



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Individual quarter</b>		<b>Cumulative quarters</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.16</b>	<b>30.09.15</b>	<b>30.09.16</b>	<b>30.09.15</b>
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Revenue	3,912	2,769	9,578	9,196
Operating costs	(3,932)	(4,361)	(15,090)	(14,686)
Other income	14,203	1,630	17,533	5,063
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Profit/(Loss) from operations</b>	<b>14,183</b>	<b>38</b>	<b>12,021</b>	<b>(427)</b>
Finance costs	(910)	(198)	(2,335)	(506)
Share of results of				
Associates	(2,166)	2,132	(3,347)	841
Jointly controlled entity	(1,287)	(3,966)	(2,555)	(9,396)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Profit/(Loss) before tax</b>	<b>9,820</b>	<b>(1,994)</b>	<b>3,784</b>	<b>(9,488)</b>
Tax expense	(72)	(163)	(33)	(202)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Profit/(Loss) from continuing operations</b>	<b>9,748</b>	<b>(2,157)</b>	<b>3,751</b>	<b>(9,690)</b>
<b>Discontinued operations</b>				
(Loss)/Profit from discontinued operations, net of tax	(18)	108	(1,457)	1,253
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Profit/(Loss) for the financial period</b>	<b><u>9,730</u></b>	<b><u>(2,049)</u></b>	<b><u>2,294</u></b>	<b><u>(8,437)</u></b>
<b>Attributable to:</b>				
Owners of the parent				
- From continuing operations	6,105	(2,279)	762	(9,127)
- From discontinued operations	(13)	76	(1,020)	877
	<hr/>	<hr/>	<hr/>	<hr/>
	6,092	(2,203)	(258)	(8,250)
Non-controlling interests	3,638	154	2,552	(187)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Profit/(Loss) for the financial period</b>	<b><u>9,730</u></b>	<b><u>(2,049)</u></b>	<b><u>2,294</u></b>	<b><u>(8,437)</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 quarters</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.16</b>	<b>30.09.15</b>	<b>30.09.16</b>	<b>30.09.15</b>
	RM'000	RM'000	RM'000	RM'000
<b>Profit/(Loss) for the financial period</b>	<b>9,730</b>	<b>(2,049)</b>	<b>2,294</b>	<b>(8,437)</b>
<b>Other comprehensive income/(loss), net of tax</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	6,019	45,622	(14,485)	65,465
Fair value adjustment of available-for-sale financial assets	-	(25)	(39)	(24)
Reclassification of foreign currency translation reserve to profit or loss upon disposal of subsidiaries	(18,142)	-	(18,142)	-
<b>Total other comprehensive income/(loss) for the financial period, net of tax</b>	<b>(12,123)</b>	<b>45,597</b>	<b>(32,666)</b>	<b>65,441</b>
<b>Total comprehensive income/(loss) for the financial period</b>	<b><u>(2,393)</u></b>	<b><u>43,548</u></b>	<b><u>(30,372)</u></b>	<b><u>57,004</u></b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the parent	(6,955)	36,457	(29,108)	47,360
Non-controlling interests	4,562	7,091	(1,264)	9,644
<b>Total comprehensive income/(loss) for the financial period</b>	<b><u>(2,393)</u></b>	<b><u>43,548</u></b>	<b><u>(30,372)</u></b>	<b><u>57,004</u></b>
<b>Basic profit/(loss) per share attributable to owners of the parent (sen)</b>				
- From continuing operations	3.5	(1.3)	0.4	(5.2)
- From discontinued operations	-	-	(0.6)	0.5
	<b><u>3.5</u></b>	<b><u>(1.3)</u></b>	<b><u>(0.2)</u></b>	<b><u>(4.7)</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 30.09.16 RM'000	As at 31.12.15 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	166,694	69,130
Land use rights	16,430	17,848
Capital work-in-progress	6,118	58,605
Intangible assets	2,725	2,725
Interest in associates	33,951	43,273
Interest in a jointly controlled entity	20,342	23,771
Other investments	483	1,634
Amount owing by a jointly controlled entity	61,925	64,290
	<b>308,668</b>	<b>281,276</b>
<b>Current assets</b>		
Trade receivables	211	7,115
Other receivables, deposits and prepayments	22,002	13,952
Amount owing by a jointly controlled entity	31,525	24,547
Tax assets	1,495	621
Short term fund	22,450	31,569
Cash & cash equivalents	52,019	120,781
	<b>129,702</b>	<b>198,585</b>
<b>TOTAL ASSETS</b>	<b>438,370</b>	<b>479,861</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	178,026	178,026
Reserves	112,218	145,585
Treasury shares	(4,384)	(4,384)
<b>Total equity attributable to owners of the parent</b>	<b>285,860</b>	<b>319,227</b>
<b>Non-controlling interests</b>	<b>54,171</b>	<b>55,010</b>
<b>Total equity</b>	<b>340,031</b>	<b>374,237</b>
<b>Non-current liabilities</b>		
Long term borrowings	63,216	49,243
Deferred tax liabilities	1,334	1,563
	<b>64,550</b>	<b>50,806</b>
<b>Current liabilities</b>		
Trade payables	44	605
Other payables, deposits and accruals	12,712	19,377
Short term borrowings	20,871	33,990
Tax payables	162	846
	<b>33,789</b>	<b>54,818</b>
<b>Total Liabilities</b>	<b>98,339</b>	<b>105,624</b>
	<b>438,370</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

	<b>9 months ended</b>	
	<b>30.09.16</b>	<b>30.09.15</b>
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax from continuing operations	3,784	(9,488)
(Loss)/Profit before tax from discontinued operations	(1,457)	1,684
Profit/(Loss) before tax, total	<u>2,327</u>	<u>(7,804)</u>
Adjustments for :-		
Amortisation of land use rights	303	302
Depreciation of property, plant and equipment	1,476	1,559
Bad debts written off	2	-
Gain on disposal of investment in subsidiaries	(12,872)	-
Loss/(Gain) on unrealised foreign exchange	6	(65)
Share of results of associates	3,347	(841)
Share of results of a jointly controlled entity	2,555	9,396
Income distribution from short term fund	(1,341)	(915)
Interest income	(2,504)	(3,814)
Interest expense	2,334	506
Operating loss before working capital changes	<u>(4,367)</u>	<u>(1,676)</u>
Receivables	(6,873)	(1,193)
Payables	(5,192)	3,094
Cash (used in)/generated from operations	<u>(16,432)</u>	<u>225</u>
Interest paid	(3,519)	(505)
Tax paid	(642)	(512)
Tax refund	-	43
<b>Net cash used in operating activities</b>	<b>(20,593)</b>	<b>(749)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital work-in-progress incurred	(21,721)	(33,367)
Purchase of property, plant and equipment	(32,600)	(309)
Proceeds from allotment of shares by subsidiary to non-controlling interests	400	-
Acquisition of subsidiaries for cash, net of cash acquired	-	(2,525)
Effect of disposal of subsidiaries, net of cash disposed	(276)	-
Placement of fixed deposits	(902)	-
Redemption of short term fund	9,119	21,322
Advances to a jointly controlled entity	(7,824)	-
Dividend received	5,000	-
Interest received	1,940	4,728
<b>Net cash used in investing activities</b>	<b>(46,864)</b>	<b>(10,151)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of term loan	23,379	35,571
Repayments of term loan	(124)	-
Drawdown of unsecured loan from a corporate shareholder	42,672	-
Repayments of unsecured loan from a corporate shareholder	(61,875)	-
Dividend paid	(4,318)	(6,185)
Interest paid	(148)	-
Treasury shares repurchased	-	(3,131)
<b>Net cash (used in)/from financing activities</b>	<b>(414)</b>	<b>26,255</b>
<b>Net change in cash and cash equivalents</b>	<b>(67,871)</b>	<b>15,355</b>
Effects of exchange rate changes on cash and cash equivalents	(1,660)	24,431
Cash and cash equivalents at beginning of financial period	120,444	114,282
<b>Cash and cash equivalents at end of financial period</b>	<b>50,913</b>	<b>154,068</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-----					
	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Asset revaluation reserve RM'000	Foreign exchange translation reserve RM'000	Fair value reserve RM'000	Statutory reserve fund RM'000	Other reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>9 months ended 30 September 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)/income</b>													
(Loss)/Profit for the financial period	-	-	-	-	-	-	-	-	-	(258)	(258)	2,552	2,294
<b>Other comprehensive loss</b>													
Foreign currency translation differences	-	-	-	-	(10,259)	-	(189)	(221)	-	-	(10,669)	(3,816)	(14,485)
Fair value adjustment of available-for-sale financial assets	-	-	-	-	-	(39)	-	-	-	-	(39)	-	(39)
Reclassification of foreign currency translation reserve to profit or loss upon disposal of subsidiaries	-	-	-	-	(18,142)	-	-	-	-	-	(18,142)	-	(18,142)
<b>Total other comprehensive loss for the financial period</b>	-	-	-	-	(28,401)	(39)	(189)	(221)	-	-	(28,850)	(3,816)	(32,666)
<b>Total comprehensive loss for the financial period</b>	-	-	-	-	(28,401)	(39)	(189)	(221)	-	(258)	(29,108)	(1,264)	(30,372)
<b>Transactions with owners</b>													
Transfer on disposal of subsidiaries	-	-	-	-	-	-	(9,992)	-	-	9,992	-	-	-
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	400	400
Realisation of fair value reserve on disposal of subsidiaries	-	-	-	-	-	59	-	-	-	-	59	25	84
Interim single-tier dividend of 2.5% per share in respect of the financial year ended 31.12.2015	-	-	-	-	-	-	-	-	-	(4,318)	(4,318)	-	(4,318)
<b>Total transactions with owners</b>	-	-	-	-	-	59	(9,992)	-	-	5,674	(4,259)	425	(3,834)
<b>At 30.09.16</b>	<b>178,026</b>	<b>15,096</b>	<b>19,000</b>	<b>2,786</b>	<b>39,033</b>	<b>36</b>	<b>-</b>	<b>5,722</b>	<b>(4,384)</b>	<b>30,545</b>	<b>285,860</b>	<b>54,171</b>	<b>340,031</b>
<b>9 months ended 30 September 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	-	-	-	-	-	-	-	-	-	(8,250)	(8,250)	(187)	(8,437)
<b>Other comprehensive income/(loss)</b>													
Foreign currency translation differences	-	-	-	-	52,306	-	2,100	1,221	-	-	55,627	9,838	65,465
Fair value adjustment of available-for-sale financial assets	-	-	-	-	-	(17)	-	-	-	-	(17)	(7)	(24)
<b>Total other comprehensive income for the financial period</b>	-	-	-	-	52,306	(17)	2,100	1,221	-	-	55,610	9,831	65,441
<b>Total comprehensive income/(loss) for the financial period</b>	-	-	-	-	52,306	(17)	2,100	1,221	-	(8,250)	47,360	9,644	57,004
<b>Transactions with owners</b>													
Purchase of treasury shares	-	-	-	-	-	-	-	-	(3,131)	-	(3,131)	-	(3,131)
Interim single-tier dividend of 3.5% per share in respect of the financial year ended 31.12.2014	-	-	-	-	-	-	-	-	-	(6,185)	(6,185)	-	(6,185)
<b>Total transactions with owners</b>	-	-	-	-	-	-	-	-	(3,131)	(6,185)	(9,316)	-	(9,316)
<b>At 30.09.15</b>	<b>178,026</b>	<b>15,096</b>	<b>19,000</b>	<b>2,516</b>	<b>78,553</b>	<b>28</b>	<b>10,231</b>	<b>5,949</b>	<b>(4,384)</b>	<b>28,993</b>	<b>334,008</b>	<b>60,145</b>	<b>394,153</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 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 2	Share-based payments	1 January 2018
Amendments to MFRS 10	Consolidated Financial Statements	Deferred
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	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 30 September 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**

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.

## 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 &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 30.09.2016</b>				
External revenue				
- From continuing operations	3,820	92	-	3,912
- From discontinued operations	89	(4)	4	89
	<u>3,909</u>	<u>88</u>	<u>4</u>	<u>4,001</u>
Segment profit/(loss)				
- From continuing operations	217	(31)	-	186
- From discontinued operations	(6)	(2)	3	(5)
	<u>211</u>	<u>(33)</u>	<u>3</u>	<u>181</u>
<b>3 months ended 30.09.2015</b>				
External revenue				
- From continuing operations	2,570	200	(1)	2,769
- From discontinued operations	5,486	74	7	5,567
	<u>8,056</u>	<u>274</u>	<u>6</u>	<u>8,336</u>
Segment (loss)/profit				
- From continuing operations	(578)	55	(6)	(529)
- From discontinued operations	653	16	4	673
	<u>75</u>	<u>71</u>	<u>(2)</u>	<u>144</u>
<b>9 months ended 30.09.2016</b>				
External revenue				
- From continuing operations	9,259	319	-	9,578
- From discontinued operations	6,965	30	4	6,999
	<u>16,224</u>	<u>349</u>	<u>4</u>	<u>16,577</u>
Segment (loss)/profit				
- From continuing operations	(2,321)	(176)	-	(2,497)
- From discontinued operations	(411)	11	3	(397)
	<u>(2,732)</u>	<u>(165)</u>	<u>3</u>	<u>(2,894)</u>
<b>9 months ended 30.09.2015</b>				
External revenue				
- From continuing operations	7,877	1,254	65	9,196
- From discontinued operations	14,919	186	17	15,122
	<u>22,796</u>	<u>1,440</u>	<u>82</u>	<u>24,318</u>
Segment (loss)/profit				
- From continuing operations	(1,778)	109	(9)	(1,678)
- From discontinued operations	2,294	60	10	2,364
	<u>516</u>	<u>169</u>	<u>1</u>	<u>686</u>

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

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

Reconciliation of reportable segment profit/(loss)	Individual quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
Total profit/(loss) from reportable segments				
- From continuing operations	186	(529)	(2,497)	(1,678)
- From discontinued operations	(5)	673	(397)	2,364
Other non-reportable segments	13,074	(82)	11,123	65
Share of results of associates	(2,166)	2,132	(3,347)	841
Share of results of a jointly controlled entity	(1,287)	(3,966)	(2,555)	(9,396)
Consolidated profit/(loss) before tax	<u>9,802</u>	<u>(1,772)</u>	<u>2,327</u>	<u>(7,804)</u>

### b. By Geographical Location

External revenue	Individual quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
The People's Republic of China (incl. Hong Kong)				
- From continuing operations	3,912	2,769	9,578	9,196
- From discontinued operations	89	5,567	6,999	15,122
	<u>4,001</u>	<u>8,336</u>	<u>16,577</u>	<u>24,318</u>

(Loss)/Profit before tax	Individual quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
Malaysia	(49)	1,671	(1,916)	1,776
The People's Republic of China (incl. Hong Kong)				
- From continuing operations	11,156	301	8,255	(1,868)
- From discontinued operations	(18)	222	(1,457)	1,684
United Arab Emirates	(1,287)	(3,966)	(2,555)	(9,396)
	<u>9,802</u>	<u>(1,772)</u>	<u>2,327</u>	<u>(7,804)</u>

## A.9 Discontinued Operations

On 8 July 2016, Integrated Logistics (H.K.) Limited, an indirect 70%-owned subsidiary of ILB, had completed the share sale in relation to the Deed of Sale and Purchase dated 19 April 2016 entered into with Natural Creation Limited & Joint Fun Company Limited for the disposal of entire equity interest in ISH Logistics (Shanghai) Limited ("ISH Shanghai") and ISH Cargo Services (HK) Company Limited ("ISH Cargo") respectively for an aggregate cash consideration of HKD137.3 million.

In accordance with MFRS 5: Non-Current Assets Held For Sale and Discontinued Operations, ISH Shanghai and ISH Cargo are classified as disposal group held for sale/discontinued operations. The results and cash flow of the disposal group were classified as "Discontinued Operations" in the Condensed Consolidated Statement of Comprehensive Income.

(Loss)/Profit attributable to the discontinued operations were as follows:-

	Individual period ended		Cumulative period ended	
	8 days	3 months	190 days	9 months
	08.07.16	30.09.15	08.07.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
Revenue	89	5,567	6,999	15,122
Operating costs	(114)	(5,786)	(8,968)	(15,020)
Other income	7	441	512	1,582
(Loss)/Profit from operations	<u>(18)</u>	<u>222</u>	<u>(1,457)</u>	<u>1,684</u>
Finance costs	-	-	-	-
(Loss)/Profit before tax	<u>(18)</u>	<u>222</u>	<u>(1,457)</u>	<u>1,684</u>
Tax expense	-	(114)	-	(431)
(Loss)/Profit for the financial period	<u>(18)</u>	<u>108</u>	<u>(1,457)</u>	<u>1,253</u>



#### A.9 Discontinued Operations (cont'd)

The cash flows attributable to the discontinued operations are as follows:

	Cumulative period ended	
	190 days	9 months
	<b>08.07.16</b>	<b>30.09.15</b>
	RM'000	RM'000
Operating cash flows	(45,115)	156
Investing cash flows	179	367
	<u>(44,936)</u>	<u>523</u>

#### A.10 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.11 Material Subsequent Events

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

#### A.12 Changes in The Composition of the Group

On 8 July 2016, Integrated Logistics (H.K.) Limited, an indirect 70%-owned subsidiary of ILB, had completed the share sale in relation to the Deed of Sale and Purchase dated 19 April 2016 entered into 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.

On 12 July 2016, the Company had completed the land acquisition in relation to the Sale and Purchase Agreement dated 14 March 2016 entered into 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 for a total cash consideration of RM30 million.

#### A.13 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 RM62.1 million, and to a jointly controlled entity amounted to RM43.9 million.

Apart from the above, there were no other contingent liabilities and contingent assets since the last annual reporting date.

#### A.14 Capital Commitment

As at the end of the reporting quarter, the Group has capital commitments totalling RM3.7 million in respect of the construction of a solar power plant.

## 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

##### Continuing operations

For the current financial period ended 30 September 2016, the Group posted a revenue of RM9.6 million which was 4.3% higher than the revenue of RM9.2 million for the corresponding period in the preceding year. The higher revenue was mainly due to revenue increase from the warehousing & related value added services segment of the Group's operations in the People's Republic of China.

The Group posted a pre-tax profit of RM3.8 million for the current financial period as compared to the pre-tax loss for the corresponding period in the preceding year of RM9.5 million. The increase in pre-tax profit of RM13.3 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 subsidiaries, ISH Logistics (Shanghai) Limited and ISH Cargo Services (HK) Company Limited	12.9
Increase in losses from Associate	(2.3)
Increase in finance costs	(1.7)
Decrease in operating costs	1.6
Decrease in other income	(0.3)
ii) <u>Malaysia</u>	
Increase in losses from Associate	(1.9)
Increase in operating costs	(1.6)
Decrease in other income	(0.1)
Increase in finance costs	(0.1)
iii) <u>United Arab Emirates</u>	
Decrease in losses from Jointly Controlled Entity	6.8
	<u>13.3</u>

The gain on disposal of subsidiaries, ISH Logistics (Shanghai) Limited and ISH Cargo Services (HK) Company Limited of RM12.9 million was mainly due to reclassification of foreign exchange translation reserve to profit or loss upon disposal of subsidiaries.

##### Discontinued Operations

For the current financial period ended 30 September 2016, the Group posted a revenue of RM7.0 million which was 53.6% lower than the revenue of RM15.1 million for the corresponding period in the preceding year. The lower revenue was mainly due to the completion of disposal of discontinued operations on 8 July 2016 in the People's Republic of China.

The Group posted a pre-tax loss of RM1.5 million for the current financial period as compared to the pre-tax profit for the corresponding period in the preceding year of RM1.7 million. The increase in pre-tax loss of RM3.2 million for the current financial period was mainly due to the following:

	RM million
i) <u>The People's Republic of China</u>	
Increase in losses generated from decrease in revenue	(2.1)
Decrease in other income	(1.1)
	<u>(3.2)</u>

## B.1 Review of Performance (cont'd)

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

#### Continuing operations

For the current quarter ended 30 September 2016, the Group posted a revenue of RM3.9 million which was 39.3% higher than the revenue of RM2.8 million for the corresponding quarter in the preceding year. The higher revenue was mainly due to revenue increase from the warehousing & related value added services segment of the Group's operations in the People's Republic of China.

The Group posted a pre-tax profit of RM9.8 million for the current quarter as compared to the pre-tax loss for the corresponding quarter in the preceding year of RM2.0 million. The increase in pre-tax profit of RM11.8 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 subsidiaries, ISH Logistics (Shanghai) Limited and ISH Cargo Services (HK) Company Limited	12.9
Increase in losses from Associate	(2.3)
Decrease in operating costs	1.0
Increase in finance costs	(0.7)
Decrease in other income	(0.1)
ii) <u>Malaysia</u>	
Increase in losses from Associate	(2.0)
Decrease in operating costs	0.5
Decrease in other income	(0.2)
iii) <u>United Arab Emirates</u>	
Decrease in losses from Jointly Controlled Entity	2.7
	<u>11.8</u>

#### Discontinued Operations

For the current quarter ended 30 September 2016, the Group posted a revenue of RM0.1 million which was 98.2% lower than the revenue of RM5.6 million for the corresponding quarter in the preceding year. The lower revenue was mainly due to the completion of disposal of discontinued operations on 8 July 2016 in the People's Republic of China.

The Group posted a small pre-tax loss for the current quarter as compared to the pre-tax profit for the corresponding quarter in the preceding year of RM0.2 million. The increase 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>	
Decrease in other income	(0.4)
Decrease in losses generated from decrease in revenue	0.2
	<u>(0.2)</u>

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

	Revenue		Profit/(Loss) before tax	
	3 months ended		3 months ended	
	30.09.2016	30.06.2016	30.09.2016	30.06.2016
	RM'000	RM'000	RM'000	RM'000
- From continuing operations	3,912	3,095	9,820	(2,313)
- From discontinued operations	89	3,431	(18)	(740)
	<u>4,001</u>	<u>6,526</u>	<u>9,802</u>	<u>(3,053)</u>

Compared to the immediate preceding quarter, the Group's revenue recorded a decrease of 38.5% from RM6.5 million to RM4.0 million. The lower revenue was mainly due to the completion of disposal of discontinued operations on 8 July 2016 in the People's Republic of China.

The Group recorded a pre-tax profit of RM9.8 million for the current quarter as compared to the immediate preceding quarter's pre-tax loss of RM3.1 million. The increase in pre-tax profit of RM12.9 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 subsidiaries, ISH Logistics (Shanghai) Limited and ISH Cargo Services (HK) Company Limited	12.9
Decrease in operating costs	2.1
Increase in losses from Associate	(0.7)
Decrease in other income	(0.2)
Increase in finance costs	(0.1)
ii) <u>Malaysia</u>	
Decrease in operating costs	0.6
Decrease in other income	(0.3)
Increase in losses from Associate	(0.2)
iii) <u>United Arab Emirates</u>	
Increase in losses from Jointly Controlled Entity	(1.2)
	<u>12.9</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 ended 30.09.2016 RM'000	Current financial year-to-date ended 30.09.2016 RM'000
Tax expense comprises :-		
Current income tax		
- From continuing operations	72	33
- From discontinued operations	-	-
Tax expense for the financial period	<u>72</u>	<u>33</u>

## B.5 Tax Expense (cont'd)

### Reconciliation between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial period ended 30 September 2016 are as follows:-

	Current financial quarter ended 30.09.2016	Current financial year-to-date ended 30.09.2016
	RM'000	RM'000
Profit/(Loss) before tax from continuing operations	9,820	3,784
Loss before tax from discontinued operations	(18)	(1,457)
Total profit/(loss) before tax	<u>9,802</u>	<u>2,327</u>
Tax at Malaysian statutory income tax rate of 24%	2,352	558
Different tax rates in other countries	(3,776)	(2,905)
Adjustments:		
Share of results of associates	46	26
Share of results of a jointly controlled entity	309	613
Tax effect on non-taxable revenue	(1,262)	(1,974)
Tax effect on non-deductible expenses	2,390	3,491
Tax effect of withholding tax in foreign subsidiaries	-	4
Deferred tax assets not recognised during the financial year	53	420
Utilisation of deferred tax assets not recognised in prior financial years	(40)	(187)
Over provision in prior year		
- income tax	-	(13)
Income tax expense recognised in profit or loss	<u>72</u>	<u>33</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

a. Short term borrowings	As at 30.09.2016	As at 30.09.2015
	RM'000	RM'000
<b>Secured :-</b>		
Portion of term loans repayable within 12 months	9,383	-
<b>Unsecured :-</b>		
Loan from a non-controlling shareholder repayable within 12 months	<u>11,488</u>	<u>190</u>
	<u>20,871</u>	<u>190</u>
<b>b. Long term borrowings</b>	<b>As at 30.09.2016</b>	<b>As at 30.09.2015</b>
	RM'000	RM'000
<b>Secured :-</b>		
Portion of term loans repayable within 12 months	57,346	35,571
<b>Unsecured :-</b>		
Loan from a non-controlling shareholder repayable after 12 months	<u>5,870</u>	<u>34,820</u>
	<u>63,216</u>	<u>70,391</u>
<b>c. All the above borrowings are denominated in Ringgit Malaysia except for the following loans which are denominated in foreign currencies:-</b>	<b>As at 30.09.2016</b>	<b>As at 30.09.2015</b>
	RM'000	RM'000
(i) In US Dollars		
Portion of term loans repayable within 12 months	8,998	-
Portion of term loans repayable after 12 months	<u>53,055</u>	<u>35,571</u>
	<u>62,053</u>	<u>35,571</u>
(ii) In Hong Kong Dollars		
Loan from a non-controlling shareholder repayable within 12 months	11,488	190
Loan from a non-controlling shareholder repayable after 12 months	<u>5,870</u>	<u>34,820</u>
	<u>17,358</u>	<u>35,010</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

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

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

	Individual Quarter 3 months ended		Cumulative Quarters 9 months ended	
	30.09.16	30.09.15	30.09.16	30.09.15
Profit/(Loss) attributable to owners of the Parent (RM'000)				
- From continuing operations	6,105	(2,279)	762	(9,127)
- From discontinued operations	(13)	76	(1,020)	877
	<u>6,092</u>	<u>(2,203)</u>	<u>(258)</u>	<u>(8,250)</u>
Weighted average number of ordinary shares for basic EPS ('000)	172,737	173,850	172,737	175,255
<b>Basic EPS (sen)</b>				
- From continuing operations	3.5	(1.3)	0.4	(5.2)
- From discontinued operations	-	-	(0.6)	0.5
	<u>3.5</u>	<u>(1.3)</u>	<u>(0.2)</u>	<u>(4.7)</u>

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

	As at 30.09.2016	As at 30.09.2015
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	108,216	107,474
- Unrealised	(6)	65
	<u>108,210</u>	<u>107,539</u>
Total share of retained earnings from associates		
- Realised	8,239	12,377
- Unrealised	(3,341)	(3,947)
	<u>4,898</u>	<u>8,430</u>
Total share of accumulated losses from a jointly controlled entity		
- Realised	(40,020)	(35,927)
- Unrealised	-	-
	<u>(40,020)</u>	<u>(35,927)</u>
Less : Consolidation adjustments	<u>(42,543)</u>	<u>(51,049)</u>
Total retained earnings of the Group	<u>30,545</u>	<u>28,993</u>

### B.13 Profit Before Tax

The following items, including discontinued operations, have been included in arriving at profit before tax:-

	<b>Current financial quarter ended 30.09.2016</b>	<b>Current financial year-to-date ended 30.09.2016</b>
	RM'000	RM'000
Amortisation of land use rights	102	303
Auditors' remuneration		
- statutory audit	43	133
Bad debts written off	-	2
Depreciation of property, plant and equipment	564	1,476
Directors' remuneration		
- fees	101	288
- other emoluments	696	2,090
Gain on disposal of investment in subsidiaries	(12,872)	(12,872)
Loss/(Gain) on unrealised foreign exchange		
- realised	22	(68)
- unrealised	15	6
Income distribution from short term fund	(203)	(1,341)
Interest expense	909	2,334
Interest income	(715)	(2,504)
Rental of warehouse and office buildings	285	4,912
Rental of equipment	3	9
Rental of warehouse	(415)	(1,178)
Staff costs		
- Contribution to defined contribution plan	48	152
- Salaries and others	856	5,595

### 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  
03 November 2016