



CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.09.10	30.09.09	30.09.10	30.09.09
	RM'000	RM'000	RM'000	RM'000
Operating revenue	50,027	46,907	146,607	137,489
Operating costs	(45,328)	(40,977)	(133,227)	(136,587)
Other operating revenue	2,066	715	5,055	2,386
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) from operations	6,765	6,645	18,435	3,288
Finance costs	(1,565)	(1,854)	(4,505)	(5,253)
Share of results of				
Associated companies	(533)	521	424	2,060
Jointly controlled entity	7	(56)	(276)	(477)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) before taxation	4,674	5,256	14,078	(382)
Taxation	(2,182)	(1,866)	(4,973)	(2,495)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) for the period	<u>2,492</u>	<u>3,390</u>	<u>9,105</u>	<u>(2,877)</u>
Attributable to:				
Owners of the Company	1,938	2,456	6,947	(4,638)
Minority interest	554	934	2,158	1,761
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>2,492</u>	<u>3,390</u>	<u>9,105</u>	<u>(2,877)</u>
Earnings per share (sen)				
- Basic	<u>1.0</u>	<u>1.3</u>	<u>3.6</u>	<u>(2.4)</u>
- Diluted	<u>1.0</u>	<u>1.3</u>	<u>3.6</u>	<u>(2.4)</u>

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		9 months ended	
	30.09.10	30.09.09	30.09.10	30.09.09
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the period	2,492	3,390	9,105	(2,877)
Other comprehensive income, net of tax				
Foreign currency translation differences of foreign operations	(15,844)	(4,420)	(32,979)	2,410
Changes in fair value of available-for-sale financial assets	-	-	(190)	-
Other comprehensive income for the period, net of tax	(15,844)	(4,420)	(33,169)	2,410
Total comprehensive income for the period	<u>(13,352)</u>	<u>(1,030)</u>	<u>(24,064)</u>	<u>(467)</u>
Total comprehensive income attributable to:				
Owners of the Company	(11,333)	(958)	(20,471)	(2,284)
Minority interest	(2,019)	(72)	(3,593)	1,817
	<u>(13,352)</u>	<u>(1,030)</u>	<u>(24,064)</u>	<u>(467)</u>

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 30.09.10 RM'000	As at 31.12.09 RM'000 (Restated)
ASSETS		
Non-current assets		
Property, plant and equipment	334,389	356,912
Prepaid land lease payments	124,747	122,066
Capital work-in-progress	14,771	-
Interest in associated companies	60,222	58,811
Interest in jointly controlled entity	27,515	30,862
Other investments	-	924
Available-for-sale financial assets	1,107	-
Deferred tax assets	-	338
	562,751	569,913
Current assets		
Trade receivables	35,979	40,289
Other receivables, deposits and prepayments	31,443	29,186
Tax assets	45	609
Amount owing by jointly controlled entity	20,421	24,106
Cash & cash equivalents	65,002	102,689
	152,890	196,879
TOTAL ASSETS	715,641	766,792
EQUITY AND LIABILITIES		
Equity		
Share capital	197,026	197,026
Reserves	155,511	187,366
Treasury shares	(7,286)	(8,905)
Total equity attributable to owners of the Company	345,251	375,487
Minority interest	67,060	70,510
Total equity	412,311	445,997
Non-current liabilities		
Long term borrowings	134,653	180,021
Deferred tax liabilities	43,289	46,614
	177,942	226,635
Current liabilities		
Trade payables	6,136	8,398
Other payables, deposits and accruals	46,829	30,516
Amount owing to an associated company	212	212
Short term borrowings	69,874	51,077
Taxation	2,337	3,957
	125,388	94,160
Total Liabilities	303,330	320,795
TOTAL EQUITY AND LIABILITIES	715,641	766,792
Net assets per ordinary shares (RM)	2.19	2.40

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

	9 months ended	
	30.09.10	30.09.09
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	14,078	(382)
Adjustments for :-		
Amortisation and depreciation of property, plant and equipment	9,177	22,447
Amortisation of prepaid land lease payments	1,953	2,567
Bad debts written off	-	(39)
Deposits written off	117	-
Gain on disposal of property, plant and equipment & assets held for sale	(354)	(523)
(Reversal)/Allowance for doubtful debts	(127)	(85)
(Reversal)/Provision for employee benefits	(269)	-
Property, plant and equipment written off	1	399
Share of profits of associated companies	(424)	(1,564)
Share of losses of jointly controlled entity	276	477
Unrealised gain on foreign exchange	(1,653)	-
Interest revenue	(406)	(211)
Interest expenses	4,505	4,893
Operating Profit Before Working Capital Changes	<u>26,874</u>	<u>27,979</u>
Decrease/(Increase) in trade and other receivables	2,064	19,286
Increase/(Decrease) in trade and other payables	14,321	27,162
Cash Generated From Operations	<u>43,259</u>	<u>74,427</u>
Interest paid	(2,560)	(3,159)
Tax paid	(7,785)	(9,484)
Tax refund	433	2,212
Net Cash Generated From Operating Activities	<u>33,347</u>	<u>63,996</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional investment in associated company	(5,440)	-
Additional investment in jointly controlled entity	-	(34,529)
Capital repayments from associated company	-	250
Capital work-in-progress incurred	(14,771)	(447)
Proceeds from disposal of property, plant and equipment & assets held for sale	371	11,112
Purchase of leasehold land	(14,532)	(31,597)
Purchase of property, plant and equipment	(1,879)	(4,812)
Repayments from jointly controlled entity & associated company	1,286	26,440
Interest received	406	211
Net Cash Used In Investing Activities	<u>(34,559)</u>	<u>(33,372)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,945)	(1,734)
Proceeds from term loan and commercial financing i-facility	-	14,876
Repayments of term loan and commercial financing i-facility	(21,325)	(29,235)
Proceeds from revolving credit	9,000	12,500
Repayments of revolving credit	-	(10,000)
Payments to hire purchase payables	(238)	(11)
Payment to share buy-back	(6,056)	(5,294)
Dividend paid	(4,061)	(2,875)
Net Cash Used In Financing Activities	<u>(24,625)</u>	<u>(21,773)</u>
	<u>(25,837)</u>	<u>8,851</u>
Exchange differences	(11,850)	23
Net decrease in cash and cash equivalents	<u>(37,687)</u>	<u>8,874</u>
Cash and cash equivalents at beginning of the year	102,689	62,538
Cash and cash equivalents at end of the period	<u>65,002</u>	<u>71,412</u>

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

	9 months ended	
	30.09.10	30.09.09
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	14,078	(382)
Adjustment for :-		
Non-cash items	12,796	28,361
Operating Profit Before Working Capital Changes	<u>26,874</u>	<u>27,979</u>
Changes in working capital		
Net change in current (assets)/liabilities	6,473	36,017
Net Cash Generated From Operating Activities	<u>33,347</u>	<u>63,996</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Cash Used In Investing Activities	(34,559)	(33,372)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Cash Use In Financing Activities	(24,625)	(21,773)
	<u>(25,837)</u>	<u>8,851</u>
Foreign exchange translation differences	(11,850)	23
Net increase in cash and cash equivalents	<u>(37,687)</u>	<u>8,874</u>
Cash and cash equivalents at beginning of the year	102,689	62,538
Cash and cash equivalents at end of the period	<u><u>65,002</u></u>	<u><u>71,412</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				
	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	Total equity RM'000
9 months ended 30 September 2010											
At 01.01.10	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					(25,976)	(133)	(1,309)	6,947	(20,471)	(3,593)	(24,064)
Treasury shares purchased		(6,056)							(6,056)		(6,056)
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)						-		-
At 30.09.10	197,026	(7,286)	44,086	45,544	(14,042)	219	11,674	68,030	345,251	67,060	412,311
9 months ended 30 September 2009											
At 01.01.09	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					2,325		29	(4,638)	(2,284)	1,817	(467)
Treasury shares purchased		(5,294)							(5,294)		(5,294)
Final dividend of 2% per share less 25% in respect of the financial year ended 31.12.2008								(2,875)	(2,875)		(2,875)
At 30.09.09	197,026	(7,752)	51,761	49,928	9,381	-	10,682	62,740	373,766	66,818	440,584

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
9 months ended 30 September 2010							
At 01.01.10	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			(27,418)	6,947	(20,471)	(3,593)	(24,064)
Treasury shares purchased		(6,056)			(6,056)		(6,056)
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)		-		-
At 30.09.10	197,026	(7,286)	87,481	68,030	345,251	67,060	412,311
9 months ended 30 September 2009							
At 01.01.09	197,026	(2,458)	119,398	70,253	384,219	65,001	449,220
Total comprehensive income for the period			2,354	(4,638)	(2,284)	1,817	(467)
Treasury shares purchased		(5,294)			(5,294)		(5,294)
Final dividend of 2% per share less 25% in respect of the financial year ended 31.12.2008				(2,875)	(2,875)		(2,875)
At 30.09.09	197,026	(7,752)	121,752	62,740	373,766	66,818	440,584

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

The following new and revised FRSs, Amendments to FRSs, Interpretations and Technical Releases ("TRs") were issued but not yet effective and have not been applied by the Group:

		For financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations (Revised)	1 July 2010
FRS 127	Consolidated and Separate Financial Statements (Revised)	1 July 2010
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 1	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Arrangements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
Amendments to IC Interpretation 9:	Reassessment of Embedded Derivatives	1 July 2010
TR 3	Guidance on Disclosures of Transition to IFRSs	31 December 2010
TR i-4	Shariah Compliant Sale Contracts	1 January 2011

The adoption of the FRSs, Amendments to FRSs, Interpretations and TRs are not expected to have any significant impact on the results and financial position of the Group.

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 717,100 ordinary shares of RM1.00 each of its issued share capital from the open market at an average cost of RM0.918 per share. The total consideration paid for the share buy-back was RM658,139 and was financed by internally generated funds. As at 30 September 2010, a total of 8,480,000 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.

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

The Group has three reportable segments below, which are the Group's strategic business units in two principal geographical areas. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

a. By Activity

	Warehousing & related value added services	Transportation & distribution	Freight forwarding	Consolidated
	RM'000	RM'000	RM'000	RM'000
9 months ended 30.09.10				
External revenue	<u>92,121</u>	<u>45,717</u>	<u>8,769</u>	<u>146,607</u>
Segment profit	<u>12,181</u>	<u>3,495</u>	<u>910</u>	<u>16,586</u>
9 months ended 30.09.09				
External revenue	<u>88,615</u>	<u>40,286</u>	<u>8,588</u>	<u>137,489</u>
Segment profit/(loss)	<u>7,793</u>	<u>(6,399)</u>	<u>647</u>	<u>2,041</u>
Reconciliation of reportable segment profit				
			9 months ended	
			30.09.2010	30.09.2009
			RM'000	RM'000
Total profit from reportable segments			16,586	2,041
Other non-reportable segments			(2,656)	(4,006)
Share of results of associated companies			424	2,060
Share of results of jointly controlled entity			(276)	(477)
Consolidated profit/(loss) before taxation			<u>14,078</u>	<u>(382)</u>

b. By Geographical Location

	External revenue		Non-current assets	
	9 months ended		9 months ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM'000	RM'000	RM'000	RM'000
Malaysia	59,060	54,240	173,119	176,494
The People's Republic of China (incl. Hong Kong)	<u>87,547</u>	<u>83,249</u>	<u>300,788</u>	<u>354,169</u>
	<u>146,607</u>	<u>137,489</u>	<u>473,907</u>	<u>530,663</u>

Non-current assets consist of property, plant and equipment, prepaid land lease payment and capital work-in-progress.

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 ILB 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.

Integrated Logistics Services Sdn Bhd, a wholly-owned subsidiary of ILB under Members' Voluntary Winding-up, has dissolved on 19 August 2010.

Wayson Construction & Engineering Sdn Bhd, a wholly-owned subsidiary of Integrated Forwarding & Shipping Berhad, which in turn is a wholly-owned subsidiary of ILB, has dissolved on 19 August 2010.

On 7 September 2010, Integrated Logistics (HK) Limited, a wholly-owned subsidiary of ISH Group (BVI) Limited which ILB has 70% effective equity interest, has incorporated two wholly-owned subsidiaries in Hong Kong, namely Harbin ISH Logistics (HK) Co. Ltd ("HISH Logistics") and Harbin ISH Supply Chain (HK) Ltd ("HISH Supply") with registered capital of HK\$10,000 each. Presently, both HISH Logistics and HISH Supply have not commenced business.

On 28 September 2010 through Harbin ISH Logistics (HK) Co. Ltd, a wholly-owned subsidiary of Integrated Logistics (HK) Limited which ILB has 70% effective equity interest, incorporated a wholly-owned subsidiary in The People's Republic of China, namely Harbin ISH Logistics Co. Ltd ("HISH China"), with a registered capital of HK\$40 million. Presently, HISH China has not commenced business.

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 RM63,064,007.

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 RM50.0million which was 6.6% higher than the revenue achieved in the corresponding period in the preceding year of RM46.9million. The Group posted a pre-tax profit of RM4.7million for the current quarter as compared to the pre-tax profit for the corresponding period in the preceding year of RM5.2million. Malaysia and China operations have contributed 40% and 60% respectively in revenue for the Group.

B.2 Comparison With Immediate Preceding Quarter's Results

Compared to the immediate preceding quarter, the Group's revenue recorded a slight increase of 1.1% from RM49.5million to RM50.0million. The Group has recorded a pre-tax profit of RM4.7million for the current quarter as compared to the immediate preceding quarter's pre-tax profit of RM4.2million. The management continuous efforts in improving operating efficiencies and cost rationalisation measures have increased the Group's profitability in the current quarter.

B.3 Prospects

The management is confident the China operations will perform and contribute positively in view of the growing demand for its value supply chain solutions and business expansion in China. Barring any unforeseen circumstances, the management is optimistic 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 30.09.10 RM'000	Current financial year-to-date ended 30.09.10 RM'000
Taxation comprises :-		
Current taxation	2,711	6,540
Under/(over) provision in prior year	2	2
Deferred taxation	(531)	(1,569)
Tax expense for the period	<u>2,182</u>	<u>4,973</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 income tax on dividends repatriated from subsidiaries in The People's of Republic of China to Integrated Logistics (H.K.) Limited in Hong Kong.

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. On 30 August 2010, AWH has paid ILB an additional amount of RM23.9 million in cash ("Additional Payment") which sum together with the Deposit (RM5.1 million paid prior to the execution of the SSA) make up an amount equivalent to the Share Sale Consideration. ILB and AWH have mutually agreed to defer the Completion Date to 31 December 2010 to allow time for both parties to fulfill outstanding conditions for completion of the SSA. A supplemental agreement ("1st Supplemental SSA") was entered into by the parties on 30 August 2010 to give effect to the amendments above and also to provide that out of Additional Payment, RM11.9 million shall be treated as additional deposit, which is forfeitable, pending completion of the SSA.

A second supplemental agreement ("2nd Supplemental SSA") was entered into by the parties on 1 October 2010 to confirm that the Completion Date of the SSA shall be 1 October 2010 and AWH shall be the beneficial owner of the Sale Shares. Pursuant to the 2nd Supplemental SSA, the parties recognise that the Inter-Company Indebtedness remains as a debt due and owing by ILSSB to ILB as at Completion Date and which shall be fully settled by 31 December 2010. To secure the punctual payment of the Inter-Company Indebtedness, the parties has also on even date execute all relevant security documents ("Security Documents") as requested by ILB in such form and substance according to ILB's satisfaction over such assets of AWH as specified by ILB and deliver all necessary approvals and consents for the charging and dealing of the assets pursuant to the terms of the Security Documents to ILB simultaneously with the execution of the Security Documents.

B.9 Group Borrowings and Debt Securities

a. Short term borrowings

	As at 30.09.10 RM'000	As at 31.12.09 RM'000
Secured :-		
Commercial financing i-facility and hire purchase payable	890	692
Portion of term loans payable within 12 months	38,084	28,185
	<u>38,974</u>	<u>28,877</u>
Unsecured :-		
Term loan	900	1,200
Revolving Credit	30,000	21,000
	<u>69,874</u>	<u>51,077</u>

b. Long term borrowings

	As at 30.09.10 RM'000	As at 31.12.09 RM'000
Secured :-		
Commercial financing i-facility and hire purchase payable	2,816	3,090
Portion of term loans payable after 12 months	95,014	135,376
	<u>97,830</u>	<u>138,466</u>
Unsecured :-		
Term loan	-	600
Loan from a minority shareholder	36,823	40,955
	<u>134,653</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 30.09.10 RM'000	As at 31.12.09 RM'000
(i) In Chinese Renminbi		
Portion of term loans payable within 12 months	31,177	20,951
Portion of term loans payable after 12 months	40,366	73,995
(ii) In US Dollars		
Portion of term loans payable within 12 months	2,907	3,234
Portion of term loans payable after 12 months	11,648	15,382
(ii) In Hong Kong Dollars		
Loan from a minority shareholder	36,823	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 3 months ended		Cumulative Quarters 9 months ended	
	30.09.10	30.09.09	30.09.10	30.09.09
Group's Net profit after Tax and MI (RM'000)	1,938	2,456	6,947	(4,638)
Weighted average number of ordinary shares for basic EPS ('000)	188,842	187,367	191,161	190,241
Weighted average number of ordinary shares for diluted EPS ('000)	188,842	187,367	191,161	190,241
Basic EPS (sen)	1.0	1.3	3.6	(2.4)
Diluted EPS (sen)	1.0	1.3	3.6	(2.4)

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
29 November 2010