000	Effects of amendments to FRS 117 RM'000	As restated as at 31.12.2009 RM'000
Property, plant and equipment	335,922	20,990	356,912
Prepaid land lease payment	143,056	(20,990)	122,066

## A.2 Qualification of Preceding Annual Financial Statements

The audit report of the Company's most recent annual financial statements was reported without qualification.

## A.3 Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

## A.4 Unusual Material Event

There were no material unusual events affecting assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

## A.5 Material Changes in Estimates

There were no significant changes in estimates of amounts reported which have a material effect in the current financial quarter under review.

## A.6 Debts and Equity Securities

During the current financial quarter, the Company had repurchased a total of 2,820,000 ordinary shares of RM1.00 each of its issued share capital from the open market at an average cost of RM1.016 per share. The total consideration paid for the share buy-back was RM2,865,838 and was financed by internally generated funds. As at 30 June 2010, a total of 7,762,900 treasury shares were held by the Company. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

On 15 June 2010, a total of 9,025,100 treasury shares were distributed pursuant to the share dividend for the financial year ended 31 December 2009.

## A.6 Debts and Equity Securities (cont'd)

Apart from the above, there were no other issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale / repurchase of treasury shares during the current financial year-to-date.

## A.7 Dividend Paid

A first and final dividend of 3% per share less 25% income tax amounting to RM4,061,473 and a share dividend on the basis of one (1) treasury share for every twenty (20) existing ordinary shares of RM1.00 each held in the Company totaling to 9,025,100 treasury shares, of which fraction of a treasury share is to be disregarded, in respect of the financial year ended 31 December 2009 were paid and distributed respectively on 15 June 2010.

## A.8 Segmental Reporting

### a. By Activity for the current financial year-to-date

	<b>Warehousing &amp; related value added services RM'000</b>	<b>Freight Forwarding, transportation, &amp; distribution services RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
Total external revenue	61,073	35,507	-	96,580
<b>Results :-</b>				
Segment results	9,004	3,283	(791)	11,496
Interest expense	(1,284)	(445)	(1,211)	(2,940)
Interest income	113	-	61	174
Share of results of associated companies				957
jointly controlled entity				(283)
Taxation				(2,791)
Profit after taxation				<u>6,613</u>

### b. By Geographical Location for the current financial year-to-date

	<b>Malaysia RM'000</b>	<b>Hong Kong RM'000</b>	<b>The People's Republic of China RM'000</b>	<b>Consolidated RM'000</b>
Total revenue from external customers	38,569	975	57,036	96,580
Segment assets	266,403	45,671	423,354	735,428
Capital expenditure	561	-	15,954	16,515

## A.9 Valuations of Property, Plant and Equipment

The valuation of land and building has been brought forward without amendment from the previous audited Annual Financial Statements.

## A.10 Material Subsequent Events

There is no material event subsequent to the end of the period under review.

### A.11 Changes in The Composition of the Group

On 5 February 2010, Integrated Logistics Henan (HK) Limited, a wholly-owned subsidiary of Integrated Logistics (HK) Limited which the Company has 70% effective equity interest, has incorporated a wholly-owned subsidiary, namely Henan ISH Logistics Co. Ltd in Xinxiang, Henan, The People's Republic of China with a registered capital of HK\$80 million.

### A.12 Contingent Liabilities and Contingent Assets

Corporate guarantees given by the Company to financial institutions for banking facilities granted to the subsidiary companies amounted to RM67,765,876.

## B. Explanatory Notes As Per Bursa Malaysia - Listing Requirements Chapter 9.22 of Part K

### B.1 Review of Performance

The Group posted for the current quarter, revenue of RM49.5million which was 6.0% higher than the revenue achieved in the corresponding period in the preceding year of RM46.6million. The Group posted a pre-tax profit of RM4.2million for the current quarter as compared to the pre-tax profit for the corresponding period in the preceding year of RM4.6million. Malaysia and China operations have contributed 40% and 60% respectively in revenue for the Group despite lower pre-tax profit.

### B.2 Comparison With Immediate Preceding Quarter's Results

Compared to the immediate preceding quarter, the Group's revenue recorded a marginal increase of 5.0% from RM47.1million to RM49.5million. The Group has recorded a pre-tax profit of RM4.2million for the current quarter as compared to the immediate preceding quarter's pre-tax profit of RM5.2million. The lower profitability was mainly attributable to the preliminary expenditures incurred pursuant to the new project undertaken in Henan, China.

### B.3 Prospects

The management will continue to explore opportunities in working towards establishing and expanding its brand and operations as a fully-fledged and integrated logistics provider in other provinces in China. Barring any unforeseen circumstances, the management is confident the performance in the coming financial quarter will be satisfactory.

### B.4 Variance of Actual Profit from Forecast Profit

Not applicable as there was no profit forecast issued.

### B.5 Taxation

	Current financial quarter ended 30.06.10 RM'000	Current financial year-to-date ended 30.06.10 RM'000
Taxation comprises :-		
Current taxation	2,393	3,829
Deferred taxation	(537)	(1,038)
Tax expense for the period	<u>1,856</u>	<u>2,791</u>

The Group's effective tax rate for the current quarter and financial year-to-date was higher than the statutory tax rate of 25% mainly due to the adjustment of underprovision of income tax in prior quarter.

### B.6 Profit/(Loss) on Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties during the current quarter and financial year-to-date.

### B.7 Purchase or Disposal of Quoted Securities

There was no purchase or disposal of quoted securities during the current quarter and financial year-to-date.

## B.8 Status of Corporate Proposals

The corporate proposal announced but not completed as at the date of this report are as follows:-

On 12 March 2010, the Company has entered into a share sale agreement ("SSA") with AWH Equity Holdings Sdn Bhd ("AWH") to formalise the Proposed Disposal of 100% equity interest, comprising 33,810,000 ordinary shares in Integrated Logistics Solutions Sdn Bhd ("ILS"), a wholly-owned subsidiary of ILB, for a total cash consideration of RM170,000,000. As an integral part of the SSA, ILS shall acquire the following wholly-owned subsidiaries of ILB prior to the completion of the SSA:

- (a) 7,000,000 ordinary shares of RM1.00 each in Integrated Warehouse Sdn Bhd ("IWS"); and
- (b) 14,400,000 ordinary shares of RM1.00 each in M.I. Logistics Sdn Bhd ("MIL")

Prior to the completion of the proposed acquisitions by ILS of IWS and MIL, the Company undertakes to transfer the current assets and liabilities of IWS and MIL to ILB. Hence, ILS shall acquire the entire equity interests in IWS and MIL for a nominal cash consideration of RM1.00 each. Pursuant to the terms of SSA, the Company shall retain the Excluded Land. The Share Sale Consideration is further subject to an increase or a reduction, whichever applicable, equal to the Adjustment Sum. This Adjustment Sum is the net differential amount between the Current Assets and Current Liabilities of ILS, which shall be determined from the balance sheet of ILS periodically as at end of 30, 60 and 90 days from the Completion Date. On 14 April 2010, AWH has confirmed there are no other issues arising from due diligence exercise. As agreed between AWH and ILB, a total sum of RM6.0 million shall be retained by ILS from the Adjustment Sum following the completion of the Proposed Disposal.

On 24 June 2010, ILB and AWH have mutually agreed to extend the Completion Date to 31 August 2010.

## B.9 Group Borrowings and Debt Securities

### a. Short term borrowings

	As at 30.06.10 RM'000	As at 31.12.09 RM'000
<b>Secured :-</b>		
Commercial financing i-facility and hire purchase payable	860	692
Portion of term loans payable within 12 months	21,542	28,185
	<u>22,402</u>	<u>28,877</u>
<b>Unsecured :-</b>		
Term loan	1,200	1,200
Revolving Credit	30,000	21,000
Loan from a minority shareholder	11,446	-
	<u>65,048</u>	<u>51,077</u>

### b. Long term borrowings

	As at 30.06.10 RM'000	As at 31.12.09 RM'000
<b>Secured :-</b>		
Commercial financing i-facility and hire purchase payable	3,073	3,090
Portion of term loans payable after 12 months	121,572	135,376
	<u>124,645</u>	<u>138,466</u>
<b>Unsecured :-</b>		
Term loan	-	600
Loan from a minority shareholder	38,917	40,955
	<u>163,562</u>	<u>180,021</u>

- c. All the above borrowings are denominated in Ringgit Malaysia except for the following loans which are denominated in foreign currencies:-

	As at 30.06.10 RM'000	As at 31.12.09 RM'000
(i) In Chinese Renminbi		
Portion of term loans payable within 12 months	14,458	20,951
Portion of term loans payable after 12 months	64,447	73,995
(ii) In US Dollars		
Portion of term loans payable within 12 months	3,084	3,234
Portion of term loans payable after 12 months	13,124	15,382
(ii) In Hong Kong Dollars		
Loan from a minority shareholder	50,363	40,955

## B.10 Off-Balance Sheet Financial Instruments

There were no off-balance sheet instruments as at the date of this report.

## B.11 Financial Instruments

### (a) Derivatives

There were no outstanding derivatives (including instruments designated as hedging instruments) in the current financial quarter under review.

### (b) Gains/(losses) arising from fair value changes in financial liabilities

There were no gain/(loss) arising from the fair value changes in financial liabilities in the current financial quarter under review.

## B.12 Material Litigation

As at the date of this announcement, there were no material changes in litigations since the last annual Balance Sheet date.

## B.13 Dividend Payable

No dividend has been declared or paid for this financial quarter.

## B.14 Earnings Per Share ("EPS")

	Individual Quarter		Cumulative Quarters	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.06.10	30.06.09	30.06.10	30.06.09
Group's Net profit after Tax and MI (RM'000)	1,801	2,326	5,009	(7,094)
Weighted average number of ordinary shares for basic EPS ('000)	190,658	192,648	192,339	192,648
Weighted average number of ordinary shares for diluted EPS ('000)	190,658	192,648	192,339	192,648
<b>Basic EPS (sen)</b>	<b>0.9</b>	<b>1.2</b>	<b>2.6</b>	<b>(3.7)</b>
<b>Diluted EPS (sen)</b>	<b>0.9</b>	<b>1.2</b>	<b>2.6</b>	<b>(3.7)</b>

## B.15 Comparative Figures

Certain comparative figures have been reclassified where necessary to conform with current quarter's presentation.

### By Order of the Board

**Amarjit Singh A/L Banta Singh**  
Company Secretary

Selangor  
16 August 2010