



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|                                      | <b>Individual quarter</b> |                       | <b>Cumulative quarter</b> |                       |
|--------------------------------------|---------------------------|-----------------------|---------------------------|-----------------------|
|                                      | <b>3 months ended</b>     |                       | <b>3 months ended</b>     |                       |
|                                      | <b>31.03.16</b>           | <b>31.03.15</b>       | <b>31.03.16</b>           | <b>31.03.15</b>       |
|                                      | RM'000                    | RM'000                | RM'000                    | RM'000                |
| Revenue                              | 6,050                     | 9,518                 | 6,050                     | 9,518                 |
| Operating costs                      | (10,777)                  | (10,813)              | (10,777)                  | (10,813)              |
| Other income                         | 1,971                     | 2,282                 | 1,971                     | 2,282                 |
|                                      | <hr/>                     | <hr/>                 | <hr/>                     | <hr/>                 |
| <b>(Loss)/Profit from operations</b> | <b>(2,756)</b>            | <b>987</b>            | <b>(2,756)</b>            | <b>987</b>            |
| Finance costs                        | (575)                     | (152)                 | (575)                     | (152)                 |
| Share of results of                  |                           |                       |                           |                       |
| Associates                           | 97                        | (851)                 | 97                        | (851)                 |
| Jointly controlled entity            | (1,188)                   | (2,503)               | (1,188)                   | (2,503)               |
|                                      | <hr/>                     | <hr/>                 | <hr/>                     | <hr/>                 |
| <b>Loss before tax</b>               | <b>(4,422)</b>            | <b>(2,519)</b>        | <b>(4,422)</b>            | <b>(2,519)</b>        |
| Tax expense                          | (40)                      | (101)                 | (40)                      | (101)                 |
|                                      | <hr/>                     | <hr/>                 | <hr/>                     | <hr/>                 |
| <b>Loss for the financial period</b> | <b><u>(4,462)</u></b>     | <b><u>(2,620)</u></b> | <b><u>(4,462)</u></b>     | <b><u>(2,620)</u></b> |
| <b>Attributable to:</b>              |                           |                       |                           |                       |
| Owners of the parent                 | (4,147)                   | (2,536)               | (4,147)                   | (2,536)               |
| Non-controlling interests            | (315)                     | (84)                  | (315)                     | (84)                  |
|                                      | <hr/>                     | <hr/>                 | <hr/>                     | <hr/>                 |
| <b>Loss for the financial period</b> | <b><u>(4,462)</u></b>     | <b><u>(2,620)</u></b> | <b><u>(4,462)</u></b>     | <b><u>(2,620)</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 2015.



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|   | <b>Individual quarter</b> |                      | <b>Cumulative quarter</b> |                      |
|---|---------------------------|----------------------|---------------------------|----------------------|
|   | <b>3 months ended</b>     |                      | <b>3 months ended</b>     |                      |
|   | <b>31.03.16</b>           | <b>31.03.15</b>      | <b>31.03.16</b>           | <b>31.03.15</b>      |
|   | RM'000                    | RM'000               | RM'000                    | RM'000               |
| <b>Loss for the financial period</b>  | <b>(4,462)</b>            | <b>(2,620)</b>       | <b>(4,462)</b>            | <b>(2,620)</b>       |
| <b>Other comprehensive income, net of tax</b>                                       |                           |                      |                           |                      |
| Foreign currency translation differences  | (23,577)                  | 17,043               | (23,577)                  | 17,043               |
| Fair value adjustment of available-for-sale financial assets                        | (39)                      | (1)                  | (39)                      | (1)                  |
| <b>Total other comprehensive (loss)/income for the financial period, net of tax</b> | <b>(23,616)</b>           | <b>17,042</b>        | <b>(23,616)</b>           | <b>17,042</b>        |
| <b>Total comprehensive (loss)/income for the financial period</b>                   | <b><u>(28,078)</u></b>    | <b><u>14,422</u></b> | <b><u>(28,078)</u></b>    | <b><u>14,422</u></b> |
| <b>Total comprehensive (loss)/income attributable to:</b>                           |                           |                      |                           |                      |
| Owners of the parent  | (22,718)                  | 11,497               | (22,718)                  | 11,497               |
| Non-controlling interests   | (5,360)                   | 2,925                | (5,360)                   | 2,925                |
| <b>Total comprehensive (loss)/income for the financial period</b>                   | <b><u>(28,078)</u></b>    | <b><u>14,422</u></b> | <b><u>(28,078)</u></b>    | <b><u>14,422</u></b> |
| <b>Basic loss per share attributable to owners of the parent (sen)</b>              | <b><u>(2.4)</u></b>       | <b><u>(1.4)</u></b>  | <b><u>(2.4)</u></b>       | <b><u>(1.4)</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 2015.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|  | As at 31.03.16<br>RM'000 | As at 31.12.15<br>RM'000 |
|--|--------------------------|--------------------------|
| <b>ASSETS</b>  |                          |                          |
| <b>Non-current assets</b>                                |                          |                          |
| Property, plant and equipment                            | 62,488                   | 69,130                   |
| Land use rights  | 16,118                   | 17,848                   |
| Capital work-in-progress                                 | 58,429                   | 58,605                   |
| Intangible assets  | 2,725                    | 2,725                    |
| Interest in associates                                   | 40,812                   | 43,273                   |
| Interest in a jointly controlled entity                  | 20,417                   | 23,771                   |
| Other investments  | 1,481                    | 1,634                    |
| Amount owing by a jointly controlled entity              | 58,432                   | 64,290                   |
|  | <b>260,902</b>           | <b>281,276</b>           |
| <b>Current assets</b>                                    |                          |                          |
| Trade receivables  | 4,690                    | 7,115                    |
| Other receivables, deposits and prepayments              | 16,997                   | 13,952                   |
| Amount owing by a jointly controlled entity              | 24,435                   | 24,547                   |
| Tax assets   | 621                      | 621                      |
| Short term fund  | 64,146                   | 31,569                   |
| Cash & cash equivalents                                  | 105,033                  | 120,781                  |
|  | <b>215,922</b>           | <b>198,585</b>           |
| <b>TOTAL ASSETS</b>                                      | <b>476,824</b>           | <b>479,861</b>           |
| <b>EQUITY AND LIABILITIES</b>                            |                          |                          |
| <b>Equity</b>  |                          |                          |
| Share capital  | 178,026                  | 178,026                  |
| Reserves   | 122,867                  | 145,585                  |
| Treasury shares  | (4,384)                  | (4,384)                  |
| <b>Total equity attributable to owners of the parent</b> | <b>296,509</b>           | <b>319,227</b>           |
| <b>Non-controlling interests</b>                         | 49,650                   | 55,010                   |
| <b>Total equity</b>                                      | <b>346,159</b>           | <b>374,237</b>           |
| <b>Non-current liabilities</b>                           |                          |                          |
| Long term borrowings                                     | 46,765                   | 49,243                   |
| Deferred tax liabilities                                 | 1,482                    | 1,563                    |
|  | <b>48,247</b>            | <b>50,806</b>            |
| <b>Current liabilities</b>                               |                          |                          |
| Trade payables   | 371                      | 605                      |
| Other payables, deposits and accruals                    | 7,386                    | 19,377                   |
| Short term borrowings                                    | 74,113                   | 33,990                   |
| Tax payables   | 548                      | 846                      |
|  | <b>82,418</b>            | <b>54,818</b>            |
| <b>Total Liabilities</b>                                 | <b>130,665</b>           | <b>105,624</b>           |
|  | <b>476,824</b>           | <b>479,861</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 2015.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|   | 3 months ended         |                       |
|---|------------------------|-----------------------|
|   | 31.03.16               | 31.03.15              |
|   | RM'000                 | RM'000                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                        |                       |
| Loss before tax,  | (4,422)                | (2,519)               |
| Adjustments for :-  |                        |                       |
| Amortisation of land use rights                               | 99                     | 92                    |
| Depreciation of property, plant and equipment                 | 452                    | 500                   |
| Loss/(Gain) on unrealised foreign exchange                    | 12                     | (7)                   |
| Share of results of associates                                | (97)                   | 851                   |
| Share of results of a jointly controlled entity               | 1,188                  | 2,503                 |
| Income distribution from short term fund                      | (537)                  | (368)                 |
| Interest income   | (870)                  | (1,447)               |
| Interest expense  | 576                    | 152                   |
| Operating loss before working capital changes                 | <u>(3,599)</u>         | <u>(243)</u>          |
| (Increase)/Decrease in trade and other receivables            | (25)                   | 750                   |
| (Decrease)/Increase in trade and other payables               | <u>(12,216)</u>        | <u>1,050</u>          |
| Cash (used in)/from operations                                | <u>(15,840)</u>        | <u>1,557</u>          |
| Interest paid   | (28)                   | (155)                 |
| Tax paid  | <u>(286)</u>           | <u>(317)</u>          |
| <b>Net cash (used in)/from operating activities</b>           | <b><u>(16,154)</u></b> | <b><u>1,085</u></b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                        |                       |
| Capital work-in-progress incurred                             | (4,427)                | (6,672)               |
| Purchase of property, plant and equipment                     | (24)                   | (106)                 |
| (Placement)/Redemption of short term fund                     | (32,577)               | 6,825                 |
| Placement of fixed deposits                                   | (100)                  | -                     |
| Withdrawal of fixed deposits                                  | -                      | 2,691                 |
| Advances to a jointly controlled entity                       | (2,284)                | -                     |
| Interest received   | 811                    | 1,815                 |
| <b>Net cash (used in)/from investing activities</b>           | <b><u>(38,601)</u></b> | <b><u>4,553</u></b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                        |                       |
| Drawdown of term loan   | 4,500                  | -                     |
| Drawdown of unsecured loan from a corporate shareholder       | 40,256                 | -                     |
| Dividend paid   | -                      | (6,185)               |
| Treasury shares repurchased                                   | -                      | (294)                 |
| <b>Net cash from/(used in) financing activities</b>           | <b><u>44,756</u></b>   | <b><u>(6,479)</u></b> |
| <b>Net change in cash and cash equivalents</b>                | <b><u>(9,999)</u></b>  | <b><u>(841)</u></b>   |
| Effects of exchange rate changes on cash and cash equivalents | (5,837)                | 6,690                 |
| Cash and cash equivalents at beginning of financial period    | 120,444                | 87,234                |
| <b>Cash and cash equivalents at end of financial period</b>   | <b><u>104,608</u></b>  | <b><u>93,083</u></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 2015.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|  | -----Non-Distributable----- |                         |                                      |                                     |  |                              |                                  | -----Distributable----- |                           |                             |                 |                                     | Total equity<br>RM'000 |
|--|-----------------------------|-------------------------|--------------------------------------|-------------------------------------|--|------------------------------|----------------------------------|-------------------------|---------------------------|-----------------------------|-----------------|-------------------------------------|------------------------|
|  | Share capital<br>RM'000     | Share premium<br>RM'000 | Capital redemption reserve<br>RM'000 | Asset revaluation reserve<br>RM'000 | Foreign exchange translation reserve<br>RM'000 | Fair value reserve<br>RM'000 | Statutory reserve fund<br>RM'000 | Other reserve<br>RM'000 | Treasury shares<br>RM'000 | Retained earnings<br>RM'000 | Total<br>RM'000 | Non-controlling interests<br>RM'000 |                        |
| <b>3 months ended 31 March 2016</b>  |                             |                         |                                      |                                     |  |                              |                                  |                         |                           |                             |                 |                                     |                        |
| <b>At 01.01.16</b>   | 178,026                     | 15,096                  | 19,000                               | 2,786                               | 67,434   | 16                           | 10,181                           | 5,943                   | (4,384)                   | 25,129                      | 319,227         | 55,010                              | 374,237                |
| <b>Comprehensive loss</b>  |                             |                         |                                      |                                     |  |                              |                                  |                         |                           |                             |                 |                                     |                        |
| Loss for the financial period  | -                           | -                       | -                                    | -                                   | -  | -                            | -                                | -                       | -                         | (4,147)                     | (4,147)         | (315)                               | (4,462)                |
| <b>Other comprehensive loss</b>  |                             |                         |                                      |                                     |  |                              |                                  |                         |                           |                             |                 |                                     |                        |
| Foreign currency translation differences   | -                           | -                       | -                                    | -                                   | (17,054)                                       | -                            | (933)                            | (545)                   | -                         | -                           | (18,532)        | (5,045)                             | (23,577)               |
| Fair value adjustment of available-for-sale financial assets   | -                           | -                       | -                                    | -                                   | -  | (39)                         | -                                | -                       | -                         | -                           | (39)            | -                                   | (39)                   |
| <b>Total other comprehensive loss for the financial period</b>   | -                           | -                       | -                                    | -                                   | (17,054)                                       | (39)                         | (933)                            | (545)                   | -                         | -                           | (18,571)        | (5,045)                             | (23,616)               |
| <b>Total comprehensive loss for the financial period</b>   | -                           | -                       | -                                    | -                                   | (17,054)                                       | (39)                         | (933)                            | (545)                   | -                         | (4,147)                     | (22,718)        | (5,360)                             | (28,078)               |
| <b>Transactions with owners</b>  |                             |                         |                                      |                                     |  |                              |                                  |                         |                           |                             |                 |                                     |                        |
| At 31.03.16  | <b>178,026</b>              | <b>15,096</b>           | <b>19,000</b>                        | <b>2,786</b>                        | <b>50,380</b>                                  | <b>(23)</b>                  | <b>9,248</b>                     | <b>5,398</b>            | <b>(4,384)</b>            | <b>20,982</b>               | <b>296,509</b>  | <b>49,650</b>                       | <b>346,159</b>         |
| <b>3 months ended 31 March 2015</b>  |                             |                         |                                      |                                     |  |                              |                                  |                         |                           |                             |                 |                                     |                        |
| <b>At 01.01.15</b>   | 178,026                     | 15,096                  | 19,000                               | 2,516                               | 26,247   | 45                           | 8,131                            | 4,728                   | (1,253)                   | 43,428                      | 295,964         | 50,501                              | 346,465                |
| <b>Comprehensive loss</b>  |                             |                         |                                      |                                     |  |                              |                                  |                         |                           |                             |                 |                                     |                        |
| Loss for the financial period  | -                           | -                       | -                                    | -                                   | -  | -                            | -                                | -                       | -                         | (2,536)                     | (2,536)         | (84)                                | (2,620)                |
| <b>Other comprehensive income</b>  |                             |                         |                                      |                                     |  |                              |                                  |                         |                           |                             |                 |                                     |                        |
| Foreign currency translation differences   | -                           | -                       | -                                    | -                                   | 13,270   | -                            | 483                              | 281                     | -                         | -                           | 14,034          | 3,009                               | 17,043                 |
| Fair value adjustment of available-for-sale financial assets   | -                           | -                       | -                                    | -                                   | -  | (1)                          | -                                | -                       | -                         | -                           | (1)             | -                                   | (1)                    |
| <b>Total other comprehensive income for the financial period</b>   | -                           | -                       | -                                    | -                                   | 13,270   | (1)                          | 483                              | 281                     | -                         | -                           | 14,033          | 3,009                               | 17,042                 |
| <b>Total comprehensive (loss)/income for the financial period</b>  | -                           | -                       | -                                    | -                                   | 13,270   | (1)                          | 483                              | 281                     | -                         | (2,536)                     | 11,497          | 2,925                               | 14,422                 |
| <b>Transactions with owners</b>  |                             |                         |                                      |                                     |  |                              |                                  |                         |                           |                             |                 |                                     |                        |
| Purchase of treasury shares  | -                           | -                       | -                                    | -                                   | -  | -                            | -                                | -                       | (294)                     | -                           | (294)           | -                                   | (294)                  |
| Special share dividend of eight (8) treasury shares for every one hundred (100) existing ordinary shares of RM1.00 each held in respect of the financial year ended 31.12.2013 | -                           | -                       | -                                    | -                                   | -  | -                            | -                                | -                       | -                         | (6,185)                     | (6,185)         | -                                   | (6,185)                |
| <b>Total transactions with owners</b>  | -                           | -                       | -                                    | -                                   | -  | -                            | -                                | -                       | (294)                     | (6,185)                     | (6,479)         | -                                   | (6,479)                |
| At 31.03.15  | <b>178,026</b>              | <b>15,096</b>           | <b>19,000</b>                        | <b>2,516</b>                        | <b>39,517</b>                                  | <b>44</b>                    | <b>8,614</b>                     | <b>5,009</b>            | <b>(1,547)</b>            | <b>34,707</b>               | <b>300,982</b>  | <b>53,426</b>                       | <b>354,408</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 2015.

**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) is unaudited and 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 should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2015.

The accounting policies and methods of computation adopted in this Condensed Report are consistent with those adopted in the Group's annual audited financial statements for the financial year ended 31 December 2015 except for the adoption of the following new MFRSs and Amendments to MFRSs that were issued but not yet effective and have not been applied by the Group from 1 January 2016:

|                        |   | Effective for annual periods<br>beginning on or after |
|------------------------|---|---|
| MFRS 9                 | Financial Instruments                       | 1 January 2018  |
| MFRS 15                | Revenue from Contracts with Customers       | 1 January 2018  |
| MFRS 16                | Leases                                      | 1 January 2019  |
| Amendments to MFRS 10  | Consolidated Financial Statements           | Deferred  |
| Amendments to MFRS 107 | Statements of Cash Flows                    | 1 January 2017  |
| Amendments to MFRS 112 | Income Taxes                                | 1 January 2017  |
| Amendments to MFRS 128 | Investments in Associate and Joint Ventures | Deferred  |

The directors expect that the adoption of the new MFRSs and Amendments to MFRSs above will not have any impact on the interim financial report in the year 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 would 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 not repurchased any ordinary shares of RM1.00 each of its issued share capital from the open market. As at 31 March 2016, a total of 5,288,275 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.

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

There was no dividend paid during the current financial quarter under review.

## A.8 Operating Segments

The Group has three reportable segments as shown below, which are the Group's strategic business units in three 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<br/>&amp; related<br/>value added<br/>services<br/>RM'000</b> | <b>Transportation<br/>&amp; distribution<br/>RM'000</b> | <b>Freight<br/>forwarding<br/>RM'000</b>     | <b>Consolidated<br/>RM'000</b> |
|---|--|---|--|--------------------------------|
| <b>3 months ended 31.03.2016</b>                          |  |   |  |                                |
| External revenue  | 5,920  | 130   | -  | 6,050                          |
| Segment loss  | (1,484)  | (5)   | -  | (1,489)                        |
| <b>3 months ended 31.03.2015</b>                          |  |   |  |                                |
| External revenue  | 8,110  | 1,334   | 74   | 9,518                          |
| Segment profit  | 690  | 48  | 9  | 747                            |
| <b>Reconciliation of reportable segment (loss)/profit</b> |  |   |  |                                |
|   | <b>Individual quarter<br/>3 months ended</b>                                 |   | <b>Cumulative quarter<br/>3 months ended</b> |                                |
|   | <b>31.03.16<br/>RM'000</b>   | <b>31.03.15<br/>RM'000</b>                              | <b>31.03.16<br/>RM'000</b>                   | <b>31.03.15<br/>RM'000</b>     |
| Total (loss)/profit from reportable segments              | (1,489)  | 747   | (1,489)                                      | 747                            |
| Other non-reportable segments                             | (1,842)  | 88  | (1,842)                                      | 88                             |
| Share of results of associates                            | 97   | (851)   | 97   | (851)                          |
| Share of results of a jointly controlled entity           | (1,188)  | (2,503)   | (1,188)                                      | (2,503)                        |
| Consolidated loss before tax                              | <b>(4,422)</b>   | <b>(2,519)</b>  | <b>(4,422)</b>                               | <b>(2,519)</b>                 |

### b. By Geographical Location

| <b>External revenue</b>                          | <b>Individual quarter<br/>3 months ended</b> |                            | <b>Cumulative quarter<br/>3 months ended</b> |                            |
|--|--|----------------------------|--|----------------------------|
|  | <b>31.03.16<br/>RM'000</b>                   | <b>31.03.15<br/>RM'000</b> | <b>31.03.16<br/>RM'000</b>                   | <b>31.03.15<br/>RM'000</b> |
| The People's Republic of China (incl. Hong Kong) | <b>6,050</b>                                 | <b>9,518</b>               | <b>6,050</b>                                 | <b>9,518</b>               |
| <b>Loss before tax</b>                           |  |                            |  |                            |
|  | <b>Individual quarter<br/>3 months ended</b> |                            | <b>Cumulative quarter<br/>3 months ended</b> |                            |
|  | <b>31.03.16<br/>RM'000</b>                   | <b>31.03.15<br/>RM'000</b> | <b>31.03.16<br/>RM'000</b>                   | <b>31.03.15<br/>RM'000</b> |
| Malaysia   | (1,776)                                      | 74                         | (1,776)                                      | 74                         |
| The People's Republic of China (incl. Hong Kong) | (1,458)                                      | (90)                       | (1,458)                                      | (90)                       |
| United Arab Emirates                             | (1,188)                                      | (2,503)                    | (1,188)                                      | (2,503)                    |
|  | <b>(4,422)</b>                               | <b>(2,519)</b>             | <b>(4,422)</b>                               | <b>(2,519)</b>             |

## 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**

On 19 April 2016, Integrated Logistics (H.K.) Limited, an indirect 70%-owned subsidiary of ILB, has entered into a Deed of Sale and Purchase with Natural Creation Limited & Joint Fun Company Limited for the disposal of entire equity interest in ISH Logistics (Shanghai) Limited and ISH Cargo Services (HK) Company Limited respectively for an aggregate cash consideration of HKD137.3 million.

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

There were no changes in the composition of the Group during the current financial quarter under review.

#### **A.12 Contingent Liabilities and Contingent Assets**

As at the end of the reporting quarter, corporate guarantees given by the Company to financial institutions for banking facilities granted to a subsidiary amounted to RM41.0 million, and to a jointly controlled entity amounted to RM47.0 million.

Apart from the above, there were no other 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 capital commitments totalling RM45.2 million in respect of the construction of a solar power plant, the acquisition of a freehold vacant land and the construction of warehouse buildings in the People's Republic of China.



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

### B.1 Review of Performance

For the current quarter ended 31 March 2016, the Group posted a revenue of RM6.1 million which was 35.8% lower than the revenue of RM9.5 million for the corresponding quarter in the preceding year. The lower revenue was mainly due to revenue decrease from the warehousing & related value added services and transportation & distribution segments of the Group's operations in the People's Republic of China.

The Group posted a pre-tax loss of RM4.4 million for the current quarter as compared to the pre-tax loss for the corresponding quarter in the preceding year of RM2.5 million. The increase in pre-tax loss of RM1.9 million for the current quarter was mainly due to the following:

|   | RM million   |
|---|--------------|
| i) <u>The People's Republic of China</u>          |              |
| Decrease in profit generated from revenue         | (1.3)        |
| Increase in profit from Associate                 | 0.9          |
| Decrease in other income                          | (0.5)        |
| Increase in finance costs                         | (0.4)        |
| ii) <u>Malaysia</u>                               |              |
| Increase in operating costs                       | (2.1)        |
| Increase in other income                          | 0.2          |
| iii) <u>United Arab Emirates</u>                  |              |
| Decrease in losses from Jointly Controlled Entity | 1.3          |
|   | <u>(1.9)</u> |

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

Compared to the immediate preceding quarter, the Group's revenue recorded a decrease of 15.3% from RM7.2 million to RM6.1 million. The lower revenue was mainly due to revenue decrease from the warehousing & related value added services and freight forwarding segments of the Group's operations in the People's Republic of China.

The Group recorded a pre-tax loss of RM4.4 million for the current quarter as compared to the immediate preceding quarter's pre-tax loss of RM4.6 million. The decrease in pre-tax loss of RM0.2 million for the current quarter was mainly due to the following:

|  | RM million |
|--|------------|
| i) <u>The People's Republic of China</u>                 |            |
| Impairment loss on investment in associate in prior year | 1.8        |
| Decrease in profit generated from revenue                | (1.0)      |
| Increase in profit from Associate                        | 0.8        |
| Increase in finance costs                                | (0.1)      |
| ii) <u>Malaysia</u>                                      |            |
| Increase in operating costs                              | (1.8)      |
| Increase in other income                                 | 0.7        |
| Decrease in profit from Associate                        | (0.5)      |
| iii) <u>United Arab Emirates</u>                         |            |
| Decrease in losses from Jointly Controlled Entity        | 0.3        |
|  | <u>0.2</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 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 quarter.

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

Not applicable as there was no profit forecast issued.

## B.5 Tax Expense

|                                      | Current financial quarter<br>ended 31.03.2016<br>RM'000 | Current financial year-to-date<br>ended 31.03.2016<br>RM'000 |
|--------------------------------------|---|--|
| Tax expense comprises :-             |   |  |
| Current income tax                   | 40  | 40   |
| Deferred tax                         | -   | -  |
| Tax expense for the financial period | <u>40</u>   | <u>40</u>  |

### Reconciliation between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial period ended 31 March 2016 are as follows:-

|  | Current financial quarter<br>ended 31.03.2016<br>RM'000 | Current financial year-to-date<br>ended 31.03.2016<br>RM'000 |
|--|---|--|
| Loss before tax  | <u>(4,422)</u>  | <u>(4,422)</u>   |
| Tax at Malaysian statutory income tax rate of 24%                          | (1,061)   | (1,061)  |
| Different tax rates in other countries                                     | 394   | 394  |
| Adjustments:   |   |  |
| Share of results of associates   | (15)  | (15)   |
| Share of results of a jointly controlled entity                            | 285   | 285  |
| Tax effect on non-taxable revenue  | (284)   | (284)  |
| Tax effect on non-deductible expenses                                      | 622   | 622  |
| Tax effect of withholding tax in foreign subsidiaries                      | 2   | 2  |
| Deferred tax assets not recognised during the financial year               | 102   | 102  |
| Utilisation of deferred tax assets not recognised in prior financial years | (5)   | (5)  |
| Income tax expense recognised in profit or loss                            | <u>40</u>   | <u>40</u>  |

## B.6 Status of Corporate Proposals

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

On 14 March 2016, ILB has entered into a Sale and Purchase Agreement ("SPA") with Zillion-Lite Venture Sdn Bhd to acquire five (5) adjoining parcels of freehold vacant agriculture land situated in Bandar Kayu Hitam, Daerah Kubang Pasu, Kedah, measuring a total of approximately 31.1149 hectares on an "as is where is" basis with vacant possession and free from all charges, caveats and encumbrances but subject to all conditions of title whether express or implied contained in the document of title and the terms and conditions as contained in the SPA for a total cash consideration of RM30 million.

On 19 April 2016, Integrated Logistics (H.K.) Limited, an indirect 70%-owned subsidiary of ILB, has entered into a Deed of Sale and Purchase with Natural Creation Limited & Joint Fun Company Limited for the disposal of entire equity interest in ISH Logistics (Shanghai) Limited and ISH Cargo Services (HK) Company Limited respectively for an aggregate cash consideration of HKD137.3 million.

## B.7 Group Borrowings and Debt Securities

|  | As at 31.03.2016<br>RM'000 | As at 31.03.2015<br>RM'000 |
|--|----------------------------|----------------------------|
| <b>a. Short term borrowings</b>                                    |                            |                            |
| <b>Secured :-</b>  |                            |                            |
| Portion of term loans repayable within 12 months                   | 4,413                      | -                          |
| <b>Unsecured :-</b>  |                            |                            |
| Loan from a non-controlling shareholder repayable within 12 months | 69,700                     | 156                        |
|  | <u>74,113</u>              | <u>156</u>                 |
| <b>b. Long term borrowings</b>                                     | As at 31.03.2016<br>RM'000 | As at 31.03.2015<br>RM'000 |
| <b>Secured :-</b>  |                            |                            |
| Portion of term loans repayable within 12 months                   | 41,074                     | -                          |
| <b>Unsecured :-</b>  |                            |                            |
| Loan from a non-controlling shareholder repayable after 12 months  | 5,691                      | 29,320                     |
|  | <u>46,765</u>              | <u>29,320</u>              |

## B.7 Group Borrowings and Debt Securities (cont'd)

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

|  | As at 31.03.2016 | As at 31.03.2015 |
|--|------------------|------------------|
|  | RM'000           | RM'000           |
| (i) In US Dollars  |                  |                  |
| Portion of term loans repayable within 12 months                   | 3,900            | -                |
| Portion of term loans repayable after 12 months                    | 37,087           | -                |
|  | <u>40,987</u>    | <u>-</u>         |
| (ii) In Hong Kong Dollars  |                  |                  |
| Loan from a non-controlling shareholder repayable within 12 months | 69,700           | 156              |
| Loan from a non-controlling shareholder repayable after 12 months  | 5,691            | 29,320           |
|  | <u>75,391</u>    | <u>29,476</u>    |

## 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

An interim single-tier dividend of 2.5 sen per share amounting to RM4,318,435 in respect of the financial year ended 31 December 2015 was paid on 8 April 2016.

## B.11 Loss Per Share ("EPS")

|   | Individual Quarter |              | Cumulative Quarter |              |
|---|--------------------|--------------|--------------------|--------------|
|   | 3 months ended     |              | 3 months ended     |              |
|   | 31.03.16           | 31.03.15     | 31.03.16           | 31.03.15     |
| Loss attributable to owners of the Parent (RM'000)              | (4,147)            | (2,536)      | (4,147)            | (2,536)      |
| Weighted average number of ordinary shares for basic EPS ('000) | 172,737            | 176,710      | 172,737            | 176,710      |
| <b>Basic EPS (sen)</b>  | <u>(2.4)</u>       | <u>(1.4)</u> | <u>(2.4)</u>       | <u>(1.4)</u> |

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

|  | <b>As at 31.03.2016</b> | <b>As at 31.03.2015</b> |
|--|-------------------------|-------------------------|
| Total retained earnings of the Company and its subsidiaries        | RM'000                  | RM'000                  |
| - Realised   | 81,304                  | 72,936                  |
| - Unrealised   | <u>(12)</u>             | <u>7</u>                |
|  | <u>81,292</u>           | <u>72,943</u>           |
| <br>   |                         |                         |
| Total share of retained earnings from associates                   |                         |                         |
| - Realised   | 11,581                  | 10,351                  |
| - Unrealised   | <u>(3,238)</u>          | <u>(3,613)</u>          |
|  | <u>8,343</u>            | <u>6,738</u>            |
| <br>   |                         |                         |
| Total share of accumulated losses from a jointly controlled entity |                         |                         |
| - Realised   | (38,653)                | (29,034)                |
| - Unrealised   | <u>-</u>                | <u>-</u>                |
|  | <u>(38,653)</u>         | <u>(29,034)</u>         |
| <br>   |                         |                         |
| Less : Consolidation adjustments                                   | <u>(30,000)</u>         | <u>(15,940)</u>         |
| <br>   |                         |                         |
| Total retained earnings of the Group                               | <u><b>20,982</b></u>    | <u><b>34,707</b></u>    |

**B.13 Loss Before Tax**

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

|   | <b>Current financial quarter<br/>ended 31.03.2016</b> | <b>Current financial year-to-date<br/>ended 31.03.2016</b> |
|---|---|--|
|   | RM'000  | RM'000   |
| Amortisation of land use rights               | 99  | 99   |
| Auditors' remuneration                        |   |  |
| - statutory audit                             | 43  | 43   |
| Depreciation of property, plant and equipment | 452   | 452  |
| Directors' remuneration                       |   |  |
| - fees  | 86  | 86   |
| - other emoluments                            | 707   | 707  |
| Loss on unrealised foreign exchange           |   |  |
| - realised                                    | 1   | 1  |
| - unrealised                                  | 12  | 12   |
| Income distribution from short term fund      | (537)   | (537)  |
| Interest expense                              | 576   | 576  |
| Interest income                               | (870)   | (870)  |
| Rental of warehouse and office buildings      | 2,315   | 2,315  |
| Rental of equipment                           | 3   | 3  |
| Rental of warehouse                           | (382)   | (382)  |
| Staff costs                                   |   |  |
| - Contribution to defined contribution plan   | 48  | 48   |
| - Salaries and others                         | <u>2,173</u>  | <u>2,173</u>   |

**B.14 Comparative Figures**

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

**By Order of the Board**

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

Selangor  
31 May 2016