

INTEGRATED LOGISTICS BERHAD (229690 K)
Interim Report For The Financial Period/Year Ended 31 December 2020

(The figures have not been audited)



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER (Q4)		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Continuing operations				
Revenue	2,035	2,237	8,334	9,735
Operating costs	(2,801)	(4,723)	(22,483)	(14,916)
Other income	1,973	1,727	5,599	3,403
Gain on disposal of a jointly controlled entity	-	23,984	-	25,443
	1,207	23,225	(8,550)	23,665
Finance costs	(651)	(1,186)	(3,359)	(4,700)
Share of results of associates	3,148	(1,625)	884	(3,747)
Share of gain on acquisition of non-controlling interest in a subsidiary by an associate	25,927	-	25,927	-
Provision for impairment loss on interest in an associate	(25,893)	(1,086)	(25,893)	(1,086)
Share of results of a jointly controlled entity	-	-	-	(1,273)
Profit/(Loss) before tax	3,738	19,328	(10,991)	12,859
Tax expense	(441)	(145)	(630)	(147)
Profit/(Loss) from continuing operations	3,297	19,183	(11,621)	12,712
Discontinued operation				
Profit/(Loss) from discontinued operation, net of tax	841	(1,237)	437	956
Gain on disposal of a subsidiary, net of tax	2,009	-	61,373	-
Profit for the period/year	6,147	17,946	50,189	13,668
Profit/(Loss) attributable to:				
Owners of the Company				
- From continuing operations	3,661	(4,011)	(7,691)	(10,881)
- Gain on disposal of a jointly controlled entity	-	23,984	-	25,443
	3,661	19,973	(7,691)	14,562
- From discontinued operation	(561)	(373)	(664)	720
- Gain on disposal of a subsidiary	2,053	-	42,808	-
	5,153	19,600	34,453	15,282
Non-controlling interests	994	(1,654)	15,736	(1,614)
Profit for the period/year	6,147	17,946	50,189	13,668

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.



CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER (Q3)		CUMULATIVE QUARTER	
	Current year quarter 31.12.2020 RM'000	Preceding year corresponding quarter 31.12.2019 RM'000	Current year to date 31.12.2020 RM'000	Preceding year corresponding period 31.12.2019 RM'000
Profit for the period/year	6,147	17,946	50,189	13,668
Other comprehensive income that will not be reclassified subsequently to profit or loss				
Revaluation of warehouse and office buildings	-	3,302	-	3,302
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	2,135	(2,920)	3,032	(4,741)
Reclassification adjustments of exchange translation reserve	(2,519)	(24,843)	(1,025)	(24,843)
Other comprehensive (loss)/income for the period/year	<u>(384)</u>	<u>(24,461)</u>	<u>2,007</u>	<u>(26,282)</u>
Total comprehensive income/(loss) for the period/year, net of tax	<u>5,763</u>	<u>(6,515)</u>	<u>52,196</u>	<u>(12,614)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	3,697	(5,625)	34,811	(11,024)
Non-controlling interests	<u>2,066</u>	<u>(890)</u>	<u>17,385</u>	<u>(1,590)</u>
	<u>5,763</u>	<u>(6,515)</u>	<u>52,196</u>	<u>(12,614)</u>
Basic earnings/(loss) per share attributable to owners of the Company (sen)				
- From continuing operations	1.9	(2.1)	(4.1)	(5.8)
- Gain on disposal of a jointly controlled entity	-	12.7	-	13.5
	<u>1.9</u>	<u>10.6</u>	<u>(4.1)</u>	<u>7.7</u>
- From discontinued operation	(0.3)	(0.2)	(0.4)	0.4
- Gain on disposal of a subsidiary	1.1	-	22.7	-
	<u>2.7</u>	<u>10.4</u>	<u>18.2</u>	<u>8.1</u>

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2019.

INTEGRATED LOGISTICS BERHAD (229690 K)
Interim Report For The Financial Period/Year Ended 31 December 2020

(The figures have not been audited)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.12.2020 RM'000	AS AT 31.12.2019 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	145,149	114,019
Intangible assets	2,206	2,336
Interest in associates	39,039	33,834
Other investments	270	270
Long term receivables	16,111	30,233
	<u>202,775</u>	<u>180,692</u>
Current assets		
Trade and other receivables	15,791	14,598
Tax assets	-	52
Short term funds	2,766	2,762
Deposits with financial institutions	45,379	-
Cash & bank balances	42,515	21,908
	<u>106,451</u>	<u>39,320</u>
Assets of a disposal group classified as held for sale	-	138,546
	<u>106,451</u>	<u>177,866</u>
TOTAL ASSETS	<u><u>309,226</u></u>	<u><u>358,558</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	225,671	225,671
Reserves	(6,081)	(40,744)
Treasury shares	(4,797)	(4,797)
	<u>214,793</u>	<u>180,130</u>
Non-controlling interests	21,087	49,742
Total equity	<u>235,880</u>	<u>229,872</u>
Non-current liabilities		
Long term borrowings	53,591	56,164
Deferred tax liabilities	886	752
	<u>54,477</u>	<u>56,916</u>
Current liabilities		
Trade and other payables	3,759	1,959
Finance lease payables	-	642
Short term borrowings	14,790	20,878
Tax liabilities	320	146
	<u>18,869</u>	<u>23,625</u>
Liabilities of a disposal group classified as held for sale	-	48,145
	<u>18,869</u>	<u>71,770</u>
Total Liabilities	<u>73,346</u>	<u>128,686</u>
TOTAL EQUITY AND LIABILITIES	<u><u>309,226</u></u>	<u><u>358,558</u></u>
Net assets per share attributable to owners of the parent (RM)	<u><u>1.14</u></u>	<u><u>0.95</u></u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

INTEGRATED LOGISTICS BERHAD (229690 K)
Interim Report For The Financial Period/Year Ended 31 December 2020

(The figures have not been audited)



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000
Operating Activities		
(Loss)/Profit before tax from continuing operations	(10,991)	12,859
Profit before tax from discontinued operation	61,816	1,197
Profit before tax	<u>50,825</u>	<u>14,056</u>
Adjustments for :-		
Depreciation and amortisation	5,370	8,551
Fair value gain on other investments	(3)	(116)
Gain on disposal of a subsidiary	(61,373)	-
Gain on disposal of a jointly controlled entity	-	(25,443)
Income distribution from other investments	(98)	(269)
Interest expense	3,608	7,218
Interest income	(1,084)	(263)
Loss/(Gain) on disposal of other investments	102	(105)
Property, plant and equipment written off	-	30
Provision for impairment loss on interest in an associate	25,893	1,086
Reversal of provision for employee benefits	-	(14)
Reversal of expected credit loss for amount owing by a jointly controlled entity	-	(865)
Share of results of associates and a jointly controlled entity	(884)	5,020
Share of gain on acquisition of non-controlling interest in a subsidiary by an associate	(25,927)	-
Unrealised loss on foreign exchange	247	756
Operating (loss)/profit before working capital changes	<u>(3,324)</u>	<u>9,642</u>
Changes in working capital :-		
Receivables	1,453	(1,460)
Payables	(3,246)	164
Cash (used in)/generated from operations	<u>(5,117)</u>	<u>8,346</u>
Interest paid	(3,608)	(7,190)
Tax paid	(327)	(1)
Net cash (used in)/from operating activities	<u>(9,052)</u>	<u>1,155</u>
Investing Activities		
Capital repayments from an associates	-	1,500
Cash received from amount owing by a third party receivable	11,484	-
Dividend received	94	-
Interest received	1,182	532
Net (placement)/withdrawal of short term funds	(2,798)	2,712
Net proceeds from disposal of a subsidiary	105,806	-
Proceeds from disposal of a jointly controlled entity	-	4,298
Proceeds from allotment of shares by a subsidiary to non-controlling interests	1,000	-
Proceeds from disposal of other investments	2,695	-
Purchase of property, plant and equipment	(16,371)	(431)
Net cash from investing activities	<u>103,092</u>	<u>8,611</u>
Financial Activities		
Dividends paid to non-controlling interests	(22,703)	-
Drawdown of term loans	19,881	3,557
Payment of lease liabilities	(642)	(612)
Repayments of unsecured loan to a corporate shareholder	(24,121)	(16,383)
Net cash used in financing activities	<u>(27,585)</u>	<u>(13,438)</u>
Net increase/(decrease) in cash and cash equivalents	66,455	(3,672)
Effects of exchange rate changes on cash and cash equivalents	(1,850)	(1,332)
Cash and cash equivalents at the beginning of year	23,289	28,293
Cash and cash equivalents at the end of year	<u>87,894</u>	<u>23,289</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	-----Non-Distributable-----					-----Distributable-----				
	Share capital RM'000	Asset revaluation reserve RM'000	Foreign exchange translation 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
As at 1 January 2020	225,671	5,258	4,928	242	9,876	(4,797)	(61,048)	180,130	49,742	229,872
Profit for the year	-	-	-	-	-	-	34,453	34,453	15,736	50,189
Other comprehensive income	-	-	358	-	-	-	-	358	1,649	2,007
Total comprehensive income for the financial year	-	-	358	-	-	-	34,453	34,811	17,385	52,196
Adjustment on foreign exchange difference arising from revaluation reserve	-	(1,864)	1,864	-	-	-	-	-	-	-
Transaction with owners										
Transfer to statutory reserve fund	-	-	-	30	-	-	(30)	-	-	-
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-	-	1,000	1,000
Transfer on disposal of a subsidiary	-	(3,394)	(13)	(207)	-	-	3,466	(148)	(24,337)	(24,485)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(22,703)	(22,703)
Total transactions with owners	-	(3,394)	(13)	(177)	-	-	3,436	(148)	(46,040)	(46,188)
As at 31 December 2020	225,671	-	7,137	65	9,876	(4,797)	(23,160)	214,793	21,087	235,880
As at 1 January 2019	225,671	3,755	32,737	218	9,876	(4,797)	(76,306)	191,154	51,332	242,486
Profit/(Loss) for the year	-	-	-	-	-	-	15,282	15,282	(1,614)	13,668
Other comprehensive income/(loss)	-	1,503	(27,809)	-	-	-	-	(26,306)	24	(26,282)
Total comprehensive income/(loss) for the financial year	-	1,503	(27,809)	-	-	-	15,282	(11,024)	(1,590)	(12,614)
Transaction with owners										
Transfer to statutory reserve fund	-	-	-	24	-	-	(24)	-	-	-
Total transactions with owners	-	-	-	24	-	-	(24)	-	-	-
As at 31 December 2019	225,671	5,258	4,928	242	9,876	(4,797)	(61,048)	180,130	49,742	229,872

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

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 2019.

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 2019 except for the following:

The amendments/improvements to MFRSs effective for financial periods beginning on or after 1 January 2020:

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 7	Financial Instruments: Disclosures
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 16	Leases
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error
Amendments to MFRS 139	Financial instruments: Recognition and Measurement

The above pronouncements are either not relevant or do not have any material impact on the interim financial statements of the Group upon their initial application. The Group has adopted the relevant standards from 1 January 2020 with practical expedients permitted under the standards. Comparatives for 2019 are not restated.

The Group have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued but yet to be effective:

		Effective for annual periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 [^] /1 January 2023 [#]
Amendments to MFRS 3	Business Combinations	1 January 2022/1 January 2023 [#]
Amendments to MFRS 4	Insurance Contracts	1 January 2021/1 January 2023
Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
Amendments to MFRS 7	Financial Instruments: Disclosures	1 January 2021/1 January 2023 [#]
Amendments to MFRS 9	Financial Instruments	1 January 2021/1 January 2022 [^] /1 January 2023 [#]
Amendments to MFRS 10	Consolidated Financial Statements	Deferred
Amendments to MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
Amendments to MFRS 16	Leases	1 June 2020 [*] /1 January 2021/1 January 2022 [^]
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2023/1 January 2023 [#]
Amendments to MFRS 107	Statements of Cash Flows	1 January 2023 [#]
Amendments to MFRS 116	Property, Plant and Equipment	1 January 2022/1 January 2023 [#]
Amendments to MFRS 119	Employee Benefits	1 January 2023 [#]
Amendments to MFRS 128	Investments in Associate and Joint Ventures	Deferred/1 January 2023 [#]
Amendments to MFRS 132	Financial instruments: Presentation	1 January 2023 [#]
Amendments to MFRS 136	Impairment of Assets	1 January 2023 [#]
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/1 January 2023 [#]
Amendments to MFRS 138	Intangible Assets	1 January 2023 [#]
Amendments to MFRS 139	Financial instruments: Recognition and Measurement	1 January 2021
Amendments to MFRS 140	Investment Property	1 January 2023 [#]
Amendments to MFRS 141	Agriculture	1 January 2022 [^]

[^] The Annual Improvements to MFRS Standards 2018-2020

^{*} Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020

[#] Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

The directors expect that the adoption of the new MFRS and amendments/improvements 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 its issued share capital from the open market. As at 31 December 2020, a total of 6,125,175 treasury shares were held by the Company. The repurchased shares are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act, 2016.

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

	Solar energy & related businesses RM'000	Transportation & distribution RM'000	Warehousing & related value added services RM'000	Consolidated RM'000
3 months ended 31.12.2020				
External revenue				
- From continuing operations	1,990	45	-	2,035
- From discontinued operation	-	-	34	34
	<u>1,990</u>	<u>45</u>	<u>34</u>	<u>2,069</u>
Segment profit				
- From continuing operations	282	3	-	285
- From discontinued operation	-	-	841	841
	<u>282</u>	<u>3</u>	<u>841</u>	<u>1,126</u>
3 months ended 31.12.2019				
External revenue				
- From continuing operations	2,114	123	-	2,237
- From discontinued operation	-	-	4,113	4,113
	<u>2,114</u>	<u>123</u>	<u>4,113</u>	<u>6,350</u>
Segment profit/(loss)				
- From continuing operations	174	(1)	(1,861)	(1,688)
- From discontinued operation	-	-	(1,189)	(1,189)
	<u>174</u>	<u>(1)</u>	<u>(3,050)</u>	<u>(2,877)</u>

A.8 Operating Segments (cont'd)

a. By Activity (cont'd)

	Solar energy & related businesses RM'000	Transportation & distribution RM'000	Warehousing & related value added services RM'000	Consolidated RM'000
12 months ended 31.12.2020				
External revenue				
- From continuing operations	8,070	264	-	8,334
- From discontinued operation	-	-	4,259	4,259
	<u>8,070</u>	<u>264</u>	<u>4,259</u>	<u>12,593</u>
Segment profit				
- From continuing operations	784	20	-	804
- From discontinued operation	-	-	443	443
	<u>784</u>	<u>20</u>	<u>443</u>	<u>1,247</u>
12 months ended 31.12.2019				
External revenue				
- From continuing operations	9,334	401	-	9,735
- From discontinued operation	-	-	16,056	16,056
	<u>9,334</u>	<u>401</u>	<u>16,056</u>	<u>25,791</u>
Segment profit/(loss)				
- From continuing operations	1,341	10	(4,371)	(3,020)
- From discontinued operation	-	-	1,197	1,197
	<u>1,341</u>	<u>10</u>	<u>(3,174)</u>	<u>(1,823)</u>

Reconciliation of reportable segment profit/(loss)

	INDIVIDUAL QUARTER (Q4)		CUMULATIVE QUARTER	
	Current year quarter 31.12.2020 RM'000	Preceding year corresponding quarter 31.12.2019 RM'000	Current year to date 31.12.2020 RM'000	Preceding year corresponding period 31.12.2019 RM'000
Total profit/(loss) from reportable segments				
- From continuing operations	285	(1,688)	804	(3,020)
- From discontinued operation	841	(1,189)	443	1,197
Other non-reportable segments				
- From continuing operations	271	23,727	(12,713)	21,985
- From discontinued operation	2,009	-	61,373	-
Share of results of associates	3,148	(1,625)	884	(3,747)
Share of gain on acquisition of non-controlling interest in a subsidiary by an associate	25,927	-	25,927	-
Provision for impairment loss on interest in an associate	(25,893)	(1,086)	(25,893)	(1,086)
Share of results of a jointly controlled entity	-	-	-	(1,273)
Profit/(Loss) before tax	<u>6,588</u>	<u>18,139</u>	<u>50,825</u>	<u>14,056</u>
Tax expense	(441)	(193)	(636)	(388)
Profit for the period/year	<u>6,147</u>	<u>17,946</u>	<u>50,189</u>	<u>13,668</u>

b. By Geographical Location

External revenue

	INDIVIDUAL QUARTER (Q4)		CUMULATIVE QUARTER	
	Current year quarter 31.12.2020 RM'000	Preceding year corresponding quarter 31.12.2019 RM'000	Current year to date 31.12.2020 RM'000	Preceding year corresponding period 31.12.2019 RM'000
Malaysia	1,990	2,114	8,070	9,334
The People's Republic of China (incl. Hong Kong)				
- From continuing operations	45	123	264	401
- From discontinued operation	34	4,113	4,259	16,056
	<u>2,069</u>	<u>6,350</u>	<u>12,593</u>	<u>25,791</u>

A.8 Operating Segments (cont'd)

b. By Geographical Location (cont'd)

Profit before tax

	INDIVIDUAL QUARTER (Q4)		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Malaysia	(674)	22,834	(2,755)	22,294
The People's Republic of China (incl. Hong Kong)				
- From continuing operations	4,412	(3,506)	(8,236)	(8,162)
- From discontinued operations	2,850	(1,189)	61,816	1,197
United Arab Emirates	-	-	-	(1,273)
Profit/(Loss) before tax	6,588	18,139	50,825	14,056
Tax expense	(441)	(193)	(636)	(388)
Profit for the period/year	6,147	17,946	50,189	13,668

A.9 Discontinued Operation

On 1 April 2020, Integrated Logistics (H.K.) Limited ("ILHK"), an indirect 70%-owned subsidiary of ILB, had completed the closing of the conditional Share Sale Agreement ("SPA") dated 19 December 2019 entered into with SWJ CN Logiport Pte. Ltd. ("Purchaser") to dispose off the entire 65% equity interest in Integrated Etern Logistics (Suzhou) Co. Limited ("IEL Suzhou") for a total purchase consideration of RMB217.2 million or approximately RM128.7 million ("Proposed Disposal").

On 30 June 2020, ILHK has finalized the Adjustment Sum and the Final Payment with the Purchaser.

On 15 July 2020, ILHK has received the Final Payment of RMB3.6 million or approximately RM2.1 million. Taking into consideration of the Adjustment Sum and Final Payment, the net sale proceeds to ILHK is approximately RM125.3 million of which RM87.7 million is attributable to ILB.

In accordance with MFRS 5: Non-Current Assets Held For Sale and Discontinued Operations, IEL Suzhou is 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. IEL Suzhou's results were discontinued to be consolidated into the Group's results upon completion of the closing of the SPA on 1 April 2020.

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

	INDIVIDUAL PERIOD (Q4)		CUMULATIVE PERIOD	
	Current year period	Preceding year corresponding quarter	Current period to date	Preceding year corresponding period
	01.04.2020 RM'000	31.12.2019 RM'000	01.04.2020 RM'000	31.12.2019 RM'000
Revenue	34	4,113	4,259	16,056
Operating costs	809	(4,793)	(3,584)	(12,374)
Other income	-	7	17	33
	843	(673)	692	3,715
Finance costs	(2)	(516)	(249)	(2,518)
Profit/(Loss) before tax	841	(1,189)	443	1,197
Tax expense	-	(48)	(6)	(241)
Profit/(Loss) for the period/year	841	(1,237)	437	956
Gain on disposal of a subsidiary	2,009	-	61,373	-
Profit/(Loss) for the period/year from discontinued operation	2,850	(1,237)	61,810	956

A.9 Discontinued Operation (cont'd)

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

	CUMULATIVE PERIOD	
	Current period to date	Preceding year corresponding period
	01.04.2020	31.12.2019
	RM'000	RM'000
Operating cash flows	(62,646)	4,010
Investing cash flows	105,807	(385)
Financing cash flows	1,150	(4,411)
	<u>44,311</u>	<u>(786)</u>

A.10 Valuations of Property, Plant and Equipment

The valuation of lands and buildings have been brought forward without amendment from the previous audited Annual Financial Statements.

The preceding financial year valuation in relation to the warehouse buildings owned by Integrated Etern Logistics (Suzhou) Co. Limited which was included in the assets of a disposal group classified as held for sale had been derecognised upon the completion of the Sale. (Pls refer to note A.9)

A.11 Material Subsequent Events

There were no material events subsequent to the current financial quarter under review.

A.12 Changes in The Composition of the Group

Upon receiving the Final Payment on 15 July 2020 in relation to the Proposed Disposal as mentioned in A.9 above, the Proposed Disposal is completed.

On 17 July 2020 and 11 August 2020, IL Power Sdn Bhd ("IL Power"), an indirect wholly-owned subsidiary of ILB, has allotted 4,499,998 and 4,500,000 new ordinary shares respectively to IL Energy Sdn Bhd ("IL Energy"), the immediate holding company of IL Power and 500,000 new ordinary shares each to Bumi Aman Sdn Bhd ("Bumi Aman") on both the same dates . Both IL Energy and Bumi Aman subscribed and paid for the new shares by cash resulting in them having an effective shareholding of 90% and 10% respectively.

As a result of the above two allotments, the issued share capital of IL Power has been increased from RM2 to RM10,000,000.

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 subsidiary amounted to RM34.9 million.

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

A.14 Capital Commitment

There is no capital commitment has been approved and contracted as at the end of the reporting quarter.

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 2020, the Group posted revenue of RM8.3 million which was 14.4% lower than the revenue of RM9.7 million for the corresponding period in the preceding year. The lower revenue was mainly due to a temporary selective shutdown arising from faulty inverters in respect of the solar energy & related business segment of the Group's operations in Malaysia.

The Group posted a pre-tax loss of RM11.0 million for the current financial year as compared to the pre-tax profit for the corresponding period in the preceding year of RM12.9 million. Based on the comparison, the increase in pre-tax loss of RM23.9 million was mainly due to the exclusion of the prior year gain of RM25.4 million from the disposal of a jointly controlled entity in Integrated National Logistics DWC-LLC and the share of losses of RM1.3 million from the same jointly controlled entity.

Integrated Logistics (H.K.) Limited ("ILHK"), a 70% subsidiary of the Company owns 25.8% in Hengyang Petrochemical Logistics Limited ("HYPLC"). On 15 October 2020, HYPLC completed the acquisition of 35% of the total issued and paid-up share capital of Hengyang Holding Pte. Ltd ("HHPL") from MEGCIF Investment 5 Limited ("HHPL Acquisition"). The share of gain on acquisition of non-controlling interest in a subsidiary by an associate of RM25.9 million and provision for impairment loss on interest in an associate of RM25.9 million for the current year ended 31 December 2020 resulted from the HHPL Acquisition. Upon the completion of the HHPL Acquisition, ILHK effective interest in HYPLC remain the same at 25.8%.

Discontinued operations

For the current financial year ended 31 December 2020, the Group posted revenue of RM4.3 million which was 73.3% lower than the revenue of RM16.1 million for the corresponding period in the preceding year. The lower revenue was mainly due to decline in revenue from the warehousing & related value added services segment of the Group's operations upon completion of the closing of the disposal of a subsidiary in IEL Suzhou in the People's Republic of China pursuant to the SPA. (Pls refer to note A.9)

The Group posted a pre-tax profit of RM61.8 million for the current financial year as compared to the pre-tax profit for the corresponding period in the preceding year of RM1.2 million. The increase in pre-tax profit of RM60.6 million for the current financial year was mainly due to the RM61.4 million gain on disposal of a subsidiary in IEL Suzhou. (Pls refer to note A.9)

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

Continuing operations

For the current quarter ended 31 December 2020, the Group posted revenue of RM2.0 million which was 9.1% lower than the revenue of RM2.2 million for the corresponding quarter in the preceding year. The lower revenue was mainly due to a temporary selective shutdown arising from a faulty inverter in respect of the solar energy & related business segment of the Group's operations in Malaysia.

The Group posted a pre-tax profit of RM3.7 million for the current quarter as compared to the pre-tax profit for the corresponding quarter in the preceding year of RM19.3 million. The decrease in pre-tax profit of RM15.6 million for the current quarter was mainly due to the exclusion of the prior year gain of RM24.0 million from the disposal of a jointly controlled entity in Integrated National Logistics DWC-LLC of which the impact was offsetted by the increase in profit of RM4.8 million from share of profits of associates and lower operating costs and finance costs totalling RM3.6 million from both the Malaysian and People's Republic of China business operations.

Integrated Logistics (H.K.) Limited ("ILHK"), a 70% subsidiary of the Company owns 25.8% in Hengyang Petrochemical Logistics Limited ("HYPLC"). On 15 October 2020, HYPLC completed the acquisition of 35% of the total issued and paid-up share capital of Hengyang Holding Pte. Ltd ("HHPL") from MEGCIF Investment 5 Limited ("HHPL Acquisition"). The share of gain on acquisition of non-controlling interest in a subsidiary by an associate of RM25.9 million and provision for impairment loss on interest in an associate of RM25.9 million for the current quarter ended 31 December 2020 resulted from the HHPL Acquisition. Upon the completion of the HHPL Acquisition, ILHK effective interest in HYPLC remain the same at 25.8%.

Discontinued operations

For the current quarter ended 31 December 2020, the Group has recorded lower revenue of RM0.03 million against RM4.1 million achieved in the corresponding quarter in the preceding year after the completion of the closing of the disposal of a subsidiary in IEL Suzhou in the People's Republic of China pursuant to the SPA. (Pls refer to note A.9)

The Group posted a pre-tax profit of RM2.9 million for the current quarter as compared to the pre-tax loss for the corresponding quarter in the preceding year of RM1.2 million. The increase in pre-tax profit of RM4.1 million for the current quarter was mainly due to the incremental profit of RM2.0 million arising from lower operating costs and the RM2.0 million gain on disposal of a subsidiary in IEL Suzhou. (Pls refer to note A.9)

B.2 Comparison With Immediate Preceding Quarter's Results

	Current quarter ended 31.12.2020 RM'000	Immediate preceding quarter ended 30.09.2020 RM'000
Revenue		
- From continuing operations	<u>2,035</u>	<u>1,735</u>
Profit/(Loss) before tax		
- From continuing operations	3,738	(2,288)
- From discontinued operation	<u>2,850</u>	<u>-</u>
	<u>6,588</u>	<u>(2,288)</u>

The Group's revenue recorded an increase of 17.6% from RM1.7 million in the preceding quarter against the current quarter of RM2.0 million. The higher revenue was mainly due to the revenue increase from the solar energy & related business segment of the Group's operations in Malaysia.

The current quarter pre-tax profit of RM6.6 million against the immediate preceding quarter pre-tax loss of RM2.3 million resulted in an increase in profit of RM8.9 million. This was derived mainly from the increase in profit of RM3.7 million from an associate in Singapore and the RM2.0 million gain on disposal of a subsidiary in IEL Suzhou (Pls refer to note A.9), together with the lower operating costs and higher interest income of RM2.3 million and RM0.9 million respectively from both the Malaysian and People's Republic of China business operations.

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.

The Group has successfully commissioned 11 MW a.c. solar power plant in Malaysia, generating revenue since December 2017. Covid-19 pandemic and the Movement Control Order ("MCO") have minimal impact on the Group's solar businesses and operations.

With the experience gained in the solar power plant installations, the Group will continue to pursue investments in solar renewable energy projects.

B.4 Variance of Actual Profit from Forecast Profit

Not applicable as there was no profit forecast issued.

B.5 Tax Expense

	Current year quarter 31.12.2020 RM'000	Current year to date 31.12.2020 RM'000
Tax expense comprises :-		
<u>Continuing operations</u>		
Current income tax		
- current period	285	502
- over provision	-	(5)
Deferred tax		
- reversal of temporary differences	158	135
- over provision	<u>(2)</u>	<u>(2)</u>
	<u>441</u>	<u>630</u>
<u>Discontinued operation</u>		
Current income tax		
- under provision	-	6
Tax expense for the financial period/year	<u>441</u>	<u>636</u>

B.5 Tax Expense (cont'd)

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 2020 are as follows:-

	Current year quarter 31.12.2020 RM'000	Current year to date 31.12.2020 RM'000
Profit/(Loss) before tax from continuing operations	3,738	(10,991)
Profit before tax from discontinued operation	2,850	61,816
Profit before tax	<u>6,588</u>	<u>50,825</u>
Tax at the Malaysian statutory income tax rate of 24%	1,581	12,198
Different tax rates in other countries	(707)	(3,823)
Adjustments:		
Share of results of associates	(2)	(11)
Tax effects arising from non-taxable income	(5,559)	(17,359)
Tax effects arising from non-deductible expenses	4,968	8,050
Deferred tax assets not recognised during the financial period	197	1,758
Utilisation of deferred tax assets not recognised in prior financial years	(35)	(176)
Over provision in respect of prior years	(2)	(1)
Tax expense recognised in profit or loss	<u>441</u>	<u>636</u>

B.6 Status of Corporate Proposals

- a. On 4 April 2017, the Company had completed the Private Placement of up to 10% of the Company's existing total number of issued shares (excluding treasury shares) following the listing of and quotation on the Main Market of Bursa Securities for 17,000,000 Placement Shares at an issue price of RM0.797 per share with total placement proceeds amounting to RM13,549,000.

The proceeds raised from the Private Placement had been fully utilised. (Pls refer to Q3 2020 report)

- b. On 5 March 2020, IL Power Sdn Bhd, an indirect wholly-owned subsidiary of ILB had completed the Sale and Purchase Agreement dated 17 June 2019 entered into with Kai Sik Latex Products Sdn Bhd to acquire a freehold vacant agriculture land situated in Bandar Sungai Petani, Daerah Kuala Muda, Kedah, measuring 78.92 hectares for a total cash consideration of RM24.2 million.
- c. Taking into consideration of the Adjustment Sum and Final Payment as mentioned in A.9, the net sale proceeds attributable to the Group is RM87.7 million.

The status of utilisation of proceeds raised from the Proposed Disposal are as follows:-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation	Deviation amount RM'000	Explanation
Future investment in other complementary businesses and/or assets	50,000	9,780	Within 60 months from the closing date	-	-
Working capital of the Group	16,142	10,853	- " -	-	-
Payment of Withholding Tax	6,272	6,272	Within 6 months from the closing date	-	-
Defraying expenses incidental to the Proposed Disposal	7,207	7,207	- " -	-	-
Repayment of borrowings	8,087	8,087	- " -	-	-
Total	87,708	42,199			

B.7 Group Borrowings and Debt Securities

Continuing operations

	As at 31.12.2020					
	Long term borrowings		Short term borrowings		Total borrowings	
	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
Secured :-						
Term loans						
- HKD	18,137	-	-	-	18,137	-
- RM	-	35,454	-	14,790	-	50,244
	18,137	35,454	-	14,790	18,137	50,244

	As at 31.12.2019					
	Long term borrowings		Short term borrowings		Total borrowings	
	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
Secured :-						
Term loans						
- HKD	18,396	-	-	-	18,396	-
- RM	-	37,768	-	4,695	-	42,463
Unsecured :-						
Loan from a non-controlling shareholder						
- HKD	-	-	16,183	-	16,183	-
	18,396	37,768	16,183	4,695	34,579	42,463

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 Earnings Per Share ("EPS")

	INDIVIDUAL QUARTER (Q4)		CUMULATIVE QUARTER	
	Current year quarter 31.12.2020 RM'000	Preceding year corresponding quarter 31.12.2019 RM'000	Current year to date 31.12.2020 RM'000	Preceding year corresponding period 31.12.2019 RM'000
Profit/(Loss) attributable to owners of the Company (RM'000)				
- From continuing operations	3,661	(4,011)	(7,691)	(10,881)
- Gain on disposal of a jointly controlled entity	-	23,984	-	25,443
	<u>3,661</u>	<u>19,973</u>	<u>(7,691)</u>	<u>14,562</u>
- From discontinued operation	(561)	(373)	(664)	720
- Gain on disposal of a subsidiary	2,053	-	42,808	-
	<u>5,153</u>	<u>19,600</u>	<u>34,453</u>	<u>15,282</u>
Weighted average number of ordinary shares for basic EPS ('000)	188,900	188,900	188,900	188,900
Basic EPS (sen)				
- From continuing operations	1.9	(2.1)	(4.1)	(5.8)
- Gain on disposal of a jointly controlled entity	-	12.7	-	13.5
	<u>1.9</u>	<u>10.6</u>	<u>(4.1)</u>	<u>7.7</u>
- From discontinued operation	(0.3)	(0.2)	(0.4)	0.4
- Gain on disposal of a subsidiary	1.1	-	22.7	-
	<u>2.7</u>	<u>10.4</u>	<u>18.2</u>	<u>8.1</u>

B.12 Profit Before Tax

The following items have been charged/(credited) in arriving at profit before tax:-

	Current year quarter 31.12.2020 RM'000	Current year to date 31.12.2020 RM'000
<u>Continuing operations</u>		
Depreciation and amortisation	1,362	5,370
Fair value gain on other investments	(3)	(3)
(Gain)/Loss on foreign exchange		
- realised	(871)	(1,808)
- unrealised	670	247
Income distribution from other investments	(10)	(98)
Interest expense	651	3,359
Interest income	(606)	(1,083)
Loss on disposal of other investments	-	102
Provision for impairment loss on interest in an associate	25,893	25,893
Share of gain on acquisition of non-controlling interest in a subsidiary by an associate	<u>(25,927)</u>	<u>(25,927)</u>

B.13 Comparative Figures

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

By Order of the Board

Wong Youn Kim
Company Secretary

Selangor
5 March 2021