



**CONDENSED CONSOLIDATED INCOME STATEMENT**

	<b>Individual quarter</b>		<b>Cumulative quarters</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.12</b>	<b>31.12.11</b>	<b>31.12.12</b>	<b>31.12.11</b>
	RM'000	RM'000	RM'000	RM'000
Revenue	33,531	35,477	137,923	133,774
Operating costs	(31,761)	(38,336)	(131,973)	(130,868)
Other income	319	10,580	9,592	18,455
<b>Profit from operations</b>	<b>2,089</b>	<b>7,721</b>	<b>15,542</b>	<b>21,361</b>
Finance costs	(946)	(1,113)	(4,353)	(3,995)
Share of results of				
Associates	(898)	1,436	603	2,118
Jointly controlled entities	(3,319)	(411)	(4,784)	(942)
<b>(Loss)/Profit before tax</b>	<b>(3,074)</b>	<b>7,633</b>	<b>7,008</b>	<b>18,542</b>
Income tax expense	(1,509)	(1,205)	(5,571)	(3,736)
<b>(Loss)/Profit for the financial period/year</b>	<b><u>(4,583)</u></b>	<b><u>6,428</u></b>	<b><u>1,437</u></b>	<b><u>14,806</u></b>
<b>Attributable to:</b>				
Owners of the Parent	(4,397)	7,242	(102)	13,001
Non-controlling interests	(186)	(814)	1,539	1,805
<b>(Loss)/Profit for the financial period/year</b>	<b><u>(4,583)</u></b>	<b><u>6,428</u></b>	<b><u>1,437</u></b>	<b><u>14,806</u></b>

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2011.



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter 3 months ended		Cumulative quarters 12 months ended	
	31.12.12 RM'000	31.12.11 RM'000	31.12.12 RM'000	31.12.11 RM'000
<b>(Loss)/Profit for the financial period/year</b>	<b>(4,583)</b>	<b>6,428</b>	<b>1,437</b>	<b>14,806</b>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences of foreign operations	(200)	31	(14,462)	23,839
Changes in fair value of available-for-sale financial assets	163	46	(154)	69
<b>Other comprehensive income for the financial period/year, net of tax</b>	<b>(37)</b>	<b>77</b>	<b>(14,616)</b>	<b>23,908</b>
<b>Total comprehensive income for the financial period/year</b>	<b><u>(4,620)</u></b>	<b><u>6,505</u></b>	<b><u>(13,179)</u></b>	<b><u>38,714</u></b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent	(4,566)	7,215	(12,083)	30,891
Non-controlling interests	47	(710)	(1,096)	7,823
<b>Total comprehensive income for the financial period/year</b>	<b><u>(4,519)</u></b>	<b><u>6,505</u></b>	<b><u>(13,179)</u></b>	<b><u>38,714</u></b>
<b>(Loss)/Earnings per share (sen)</b>				
<b>- Basic</b>	<b><u>(2.6)</u></b>	<b><u>4.1</u></b>	<b><u>(0.1)</u></b>	<b><u>7.1</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 financial year ended 31 December 2011.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31.12.12 RM'000	As at 31.12.11 RM'000	As at 1.1.11 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	267,778	249,911	180,930
Land use rights	70,309	109,193	127,331
Capital work-in-progress	18,168	908	38,939
Interest in associates	71,680	61,748	59,136
Interest in jointly controlled entities	42,193	48,567	27,809
Available-for-sale financial assets	1,485	1,325	1,124
Amount owing by a jointly controlled entity	29,974	12,973	20,132
	<b>501,587</b>	<b>484,625</b>	<b>455,401</b>
<b>Current assets</b>			
Trade receivables	35,659	33,910	22,329
Other receivables, deposits and prepayments	17,342	19,763	23,645
Tax assets	453	736	1,391
Cash & cash equivalents	47,211	105,907	128,813
	<b>100,665</b>	<b>160,316</b>	<b>176,178</b>
<b>TOTAL ASSETS</b>	<b>602,252</b>	<b>644,941</b>	<b>631,579</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	178,026	197,026	197,026
Reserves	187,813	196,376	175,558
Treasury shares	(11,413)	(16,325)	(8,486)
<b>Total equity attributable to owners of the Parent</b>	<b>354,426</b>	<b>377,077</b>	<b>364,098</b>
<b>Non-controlling interests</b>	<b>77,197</b>	<b>71,436</b>	<b>58,826</b>
<b>Total equity</b>	<b>431,623</b>	<b>448,513</b>	<b>422,924</b>
<b>Non-current liabilities</b>			
Long term borrowings	84,926	110,421	107,655
Government grant received in advance	6,032	1,772	1,753
Deferred tax liabilities	24,348	14,005	13,523
	<b>115,306</b>	<b>126,198</b>	<b>122,931</b>
<b>Current liabilities</b>			
Trade payables	5,738	4,260	4,449
Other payables, deposits and accruals	25,569	26,204	16,652
Amount owing to an associate	-	-	212
Short term borrowings	22,026	37,829	52,527
Tax payable	1,990	1,937	2,691
Dividends payable to non-controlling interests	-	-	9,193
	<b>55,323</b>	<b>70,230</b>	<b>85,724</b>
<b>Total Liabilities</b>	<b>170,629</b>	<b>196,428</b>	<b>208,655</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>602,252</b>	<b>644,941</b>	<b>631,579</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2011.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended	
	31.12.12	31.12.11
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	7,008	18,542
Adjustments for :-		
Depreciation of property, plant and equipment	9,246	7,651
Amortisation of land use rights	1,772	2,306
Loss/(Gain) on disposal of property, plant and equipment	78	(8,892)
Loss on disposal of investment in an associate	-	793
Gain on disposal of investment in a subsidiary	(2,028)	(4,214)
Impairment loss on investment in an associate	-	947
Reversal for doubtful debts	-	(53)
Reversal for employee benefits	-	(36)
Capital work-in-progress written off	149	-
Property, plant and equipment written off	-	9
Bad debts written off	150	-
Deposit written off	5	-
Waiver of debts by an associate	-	(211)
Waiver of debts by creditors	-	(21)
Share of profits of associates	(603)	(2,118)
Share of losses of jointly controlled entities	4,784	942
Unrealised losses/(gain) on foreign exchange	14	(32)
Provision for land penalty	-	3,491
Reversal of provision for land penalty	(3,483)	-
Government grant income	(92)	(36)
Government subsidies	(1,116)	(551)
Interest revenue	(1,888)	(1,510)
Interest expenses	4,353	3,995
Operating Profit Before Working Capital Changes	18,349	21,002
Decrease/(Increase) in trade and other receivables	517	(7,646)
Increase in trade and other payables	4,333	7,551
Cash Generated From Operations	23,199	20,907
Government grant received	4,493	-
Government subsidies received	1,116	551
Interest paid	(4,351)	(3,591)
Tax paid	(4,972)	(4,608)
Tax refund	-	775
<b>Net Cash From Operating Activities</b>	<b>19,485</b>	<b>14,034</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additional investment in an associate	(11,062)	-
Capital repayments from an associate	-	19
Acquisition of other investment	(350)	-
Capital work-in-progress incurred	(17,439)	(25,802)
Capital contribution from non-controlling interests	4,249	4,787
Purchase of property, plant and equipment	(5,055)	(5,435)
Proceeds from disposal of property, plant and equipment	148	16,922
Proceeds from disposal of a subsidiary	35,921	27,587
Proceeds from disposal of an associate	-	1,000
Advances to a jointly controlled entity	(17,871)	(12,719)
Interest received	1,888	1,510
<b>Net Cash (Used In)/From Investing Activities</b>	<b>(9,571)</b>	<b>7,869</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-	(111)
Drawdown from term loan	2,267	28,537
Repayments of term loan	(38,346)	(34,451)
Repayments of revolving credit	-	(20,000)
Proceeds from unsecured loan	-	1,840
Repayments of unsecured loan	-	(3,307)
Repayments of hire purchase payables	-	(401)
Payment for share buy-back	(11,565)	(7,839)
Dividends paid to non-controlling interests	(3,550)	-
Dividends paid	(13,148)	(11,842)
<b>Net Cash Used In Financing Activities</b>	<b>(64,342)</b>	<b>(47,574)</b>
	(54,428)	(25,671)
Foreign exchange translation differences	(4,268)	2,765
<b>Net decrease in cash and cash equivalents</b>	<b>(58,696)</b>	<b>(22,906)</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>105,907</b>	<b>128,813</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>47,211</b>	<b>105,907</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2011.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-Distributable							Distributable		Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Capital redemption reserve	Asset revaluation reserve	Foreign exchange translation reserve	Fair value reserve	Statutory reserve fund	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>12 months ended 31 December 2012</b>												
<b>At 01.01.12</b>	197,026	(16,325)	44,086	-	38,262	13,196	298	14,793	85,741	377,077	71,436	448,513
<b>Comprehensive income</b>												
(Loss)/Profit for the financial year	-	-	-	-	-	-	-	-	(102)	(102)	1,539	1,437
<b>Other comprehensive income</b>												
Foreign currency translation differences	-	-	-	-	-	(11,376)	-	(541)	-	(11,917)	(2,545)	(14,462)
Fair value of available-for-sale financial assets	-	-	-	-	-	-	(64)	-	-	(64)	(90)	(154)
<b>Total other comprehensive income for the financial year</b>	-	-	-	-	-	(11,376)	(64)	(541)	-	(11,981)	(2,635)	(14,616)
<b>Total comprehensive income for the financial year</b>	-	-	-	-	-	(11,376)	(64)	(541)	(102)	(12,083)	(1,096)	(13,179)
<b>Transactions with owners</b>												
Transfer to statutory reserve fund	-	-	-	-	-	-	-	1,164	(1,164)	-	-	-
Transfer on disposal of subsidiary	-	-	-	-	-	(2,186)	-	(41)	2,227	-	-	-
Purchase of treasury shares	-	(11,565)	-	-	-	-	-	-	-	(11,565)	-	(11,565)
Cancellation of treasury shares	(19,000)	16,477	(16,477)	19,000	-	-	-	-	-	-	-	-
Revaluation surplus on properties	-	-	-	-	14,212	(67)	-	-	-	14,145	6,158	20,303
Final dividend of 5.0% per share less 25% in respect of the financial year ended 31.12.2011	-	-	-	-	-	-	-	-	(6,661)	(6,661)	-	(6,661)
Interim dividend of 5.0% per share less 25% in respect of the financial year ended 31.12.2012	-	-	-	-	-	-	-	-	(6,487)	(6,487)	-	(6,487)
Capital contribution by non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	-	-	4,249	4,249
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,550)	(3,550)
<b>Total transactions with owners</b>	(19,000)	4,912	(16,477)	19,000	14,212	(2,253)	-	1,123	(12,085)	(10,568)	6,857	(3,711)
<b>At 31.12.12</b>	<b>178,026</b>	<b>(11,413)</b>	<b>27,609</b>	<b>19,000</b>	<b>52,474</b>	<b>(433)</b>	<b>234</b>	<b>15,375</b>	<b>73,554</b>	<b>354,426</b>	<b>77,197</b>	<b>431,623</b>
<b>12 months ended 31 December 2011</b>												
<b>At 01.01.11</b>	197,026	(8,486)	44,086	-	38,689	(5,970)	232	13,101	85,419	364,097	58,826	422,923
<b>Comprehensive income</b>												
Profit for the financial year	-	-	-	-	-	-	-	-	13,001	13,001	1,805	14,806
<b>Other comprehensive income</b>												
Foreign currency translation differences	-	-	-	-	-	17,391	-	433	-	17,824	6,015	23,839
Fair value of available-for-sale financial assets	-	-	-	-	-	-	66	-	-	66	3	69
<b>Total other comprehensive income for the financial year</b>	-	-	-	-	-	17,391	66	433	-	17,890	6,018	23,908
<b>Total comprehensive income for the financial year</b>	-	-	-	-	-	17,391	66	433	13,001	30,891	7,823	38,714
<b>Transactions with owners</b>												
Transfer to statutory reserve fund	-	-	-	-	-	-	-	1,264	(1,264)	-	-	-
Purchase of treasury shares	-	(7,839)	-	-	-	-	-	-	-	(7,839)	-	(7,839)
Realisation of revaluation surplus on sale of property in respect of an associate disposed	-	-	-	-	(427)	-	-	-	427	-	-	-
Final dividend of 3.5% per share less 25% in respect of the financial year ended 31.12.2010	-	-	-	-	-	-	-	(5)	-	1,770	-	1,770
Special dividend of 5% per share less 25% in respect of the financial year ended 31.12.2010	-	-	-	-	-	-	-	-	(4,876)	(4,876)	-	(4,876)
Capital contribution by non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	(6,966)	(6,966)	-	(6,966)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	4,787	4,787
<b>Total transactions with owners</b>	-	(7,839)	-	-	(427)	1,775	-	1,259	(12,679)	(17,911)	4,787	(13,124)
<b>At 31.12.11</b>	<b>197,026</b>	<b>(16,325)</b>	<b>44,086</b>	<b>-</b>	<b>38,262</b>	<b>13,196</b>	<b>298</b>	<b>14,793</b>	<b>85,741</b>	<b>377,077</b>	<b>71,436</b>	<b>448,513</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 financial year ended 31 December 2011.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**A. Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (MFRS) 134**

**A.1 Accounting Policies**

This condensed consolidated interim financial statements (Condensed Report) has been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (IASB). For the periods up to and including the financial year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (FRSs).

This Condensed Report is the Group's first MFRS compliant Condensed Report and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied.

The date of transition to the MFRS framework is 1 January 2011. At the transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. There is no any financial impact on the Group on transition to MFRSs.

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

		Effective for annual periods beginning on or after
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (as amended by IASB in June 2011)	1 January 2013
MFRS 127	Separate Financial Statements (as amended by IASB in May 2011)	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures (as amended by IASB in May 2011)	1 January 2013
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities : Transition Guidance	1 January 2013
Amendments to MFRSs	Annual Improvements 2009-2011 Cycle	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 2	Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015

The directors expect that the adoption of the new and revised MFRSs, Amendments to FRSs and IC Interpretation above will have no any impact on the interim financial report in the period of initial application.

**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 7,403,900 ordinary shares of RM1.00 each of its issued share capital from the open market at an average cost of RM1.026 per share. The total consideration paid for the share buy-back was RM7,592,878 and was financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

On 3 February 2012, the Company had cancelled a total of 19,000,000 ordinary shares of RM1.00 each held as treasury shares and thus the issued share capital of the Company was adjusted accordingly to RM178,025,503 comprising 178,025,503 ordinary shares of RM1.00 each. As at 31 December 2012, the balance number of shares still held as treasury shares by the Company was 11,682,600.

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 5.0% per share less 25% income tax amounting to RM6,660,510 in respect of the financial year ended 31 December 2011 was paid on 20 April 2012.

An interim dividend of 5.0% per share less 25% income tax amounting to RM6,487,849 in respect of the financial year ended 31 December 2012 was paid on 10 December 2012.

## A.8 Operating Segments

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

	<b>Warehousing &amp; related value added services RM'000</b>	<b>Transportation &amp; distribution RM'000</b>	<b>Freight forwarding RM'000</b>	<b>Consolidated RM'000</b>
<b>3 months ended 31.12.2012</b>				
External revenue	30,974	2,446	111	33,531
Segment profit	3,246	113	5	3,364
<b>3 months ended 31.12.2011</b>				
External revenue	29,227	5,817	433	35,477
Segment profit/(loss)	2,339	(525)	60	1,874
	<b>Warehousing &amp; related value added services RM'000</b>	<b>Transportation &amp; distribution RM'000</b>	<b>Freight forwarding RM'000</b>	<b>Consolidated RM'000</b>
<b>12 months ended 31.12.2012</b>				
External revenue	117,946	19,188	789	137,923
Segment profit	7,290	938	109	8,337
<b>12 months ended 31.12.2011</b>				
External revenue	110,078	22,329	1,367	133,774
Segment profit	9,646	878	219	10,743

## A.8 Operating Segments (cont'd)

### a. By Activity (cont'd)

Reconciliation of reportable segment profit	Individual quarter		Cumulative quarters	
	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Total profit from reportable segments	3,364	1,874	8,337	10,743
Other non-reportable segments	(2,221)	4,734	2,852	6,623
Share of results of associates	(898)	1,436	603	2,118
Share of results of jointly controlled entities	(3,319)	(411)	(4,784)	(942)
Consolidated (loss)/profit before tax	<u>(3,074)</u>	<u>7,633</u>	<u>7,008</u>	<u>18,542</u>

### b. By Geographical Location

External revenue	Individual quarter		Cumulative quarters	
	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
The People's Republic of China (incl. Hong Kong)	33,531	35,477	137,923	133,774
	<u>33,531</u>	<u>35,477</u>	<u>137,923</u>	<u>133,774</u>
(Loss)/Profit before tax	Individual quarter		Cumulative quarters	
	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Malaysia	(1,181)	8,256	(2,648)	6,084
The People's Republic of China (incl. Hong Kong)	1,426	(308)	14,440	13,126
United Arab Emirates	(3,319)	(315)	(4,784)	(668)
	<u>(3,074)</u>	<u>7,633</u>	<u>7,008</u>	<u>18,542</u>

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

The property, plant and equipment were valued based on valuations performed by independent registered valuer as at 31 December 2012. The surplus arising from the valuations amounting to RM30.9 million has been incorporated into the financial statements during the quarter under review.

## 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 8 February 2012, Integrated Logistics (HK) Limited ("ILHK"), an indirect subsidiary in which ILB has 70% effective equity interest, has subscribed 15,000,000 rights issue shares of Hengyang Petrochemical Logistics Limited ("Hengyang") pursuant to the Hengyang Rights Issue Exercise for a total consideration of S\$4.5million. The equity interest in Hengyang held by ILHK had changed from 25.42% to 25.80%.

On 23 August 2012, Integrated Logistics (HK) Limited and ISH Group (BVI) Limited, indirect subsidiaries in which ILB has 70% effective equity interest, had completed the share sale in relation to the Share Transfer Agreement dated 5 June 2012 entered with On Yip Property (Group) Limited for the sale of 100% equity interest in ISH Logistics (Shenzhen) Limited ("ISH HK"). ISH HK is an investment holding company which owns 100% equity stake in ISH Logistics Yantian (Shenzhen) Co. Limited ("ISH Yantian") and Integrated Shun Hing Logistics (Shenzhen) Co. Limited ("ISH Shenzhen"). ISH Yantian owns the land use rights of a piece of development land located at Yantian Port Free Trade Zone, Shenzhen, The People's Republic of China. ISH Shenzhen which is to be excluded from the share sale, has been transferred to ISH Cargo Services (HK) Co. Limited, an indirect 70% subsidiary of ILB.

On 16 November 2012, Integrated Leasing Corporation Sdn Bhd, a wholly-owned subsidiary of ILB has been placed under Members' Voluntary Winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965.

## A.12 Contingent Liabilities and Contingent Assets

There were no material changes in contingent liabilities and contingent assets since the last annual reporting date.

## A.13 Capital Commitment

As at the end of the reporting quarter, the Group has approved and contracted for capital commitments of RM4.1 million in respect of the completion of the construction of warehouse buildings.



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

### B.1 Review of Performance

#### a. Comparison Between Current Financial Year And Preceding Financial Year's Results

For the current financial year ended 31 December 2012, the Group posted a revenue of RM137.9 million which was 3.1% higher than the revenue of RM133.8 million for the corresponding period in the preceding year. The higher revenue was mainly due to additional revenue from warehousing & related value added services segments of the Group's operations in the People's Republic of China.

The Group posted a pre-tax profit of RM7.0 million for the current financial year as compared to the pre-tax profit for the corresponding period in the preceding year of RM18.5 million. The decrease in pre-tax profit of RM11.5 million for the current financial year was mainly due to the following:

	RM million
i) <u>The People's Republic of China</u>	
Gain on disposal of a subsidiary, ISH Logistics (Shenzhen) Limited	2.0
Reversal of provision for land penalty	3.5
Gain on disposal of a subsidiary, Integrated Shun Hing Logistics (Lingang) Co.Limited, in preceding year	(4.2)
Provision for land penalty in preceding year	3.5
Increase in operating costs mainly labour costs	(1.7)
Increase in finance costs	(0.5)
Decrease in profit from Associate	(1.3)
ii) <u>Malaysia</u>	
Gain on disposal of the freehold vacant industrial land at Shah Alam in the preceding year	(8.9)
Increase in other income	0.3
Decrease in profit from Associate	(0.2)
iii) <u>United Arab Emirates</u>	
Increase in losses from Jointly Controlled Entity	(4.0)
	<u>(11.5)</u>

#### b. Comparison Between Current Quarter And Corresponding Period In The Preceding Year's Results

For the current quarter ended 31 December 2012, the Group posted a revenue of RM33.5 million which was 5.6% lower than the revenue of RM35.5 million for the corresponding quarter in the preceding year. The lower revenue was mainly due to revenue reduction from the transportation & distribution segments of the Group's operations in the People's Republic of China.

The Group posted a pre-tax loss of RM3.1 million for the current quarter as compared to the pre-tax profit for the corresponding quarter in the preceding year of RM7.6 million. The decrease in pre-tax profit of RM10.7 million for the current quarter was mainly due to the following:

	RM million
i) <u>The People's Republic of China</u>	
Provision for land penalty in preceding year	3.5
Increase in profit generated from revenue	0.3
Decrease in finance costs	0.2
Decrease in profit from Associate	(2.3)
ii) <u>Malaysia</u>	
Gain on disposal of the freehold vacant industrial land at Shah Alam in the preceding year	(8.9)
Increase in other income	0.7
Increase in operating costs	(1.2)
iii) <u>United Arab Emirates</u>	
Increase in losses from Jointly Controlled Entity	(3.0)
	<u>(10.7)</u>

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

Compared to the immediate preceding quarter, the Group's revenue recorded a decrease of 1.5% from RM34.0 million to RM33.5 million.

The Group recorded a pre-tax loss of RM3.1 million for the current quarter as compared to the immediate preceding quarter's pre-tax profit of RM7.7 million. The decrease in pre-tax profit of RM10.8 million for the current quarter was mainly due to the following:

	RM million
i) <u>The People's Republic of China</u>	
Gain on disposal of a subsidiary, ISH Logistics (Shenzhen) Limited in immediate preceding quarter	(2.9)
Reversal of provision for land penalty for prior year in immediate preceding quarter	(3.5)
Increase in profit generated from revenue	1.4
Decrease in other income	(0.4)
Decrease in profit from Associate	(2.0)
ii) <u>Malaysia</u>	
Increase in operating costs	(1.0)
Increase in profit from Associate	0.4
iii) <u>United Arab Emirates</u>	
Increase in losses from Jointly Controlled Entity	(2.8)
	<u>(10.8)</u>

## B.3 Prospects

In view of the current global economic conditions, the Board foresees the market conditions will continue to remain challenging for the rest of the year. While measures continue to be taken to ensure the sustainability of the Group's revenue & operations, the challenging environment is expected to have an impact on the Group's performance for the current financial year.

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

Not applicable as there was no profit forecast issued.

## B.5 Income Tax Expense

	Current financial quarter ended 31.12.2012	Current financial year-to-date ended 31.12.2012
Taxation comprises :-	RM'000	RM'000
Current taxation	1,102	5,164
Deferred taxation	407	407
Tax expense for the financial period	<u>1,509</u>	<u>5,571</u>

### Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial period ended 31 December 2012 is as follows:-

	Current financial quarter ended 31.12.2012	Current financial year-to-date ended 31.12.2012
(Loss)/Profit before tax	RM'000 <u>(3,074)</u>	RM'000 <u>7,008</u>
Tax at Malaysian statutory tax rate of 25%	(769)	1,752
Different tax rates in other countries	(366)	769
Adjustments:		
Share of results of associates	(31)	(19)
Share of results of jointly controlled entities	830	1,196
Tax effect on non-taxable revenue	275	(2,491)
Tax effect on non-deductible expenses	1,053	2,988
Tax effect on withholding tax in foreign subsidiaries	562	1,235
Deferred tax assets not recongised during the year	(31)	(64)
Under/(over) provision in prior year		
- income tax	1	220
- deferred tax	(15)	(15)
Income tax expense recognised in profit or loss	<u>1,509</u>	<u>5,571</u>

## B.6 Status of Corporate Proposals

There was no corporate proposal announced but not completed during the current quarter and financial year-to-date.

## B.7 Group Borrowings and Debt Securities

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
<b>a. Short term borrowings</b>		
<b>Secured :-</b>		
Portion of term loans payable within 12 months	22,026	37,829
	<u>22,026</u>	<u>37,829</u>
<b>b. Long term borrowings</b>		
<b>Secured :-</b>		
Portion of term loans payable after 12 months	34,381	58,033
	<u>34,381</u>	<u>58,033</u>
<b>Unsecured :-</b>		
Loan from a non-controlling shareholder	50,545	52,388
	<u>84,926</u>	<u>110,421</u>
<b>c. All the above borrowings are denominated in Ringgit Malaysia except for the following loans which are denominated in foreign currencies:-</b>		
	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
(i) In Chinese Renminbi		
Portion of term loans payable within 12 months	9,030	17,351
Portion of term loans payable after 12 months	-	7,011
	<u>9,030</u>	<u>24,362</u>
(ii) In US Dollars		
Portion of term loans payable within 12 months	12,996	20,478
Portion of term loans payable after 12 months	34,381	51,022
	<u>47,377</u>	<u>71,500</u>
(ii) In Hong Kong Dollars		
Loan from a non-controlling shareholder	50,545	52,388

## B.8 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.9 Material Litigation

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

## B.10 Dividend Payable

No dividend is payable as at the end of the financial year.

**B.11 (Loss)/Earnings Per Share ("EPS")**

	Individual Quarter 3 months ended		Cumulative Quarters 12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
(Loss)/Profit attributable to owners of the Parent (RM'000)	(4,397)	7,242	(102)	13,001
Weighted average number of ordinary shares for basic EPS ('000)	171,287	178,583	175,447	182,752
<b>Basic EPS (sen)</b>	<b>(2.6)</b>	<b>4.1</b>	<b>(0.1)</b>	<b>7.1</b>

**B.12 Realised and Unrealised Profits/(Losses) Disclosure**

	As at 31.12.2012	As at 31.12.2011
Total retained earnings of the Company and its subsidiaries	RM'000	RM'000
- Realised	51,527	71,746
- Unrealised	(20)	9
	<u>51,507</u>	<u>71,755</u>
Total share of retained earnings from associates		
- Realised	18,466	16,272
- Unrealised	(8,456)	(6,866)
	<u>10,010</u>	<u>9,406</u>
Total share of accumulated losses from jointly controlled entities		
- Realised	(7,410)	(2,626)
- Unrealised	-	-
	<u>(7,410)</u>	<u>(2,626)</u>
Less : Consolidation adjustments	19,447	7,206
Total retained earnings of the Group	<u><b>73,554</b></u>	<u><b>85,741</b></u>

**B.13 Profit Before Tax**

The following items have been included in arriving at profit before tax:-

	Current financial quarter ended 31.12.2012	Current financial year-to-date ended 31.12.2012
	RM'000	RM'000
Depreciation of property, plant and equipment	2,242	9,246
Amortisation of land use rights	(576)	1,772
Auditors' remuneration	128	273
Directors' remuneration		
- fees	114	276
- other emoluments	1,840	4,098
(Gain)/Loss on disposal of property, plant and equipment	(108)	78
Loss/(Gain) on disposal of investment in a subsidiary	908	(2,028)
Deposit written off	-	5
Bad debts written off	(1)	150
Rental of land and buildings	6,536	24,029
Rental of equipment	3	13
Staff costs		
- Contribution to defined contribution plan	30	57
- Salaries and others	10,253	35,895
Capital work-in-progress written off	149	149
Reversal of provision for land penalty	73	(3,483)
Government grant income	145	(92)
Government subsidies	(1,116)	(1,116)
Interest expense	946	4,353
Loss on realised foreign exchange	9	79
Loss on unrealised foreign exchange	1	14
Interest revenue	<u>(225)</u>	<u>(1,888)</u>

**B.14 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**  
**25 February 2013**