



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter		Cumulative quarters	
	3 months ended		12 months ended	
	31.12.16	31.12.15	31.12.16	31.12.15
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	4,785	2,401	14,363	11,597
Operating costs	(10,532)	(6,289)	(25,622)	(20,975)
Other income	19,528	735	37,061	5,798
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(Loss) from operations	13,781	(3,153)	25,802	(3,580)
Finance costs	(956)	(456)	(3,291)	(962)
Share of results of				
Associates	(9,091)	(185)	(12,438)	656
Jointly controlled entity	(2,128)	(1,538)	(4,683)	(10,934)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(Loss) before tax	1,606	(5,332)	5,390	(14,820)
Tax expense	(96)	141	(129)	(61)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(Loss) from continuing operations	1,510	(5,191)	5,261	(14,881)
Discontinued operations				
(Loss)/Profit from discontinued operations, net of tax	(61)	411	(1,518)	1,664
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(Loss) for the financial period/year	<u>1,449</u>	<u>(4,780)</u>	<u>3,743</u>	<u>(13,217)</u>
Attributable to:				
Owners of the parent				
- From continuing operations	6,126	(3,960)	6,888	(13,087)
- From discontinued operations	(43)	267	(1,063)	1,144
	<hr/>	<hr/>	<hr/>	<hr/>
	6,083	(3,693)	5,825	(11,943)
Non-controlling interests	(4,634)	(1,087)	(2,082)	(1,274)
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Profit/(Loss) for the financial period/year	<u>1,449</u>	<u>(4,780)</u>	<u>3,743</u>	<u>(13,217)</u>

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

	Individual quarter		Cumulative quarters	
	3 months ended		12 months ended	
	31.12.16	31.12.15	31.12.16	31.12.15
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the financial period/year	1,449	(4,780)	3,743	(13,217)
Other comprehensive income/(loss), net of tax				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Gain on revaluation of warehouse buildings, net of tax	1,818	593	1,818	593
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	12,917	(15,901)	(1,568)	49,564
Fair value adjustment of available-for-sale financial assets	-	(18)	(39)	(42)
Reclassification of foreign currency translation reserve to profit or loss upon disposal of subsidiaries	(1,757)	-	(19,899)	-
	<u>12,978</u>	<u>(15,326)</u>	<u>(19,688)</u>	<u>50,115</u>
Total other comprehensive income/(loss) for the financial period/year, net of tax	12,978	(15,326)	(19,688)	50,115
Total comprehensive income/(loss) for the financial period/year	<u>14,427</u>	<u>(20,106)</u>	<u>(15,945)</u>	<u>36,898</u>
Total comprehensive income/(loss) attributable to:				
Owners of the parent	16,974	(14,914)	(12,134)	32,446
Non-controlling interests	(2,547)	(5,192)	(3,811)	4,452
Total comprehensive income/(loss) for the financial period/year	<u>14,427</u>	<u>(20,106)</u>	<u>(15,945)</u>	<u>36,898</u>
Basic profit/(loss) per share attributable to owners of the parent (sen)				
- From continuing operations	3.5	(2.3)	4.0	(7.5)
- From discontinued operations	-	0.2	(0.6)	0.7
	<u>3.5</u>	<u>(2.1)</u>	<u>3.4</u>	<u>(6.8)</u>

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 31.12.16 RM'000	As at 31.12.15 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	184,021	69,130
Land use rights	17,050	17,848
Prepaid land lease payments	2,801	-
Capital work-in-progress	2,772	58,605
Intangible assets	2,725	2,725
Interest in associates	38,656	43,273
Interest in a jointly controlled entity	20,154	23,771
Other investments	495	1,634
Amount owing by a jointly controlled entity	67,172	64,290
	335,846	281,276
Current assets		
Trade receivables	58	7,115
Other receivables, deposits and prepayments	18,334	13,952
Amount owing by a jointly controlled entity	34,196	24,547
Tax assets	536	621
Short term fund	17,444	31,569
Cash & cash equivalents	52,252	120,781
	122,820	198,585
TOTAL ASSETS	458,666	479,861
EQUITY AND LIABILITIES		
Equity		
Share capital	178,026	178,026
Reserves	129,192	145,585
Treasury shares	(4,384)	(4,384)
Total equity attributable to owners of the parent	302,834	319,227
Non-controlling interests	51,624	55,010
Total equity	354,458	374,237
Non-current liabilities		
Long term borrowings	67,821	49,243
Deferred tax liabilities	1,996	1,563
	69,817	50,806
Current liabilities		
Trade payables	40	605
Other payables, deposits and accruals	15,834	19,377
Short term borrowings	18,258	33,990
Tax payables	259	846
	34,391	54,818
Total Liabilities	104,208	105,624
	458,666	479,861

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

	12 months ended	
	31.12.16	31.12.15
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax from continuing operations	5,390	(14,820)
(Loss)/Profit before tax from discontinued operations	(1,518)	2,374
Profit/(Loss) before tax, total	<u>3,872</u>	<u>(12,446)</u>
Adjustments for :-		
Amortisation of land use rights	415	392
Amortisation of prepaid land lease payments	48	-
Depreciation of property, plant and equipment	2,276	1,998
Gain on disposal of investment in subsidiaries	(14,413)	-
Gain on unrealised foreign exchange	(7)	(75)
Impairment loss on goodwill	-	42
Impairment loss on investment in associate	-	1,851
Provision for employee benefits	21	8
Reversal of impairment loss on investment in associate	(16,427)	-
Share of results of associates	12,438	(656)
Share of results of a jointly controlled entity	4,683	10,934
Income distribution from short term fund	(1,436)	(1,072)
Interest income	(3,304)	(4,861)
Interest expense	<u>3,291</u>	<u>962</u>
Operating loss before working capital changes	<u>(8,543)</u>	<u>(2,923)</u>
Receivables	(1,439)	3,650
Payables	<u>(2,095)</u>	<u>(6,996)</u>
Cash used in operations	<u>(12,077)</u>	<u>(6,269)</u>
Interest paid	(3,218)	(963)
Tax paid	(659)	(481)
Tax refunded	<u>10</u>	<u>44</u>
Net cash used in operating activities	(15,944)	(7,669)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital work-in-progress incurred	(29,779)	(48,420)
Purchase of property, plant and equipment	(32,685)	(295)
Purchase of prepaid land lease payments	(2,849)	-
Proceeds from allotment of shares by subsidiary to non-controlling interests	400	-
Acquisition of subsidiaries, net of cash acquired	-	(2,554)
Effect of disposal of subsidiaries, net of cash disposed	(561)	-
Placement of fixed deposits	(812)	-
Withdrawal/(Placement) of time deposits	-	33,102
Redemption of short term fund	14,125	10,514
Advances to a jointly controlled entity	(7,824)	(3,581)
Dividend received	5,000	-
Interest received	<u>2,182</u>	<u>3,511</u>
Net cash used in investing activities	(52,803)	(7,723)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	24,949	45,125
Repayments of term loan	(2,464)	-
Drawdown of unsecured loan from a corporate shareholder	46,280	6,265
Repayments of unsecured loan from a corporate shareholder	(69,189)	(3,324)
Dividend paid	(4,318)	(6,185)
Interest paid	(204)	-
Treasury shares repurchased	-	(3,131)
Net cash (used in)/from financing activities	(4,946)	38,750
Net change in cash and cash equivalents	(73,693)	23,358
Effects of exchange rate changes on cash and cash equivalents	4,484	9,852
Cash and cash equivalents at beginning of financial period/year	<u>120,444</u>	<u>87,234</u>
Cash and cash equivalents at end of financial period/year	<u>51,235</u>	<u>120,444</u>

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 RM'000
	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	
12 months ended 31 December 2016													
At 01.01.16	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
Comprehensive income/(loss)													
Profit/(Loss) for the financial year	-	-	-	-	-	-	-	-	-	5,825	5,825	(2,082)	3,743
Other comprehensive income/(loss)													
Gain on revaluation of warehouse buildings, net of tax	-	-	-	827	-	-	-	-	-	-	827	991	1,818
Foreign currency translation differences	-	-	-	-	663	-	226	263	-	-	1,152	(2,720)	(1,568)
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	-	-	-	-	(19,899)	-	-	-	-	-	(19,899)	-	(19,899)
Total other comprehensive income/(loss) for the financial year	-	-	-	827	(19,236)	(39)	226	263	-	-	(17,959)	(1,729)	(19,688)
Total comprehensive income/(loss) for the financial year	-	-	-	827	(19,236)	(39)	226	263	-	5,825	(12,134)	(3,811)	(15,945)
Transactions with owners													
Transfer to statutory reserve fund	-	-	-	-	-	-	23	-	-	(23)	-	-	-
Transfer on disposal of subsidiaries	-	-	-	-	-	-	(10,407)	-	-	10,407	-	-	-
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)
Total transactions with owners	-	-	-	-	-	59	(10,384)	-	-	6,066	(4,259)	425	(3,834)
At 31.12.16	178,026	15,096	19,000	3,613	48,198	36	23	6,206	(4,384)	37,020	302,834	51,624	354,458
12 months ended 31 December 2015													
At 01.01.15	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
Comprehensive loss													
Loss for the financial year	-	-	-	-	-	-	-	-	-	(11,943)	(11,943)	(1,274)	(13,217)
Other comprehensive income/(loss)													
Gain on revaluation of warehouse buildings, net of tax	-	-	-	270	-	-	-	-	-	-	270	323	593
Foreign currency translation differences	-	-	-	-	41,187	-	1,879	1,082	-	-	44,148	5,416	49,564
Fair value adjustment of available-for-sale financial assets	-	-	-	-	-	(29)	-	-	-	-	(29)	(13)	(42)
Total other comprehensive income/(loss) for the financial year	-	-	-	270	41,187	(29)	1,879	1,082	-	-	44,389	5,726	50,115
Total comprehensive income/(loss) for the financial year	-	-	-	270	41,187	(29)	1,879	1,082	-	(11,943)	32,446	4,452	36,898
Transactions with owners													
Transfer to statutory reserve fund	-	-	-	-	-	-	171	-	-	(171)	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	(3,131)	-	(3,131)	-	(3,131)
Share of other reserve of an associate	-	-	-	-	-	-	-	133	-	-	133	57	190
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)
Total transactions with owners	-	-	-	-	-	-	171	133	(3,131)	(6,356)	(9,183)	57	(9,126)
At 31.12.15	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

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, Amendments to MFRSs and IC Interpretation 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 4	Insurance Contracts	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	1 January 2018/Deferred
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

The directors expect that the adoption of the new MFRSs, Amendments to MFRSs and IC Interpretation 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 December 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

	Warehousing & related value added services RM'000	Transportation & distribution RM'000	Freight forwarding RM'000	Consolidated RM'000
3 months ended 31.12.2016				
External revenue				
- From continuing operations	4,175	90	-	4,265
- From discontinued operations	290	1	-	291
	<u>4,465</u>	<u>91</u>	<u>-</u>	<u>4,556</u>
Segment (loss)/profit				
- From continuing operations	(3,323)	(64)	-	(3,387)
- From discontinued operations	(17)	-	-	(17)
	<u>(3,340)</u>	<u>(64)</u>	<u>-</u>	<u>(3,404)</u>
3 months ended 31.12.2015				
External revenue				
- From continuing operations	2,171	77	153	2,401
- From discontinued operations	4,667	88	6	4,761
	<u>6,838</u>	<u>165</u>	<u>159</u>	<u>7,162</u>
Segment (loss)/profit				
- From continuing operations	(2,910)	(261)	130	(3,041)
- From discontinued operations	919	31	4	954
	<u>(1,991)</u>	<u>(230)</u>	<u>134</u>	<u>(2,087)</u>
12 months ended 31.12.2016				
External revenue				
- From continuing operations	13,434	409	-	13,843
- From discontinued operations	7,255	31	4	7,290
	<u>20,689</u>	<u>440</u>	<u>4</u>	<u>21,133</u>
Segment (loss)/profit				
- From continuing operations	(5,644)	(240)	-	(5,884)
- From discontinued operations	(428)	11	3	(414)
	<u>(6,072)</u>	<u>(229)</u>	<u>3</u>	<u>(6,298)</u>
12 months ended 31.12.2015				
External revenue				
- From continuing operations	10,048	1,331	218	11,597
- From discontinued operations	19,586	274	23	19,883
	<u>29,634</u>	<u>1,605</u>	<u>241</u>	<u>31,480</u>
Segment (loss)/profit				
- From continuing operations	(4,688)	(152)	121	(4,719)
- From discontinued operations	3,213	91	14	3,318
	<u>(1,475)</u>	<u>(61)</u>	<u>135</u>	<u>(1,401)</u>

A.8 Operating Segments (cont'd)

a. By Activity (cont'd)

Reconciliation of reportable external revenue	Individual quarter		Cumulative quarters	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Total external revenue from reportable segments				
- From continuing operations	4,265	2,401	13,843	11,597
- From discontinued operations	291	4,761	7,290	19,883
Other non-reportable segments	520	0	520	0
Consolidated revenue	<u>5,076</u>	<u>7,162</u>	<u>21,653</u>	<u>31,480</u>

Reconciliation of reportable segment profit/(loss)	Individual quarter		Cumulative quarters	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Total (loss)/profit from reportable segments				
- From continuing operations	(3,387)	(3,041)	(5,884)	(4,719)
- From discontinued operations	(17)	954	(414)	3,318
Other non-reportable segments	16,168	(832)	27,291	(767)
Share of results of associates	(9,091)	(185)	(12,438)	656
Share of results of a jointly controlled entity	(2,128)	(1,538)	(4,683)	(10,934)
Consolidated profit/(loss) before tax	<u>1,545</u>	<u>(4,642)</u>	<u>3,872</u>	<u>(12,446)</u>

b. By Geographical Location

External revenue	Individual quarter		Cumulative quarters	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Malaysia	520	160	520	160
The People's Republic of China (incl. Hong Kong)				
- From continuing operations	4,265	2,241	13,843	11,437
- From discontinued operations	291	4,761	7,290	19,883
	<u>5,076</u>	<u>7,162</u>	<u>21,653</u>	<u>31,480</u>

Profit/(Loss) before tax	Individual quarter		Cumulative quarters	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Malaysia	(1,860)	(153)	(3,776)	1,623
The People's Republic of China (incl. Hong Kong)				
- From continuing operations	5,594	(3,641)	13,849	(5,509)
- From discontinued operations	(61)	690	(1,518)	2,374
United Arab Emirates	(2,128)	(1,538)	(4,683)	(10,934)
	<u>1,545</u>	<u>(4,642)</u>	<u>3,872</u>	<u>(12,446)</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.

A.9 Discontinued Operations (cont'd)

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

	Individual period ended		Cumulative period ended	
	0 days	3 months	190 days	12 months
	08.07.16	31.12.15	08.07.16	31.12.15
	RM'000	RM'000	RM'000	RM'000
Revenue	291	4,761	7,290	19,883
Operating costs	(372)	(4,622)	(9,340)	(19,642)
Other income	20	551	532	2,133
(Loss)/Profit from operations	(61)	690	(1,518)	2,374
Finance costs	-	-	-	-
(Loss)/Profit before tax	(61)	690	(1,518)	2,374
Tax expense	-	(279)	-	(710)
(Loss)/Profit for the financial period/year	(61)	411	(1,518)	1,664

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

	Cumulative period ended	
	190 days	12 months
	08.07.16	31.12.15
	RM'000	RM'000
Operating cash flows	(46,991)	160
Investing cash flows	179	1,797
	(46,812)	1,957

A.10 Valuations of Property, Plant and Equipment

The property, plant and equipment were valued based on valuations performed by an independent registered valuer as at 31 December 2016. The increase arising from the valuations amounting to RM2.4 million has been incorporated into the financial statements during the quarter under review.

A.11 Material Subsequent Events

Integrated Freight Services Sdn Bhd, a wholly-owned subsidiary of ILB which was under Members' Voluntary Winding-up, has been dissolved in January 2017.

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 RM65.0 million, and to a jointly controlled entity amounted to RM44.5 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 RM4.9 million in respect of the renovations to office building & improvements to warehouse buildings in the People's Republic of China & in a Jointly Controlled Entity.

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 year ended 31 December 2016, the Group posted a revenue of RM14.4 million which was 24.1% higher than the revenue of RM11.6 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 RM5.4 million for the current financial year as compared to the pre-tax loss for the corresponding period in the preceding year of RM14.8 million. The increase in pre-tax profit of RM20.2 million for the current financial year was mainly due to the following:

	RM million
i) <u>The People's Republic of China</u>	
Reversal of impairment loss on investment in associate	16.4
Gain on disposal of subsidiaries, ISH Logistics (Shanghai) Limited and ISH Cargo Services (HK) Company Limited	14.4
Increase in losses from Associate	(10.6)
Increase in finance costs	(2.1)
Decrease in operating costs	1.5
Decrease in other income	(0.2)
ii) <u>Malaysia</u>	
Increase in operating costs	(3.3)
Increase in losses from Associate	(2.5)
Increase in other income	0.6
Increase in finance costs	(0.2)
iii) <u>United Arab Emirates</u>	
Decrease in losses from Jointly Controlled Entity	6.2
	<u>20.2</u>

The gain on disposal of subsidiaries, ISH Logistics (Shanghai) Limited and ISH Cargo Services (HK) Company Limited of RM14.4 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 year ended 31 December 2016, the Group posted a revenue of RM7.3 million which was 63.3% lower than the revenue of RM19.9 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 year as compared to the pre-tax profit for the corresponding period in the preceding year of RM2.4 million. The increase in pre-tax loss of RM3.9 million for the current financial year was mainly due to the following:

	RM million
i) <u>The People's Republic of China</u>	
Increase in operating costs	(2.3)
Decrease in other income	(1.6)
	<u>(3.9)</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 31 December 2016, the Group posted a revenue of RM4.8 million which was 100.0% higher than the revenue of RM2.4 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 RM1.6 million for the current quarter as compared to the pre-tax loss for the corresponding quarter in the preceding year of RM5.3 million. The increase in pre-tax profit of RM6.9 million for the current quarter was mainly due to the following:

	RM million
i) <u>The People's Republic of China</u>	
Reversal of impairment loss on investment in associate	16.4
Increase in losses from Associate	(8.2)
Exchange gain on disposal of subsidiaries, ISH Logistics (Shanghai) Limited and ISH Cargo Services (HK) Company Limited	1.5
Increase in finance costs	(0.5)
Increase in operating costs	(0.2)
Increase in other income	0.2
ii) <u>Malaysia</u>	
Increase in operating costs	(1.7)
Increase in other income	0.7
Increase in losses from Associate	(0.7)
iii) <u>United Arab Emirates</u>	
Increase in losses from Jointly Controlled Entity	(0.6)
	<u>6.9</u>

Discontinued Operations

For the current quarter ended 31 December 2016, the Group posted a revenue of RM0.3 million which was 93.8% lower than the revenue of RM4.8 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 pre-tax loss of RM0.1 million for the current quarter as compared to the pre-tax profit for the corresponding quarter in the preceding year of RM0.7 million. The increase in pre-tax loss of RM0.8 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	(0.6)
Increase in losses generated from decrease in revenue	(0.2)
	<u>(0.8)</u>

B.2 Comparison With Immediate Preceding Quarter's Results

	Revenue		Profit/(Loss) before tax	
	3 months ended		3 months ended	
	31.12.2016	30.09.2016	31.12.2016	30.09.2016
	RM'000	RM'000	RM'000	RM'000
- From continuing operations	4,785	3,912	1,606	9,820
- From discontinued operations	291	89	(61)	(18)
	<u>5,076</u>	<u>4,001</u>	<u>1,545</u>	<u>9,802</u>

Compared to the immediate preceding quarter, the Group's revenue recorded an increase of 27.5% from RM4.0 million to RM5.1 million. The higher revenue was mainly due to the revenue increase from the warehousing & related value added services segment of the Group's operations in the People's Republic of China.

The Group recorded a pre-tax profit of RM1.5 million for the current quarter as compared to the immediate preceding quarter's pre-tax profit of RM9.8 million. The decrease in pre-tax profit of RM8.3 million for the current quarter was mainly due to the following:

	RM million
i) <u>The People's Republic of China</u>	
Reversal of impairment loss on investment in associate	16.4
Gain on disposal of subsidiaries, ISH Logistics (Shanghai) Limited and ISH Cargo Services (HK) Company Limited in immediate preceding quarter	(11.3)
Decrease in losses from Associate	(7.0)
Increase in operating costs	(3.6)
Decrease in other income	(0.1)
ii) <u>Malaysia</u>	
Increase in operating costs	(2.2)
Increase in other income	0.3
Decrease in losses from Associate	0.1
iii) <u>United Arab Emirates</u>	
Increase in losses from Jointly Controlled Entity	(0.9)
	<u>(8.3)</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 31.12.2016 RM'000	Current financial year-to-date ended 31.12.2016 RM'000
Tax expense comprises :-		
Current income tax		
- From continuing operations	96	129
- From discontinued operations	-	-
Tax expense for the financial period	<u>96</u>	<u>129</u>

B.5 Tax Expense (cont'd)

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 2016 are as follows:-

	Current financial quarter ended 31.12.2016	Current financial year-to-date ended 31.12.2016
	RM'000	RM'000
Profit before tax from continuing operations	1,606	5,390
Loss before tax from discontinued operations	(61)	(1,518)
Total profit before tax	<u>1,545</u>	<u>3,872</u>
Tax at Malaysian statutory income tax rate of 24%	371	929
Different tax rates in other countries	2,566	(339)
Adjustments:		
Share of results of associates	28	54
Share of results of a jointly controlled entity	511	1,124
Tax effect on non-taxable revenue	(2,206)	(4,180)
Tax effect on non-deductible expenses	(1,416)	2,075
Tax effect of withholding tax in foreign subsidiaries	1	5
Deferred tax assets not recognised during the financial year	(129)	291
Utilisation of deferred tax assets not recognised in prior financial years	370	183
Over provision in prior year		
- income tax	-	(13)
Income tax expense recognised in profit or loss	<u>96</u>	<u>129</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 15 December 2016, IL Solar Sdn Bhd, an indirect wholly-owned subsidiary of ILB, had received a conditional Letter of Acceptance of the Request for Proposal bid which is subject to the issue of a Letter of Award from the Energy Commission of Malaysia (Suruhanjaya Tenaga) for the development of a large scale solar PV plant of 10.0 MWa.c. at Bandar Bukit Kayu Hitam, Kedah.

B.7 Group Borrowings and Debt Securities

a. Short term borrowings	As at 31.12.2016	As at 31.12.2015
	RM'000	RM'000
Secured :-		
Portion of term loans repayable within 12 months	10,941	2,147
Unsecured :-		
Loan from a non-controlling shareholder repayable within 12 months	7,317	31,843
	<u>18,258</u>	<u>33,990</u>
b. Long term borrowings	As at 31.12.2016	As at 31.12.2015
	RM'000	RM'000
Secured :-		
Portion of term loans repayable within 12 months	58,687	42,978
Unsecured :-		
Loan from a non-controlling shareholder repayable after 12 months	9,134	6,265
	<u>67,821</u>	<u>49,243</u>
c. All the above borrowings are denominated in Ringgit Malaysia except for the following loans which are denominated in foreign currencies:-	As at 31.12.2016	As at 31.12.2015
	RM'000	RM'000
(i) In US Dollars		
Portion of term loans repayable within 12 months	10,941	2,147
Portion of term loans repayable after 12 months	58,687	42,978
	<u>69,628</u>	<u>45,125</u>
(ii) In Hong Kong Dollars		
Loan from a non-controlling shareholder repayable within 12 months	7,317	31,843
Loan from a non-controlling shareholder repayable after 12 months	9,134	6,265
	<u>16,451</u>	<u>38,108</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 12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Profit/(Loss) attributable to owners of the Parent (RM'000)				
- From continuing operations	6,126	(3,960)	6,888	(13,087)
- From discontinued operations	(43)	267	(1,063)	1,144
	<u>6,083</u>	<u>(3,693)</u>	<u>5,825</u>	<u>(11,943)</u>
Weighted average number of ordinary shares for basic EPS ('000)	172,737	172,737	172,737	174,721
Basic EPS (sen)				
- From continuing operations	3.5	(2.3)	4.0	(7.5)
- From discontinued operations	-	0.2	(0.6)	0.7
	<u>3.5</u>	<u>(2.1)</u>	<u>3.4</u>	<u>(6.8)</u>

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

	As at 31.12.2016	As at 31.12.2015
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	139,784	103,182
- Unrealised	<u>7</u>	<u>75</u>
	<u>139,791</u>	<u>103,257</u>
Total share of retained earnings from associates		
- Realised	(552)	11,632
- Unrealised	<u>(3,641)</u>	<u>(3,386)</u>
	<u>(4,193)</u>	<u>8,246</u>
Total share of accumulated losses from a jointly controlled entity		
- Realised	(42,148)	(37,466)
- Unrealised	<u>-</u>	<u>-</u>
	<u>(42,148)</u>	<u>(37,466)</u>
Less : Consolidation adjustments	<u>(56,430)</u>	<u>(48,908)</u>
Total retained earnings of the Group	<u>37,020</u>	<u>25,129</u>

B.13 Profit/(Loss) Before Tax

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

	Current financial quarter ended 31.12.2016	Current financial year-to-date ended 31.12.2016
	RM'000	RM'000
Amortisation of land use rights	112	415
Amortisation of prepaid land lease payments	48	48
Auditors' remuneration		
- statutory audit	146	279
Depreciation of property, plant and equipment	800	2,276
Directors' remuneration		
- fees	100	388
- other emoluments	1,093	3,183
Gain on disposal of investment in subsidiaries	(1,541)	(14,413)
Income distribution from short term fund	(95)	(1,436)
Interest expense	957	3,291
Interest income	(800)	(3,304)
Loss/(Gain) on foreign exchange		
- realised	2,378	2,310
- unrealised	(13)	(7)
Provision for employee benefits	21	21
Rental of warehouse and office buildings	307	5,219
Rental of equipment and store	57	66
Rental of warehouse	(398)	(1,576)
Reversal of impairment loss on investment in associate	(16,427)	(16,427)
Staff costs		
- Contribution to defined contribution plan	58	210
- Salaries and others	1,715	7,310

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
28 February 2017