CONTENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS	Group RM	Company RM
Profit net of tax	14,806,616	15,485,616
Profit attributable to shareholders:-		
Owners of the parent	13,001,608	
Non-controlling interests	1,805,008	
	14,806,616	

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2010 were as follows:-

	RM
In respect of the financial year ended 31 December 2010 as reported in the directors' report for that year:	
First and final dividend of 3.5% on 185,758,603 ordinary shares less tax at 25%, declared on 30 March 2011 and paid on 3 May 2011	4,876,158
Special dividend of 5.0% on 185,758,603 ordinary shares less tax at 25%, declared on 30 March 2011 and paid on 3 May 2011	6,965,936

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2011, of 5.0% less 25% tax on ordinary shares, amounting to a net dividend payable of approximately RM6,660,521 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by shareholders, will be accounted in equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

DIRECTORS' REPORT

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent liability or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:-

i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES

During the financial year, no new issue of shares was made by the Company.

TREASURY SHARES

During the financial year, the Company repurchased 9,052,300 of its issued ordinary shares from the open market at an average price of RM0.866 per share. The total consideration paid for the shares repurchased including transaction costs was RM7,839,406. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2011, the Company held as treasury shares a total of 18,783,700 of its 197,025,503 issued ordinary shares. Such treasury shares are held at a carrying amount of RM16,325,026 and further relevant details are disclosed in Note 26 to the financial statements.

DIRECTORS OF THE COMPANY

The Directors in office since the date of the last report are:-

TEE TUAN SEM
MAKOTO TAKAHASHI
WAN AZFAR BIN DATO' WAN ANNUAR
DATO' HAJI WAZIR BIN HAJI MUAZ
DATUK KAROWNAKARAN @ KARUNAKARAN
TAI ME TECK
LEE KAY LOON

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The Directors who are in office at the end of the financial year have the following interests in the ordinary shares of the Company during the financial year:-

	Number of Ordinary Shares of RM1/- Each			
	At 1.1.2011	Bought	Sold	At 31.12.2011
Direct Interest				
Makoto Takahashi	3,702,943	9,000	-	3,711,943
Tai Me Teck	466,200	-	-	466,200
Indirect Interest				
Being shares held through nominees, persons connected to Directors and corporations in which the Directors are interested				
Tee Tuan Sem	9,533,710	210,000	-	9,743,710
Wan Azfar Bin Dato' Wan Annuar	10,130,584	-	(9,823,700)	306,884

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Company as shown in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor as at the end of the financial year, was the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT SUBSEQUENT EVENTS

Details of significant subsequent events during the financial year are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens AC, have expressed their willingness to continue in the office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 5 March 2012.

TEE TUAN SEM **MAKOTO TAKAHASHI**

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of Integrated Logistics Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 37 to 122 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 48 to the financial statements has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 5 March 2012.

TEE TUAN SEM

MAKOTO TAKAHASHI

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Tee Tuan Sem, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 37 to 122 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
on 5 March 2012

Before me
FAUZILAWATI BT. ISHAK
Commissioner of Oaths (W561)
Kuala Lumpur

TEE TUAN SEM

INDEPENDENT AUDITORS REPORT TO THE MEMBERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Integrated Logistics Berhad, which comprise the statements of financial position as of 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 122.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the financial statements.

c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 48 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

MOORE STEPHENS AC
Chartered Accountants
AF: 001826

STEPHEN WAN YENG LEONG
2963/07/03 (J)
Chartered Accountant

Kuala Lumpur
Date: 5 March 2012

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM (Restated)
Continuing operations			
Revenue	4	133,774,088	119,859,977
Direct operating costs		(103,511,306)	(90,669,401)
Gross profit		30,262,782	29,190,576
Other income		18,455,496	11,720,434
Administrative costs		(26,281,601)	(23,233,794)
Other costs		(1,075,813)	(5,083,500)
		(27,357,414)	(28,317,294)
Profit from operations		21,360,864	12,593,716
Finance costs	5	(3,995,073)	(6,142,661)
Share of results of associates		2,118,001	(1,663,056)
Share of results of jointly controlled entities		(941,624)	(1,111,566)
Profit before tax	6	18,542,168	3,676,433
Income tax expense	7	(3,735,552)	(6,486,506)
Profit/(Loss) for continuing operations		14,806,616	(2,810,073)
Discontinued operations			
Profit from discontinued operations, net of tax	8	-	21,664,906
Profit for the year		14,806,616	18,854,833
Attributable to:-			
Owners of the parent		13,001,608	18,668,061
Non-controlling interests		1,805,008	186,772
Profit for the year		14,806,616	18,854,833

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM (Restated)
Profit for the year		14,806,616	18,854,833
Foreign currency translation differences		23,839,482	(21,284,214)
Fair value of available-for-sale financial assets		68,458	(170,897)
Other comprehensive income for the year, net of tax		23,907,940	(21,455,111)
Total comprehensive income for the year		38,714,556	(2,600,278)
Total comprehensive income attributable to:			
Owners of the parent		30,891,272	(424,185)
Non-controlling interests		7,823,284	(2,176,093)
Total comprehensive income for the year		38,714,556	(2,600,278)
Earnings/(Loss) per share from continuing operations attributable to owners of the parent (sen per share)	9		
Basic		7.1	(1.6)
Earnings per share from discontinued operations attributable to owners of the parent (sen per share)	9		
Basic		-	11.4

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	2011 RM	2010 RM (Restated)	As At 1.1.2010 RM (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	10	249,911,078	180,929,547	356,912,538
Land use rights	11	109,193,159	127,331,443	122,065,275
Capital work-in-progress	12	907,772	38,939,177	-
Interest in associates	14	61,747,937	59,135,801	58,810,706
Interest in jointly controlled entities	15	48,567,088	27,809,252	30,862,140
Other investments	16	1,325,269	1,124,151	1,418,751
Amount owing by a jointly controlled entity	19	12,973,500	20,131,676	24,106,254
Deferred tax assets	25	-	-	337,755
		484,625,803	455,401,047	594,513,419
Current assets				
Receivables	17	53,673,228	45,973,859	69,475,149
Tax assets	20	736,390	1,390,971	608,593
Cash and cash equivalents	21	105,906,525	128,813,050	102,689,118
		160,316,143	176,177,880	172,772,860
TOTAL ASSETS		644,941,946	631,578,927	767,286,279

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	2011 RM	2010 RM (Restated)	As At 1.1.2010 RM (Restated)
EQUITY AND LIABILITIES				
Share capital	26	197,025,503	197,025,503	197,025,503
Share premium	27	44,086,331	44,086,331	51,761,276
Treasury shares	26	(16,325,026)	(8,485,620)	(8,905,037)
Retained earnings	27	85,741,194	85,418,939	65,143,613
Other reserves	27	66,549,432	46,052,680	70,813,664
Equity attributable to owners of the parent		377,077,434	364,097,833	375,839,019
Non-controlling interests		71,436,457	58,826,292	60,676,485
Total Equity		448,513,891	422,924,125	436,515,504
Liabilities				
Non-current liabilities				
Loans and borrowings	24	58,033,117	64,927,525	139,066,490
Unsecured loan from a corporate shareholder	34	52,387,537	42,727,113	40,954,800
Government grant received in advance	35	1,772,291	1,753,598	-
Deferred tax liabilities	25	14,004,942	13,523,103	46,613,387
		126,197,887	122,931,339	226,634,677
Current liabilities				
Payables	22	30,463,965	21,101,124	38,913,661
Amount owing to an associate	23	-	211,501	211,501
Loans and borrowings	24	37,828,766	52,527,432	51,077,238
Taxation		1,937,437	2,690,890	3,957,360
Dividend payable to non-controlling interests		-	9,192,516	9,976,338
		70,230,168	85,723,463	104,136,098
Total Liabilities		196,428,055	208,654,802	330,770,775
TOTAL EQUITY AND LIABILITIES		644,941,946	631,578,927	767,286,279

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

				Non-distributable			Distributable		Non-distributable					
	Note	Equity, total RM	Equity attributable to owners of the parent total RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Other reserves, total RM	Asset revaluation reserve RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Fair value reserve RM	Capital reserve RM	Non-controlling interests RM
At 1.1.10		445,997,165	375,486,914	197,025,503	51,761,276	(8,905,037)	65,143,613	70,461,559	45,543,891	12,978,554	11,933,842	-	5,272	70,510,251
Prior year adjustment		(9,976,338)	-	-	-	-	-	-	-	-	-	-	-	(9,976,338)
Effects of adopting FRS139		494,677	352,105	-	-	-	-	352,105	-	-	-	352,105	-	142,572
At 1.1.10 restated		436,515,504	375,839,019	197,025,503	51,761,276	(8,905,037)	65,143,613	70,813,664	45,543,891	12,978,554	11,933,842	352,105	5,272	60,676,485
Comprehensive Income														
Profit for the year		18,854,833	18,668,061	-	-	-	18,668,061	-	-	-	-	-	-	186,772
Other comprehensive income														
Foreign currency translation differences		(21,284,214)	(18,972,618)	-	-	-	-	(18,972,618)	-	(1,068,194)	(17,904,424)	-	-	(2,311,596)
Fair value of available-for-sale financial assets		(170,897)	(119,628)	-	-	-	-	(119,628)	-	-	-	(119,628)	-	(51,269)
Total other comprehensive income for the year		(21,455,111)	(19,092,246)	-	-	-	-	(19,092,246)	-	(1,068,194)	(17,904,424)	(119,628)	-	(2,362,865)
Total comprehensive income for the year		(2,600,278)	(424,185)	-	-	-	18,668,061	(19,092,246)	-	(1,068,194)	(17,904,424)	(119,628)	-	(2,176,093)
Balance carried down		433,915,226	375,414,834	197,025,503	51,761,276	(8,905,037)	83,811,674	51,721,418	45,543,891	11,910,360	(5,970,582)	232,477	5,272	58,500,392

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Equity, total RM	Equity attributable to owners of the parent total RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Other reserves, total RM	Asset revaluation reserve RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Fair value reserve RM	Capital reserve RM	Non-controlling interests RM
				Non-distributable			Distributable	Non-distributable						
Balance brought down		433,915,226	375,414,834	197,025,503	51,761,276	(8,905,037)	83,811,674	51,721,418	45,543,891	11,910,360	(5,970,582)	232,477	5,272	58,500,392
Transactions with owners														
Transfer to statutory reserve fund		-	-	-	-	-	(1,185,943)	1,185,943	-	1,185,943	-	-	-	-
Purchase of treasury shares	26	(7,255,528)	(7,255,528)	-	-	(7,255,528)	-	-	-	-	-	-	-	-
Realisation of revaluation surplus on discontinued operations		-	-	-	-	-	6,854,681	(6,854,681)	(6,854,681)	-	-	-	-	-
Dividends on ordinary shares	36	(4,061,473)	(4,061,473)	-	-	-	(4,061,473)	-	-	-	-	-	-	-
Shares dividend	36	-	-	-	(7,674,945)	7,674,945	-	-	-	-	-	-	-	-
Capital contribution by non-controlling shareholder		325,900	-	-	-	-	-	-	-	-	-	-	-	325,900
Total transactions with owners		(10,991,101)	(11,317,001)	-	(7,674,945)	419,417	1,607,265	(5,668,738)	(6,854,681)	1,185,943	-	-	-	325,900
At 31.12.10		422,924,125	364,097,833	197,025,503	44,086,331	(8,485,620)	85,418,939	46,052,680	38,689,210	13,096,303	(5,970,582)	232,477	5,272	58,826,292

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

				← Non-distributable		→	Distributable	←	Non-distributable				→	
	Note	Equity, total RM	Equity attributable to owners of the parent total RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Other reserves, total RM	Asset revaluation reserve RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Fair value reserve RM	Capital reserve RM	Non-controlling interests RM
At 31.12.10		422,924,125	364,097,833	197,025,503	44,086,331	(8,485,620)	85,418,939	46,052,680	38,689,210	13,096,303	(5,970,582)	232,477	5,272	58,826,292
Comprehensive Income														
Profit for the year		14,806,616	13,001,608	-	-	-	13,001,608	-	-	-	-	-	-	1,805,008
Other comprehensive income														
Foreign currency translation differences		23,839,482	17,823,906	-	-	-		17,823,906	-	432,760	17,391,146	-	-	6,015,576
Fair value of available-for-sale financial assets		68,458	65,758	-	-	-		65,758	-	-	-	65,758	-	2,700
Total other comprehensive income for the year		23,907,940	17,889,664	-	-	-	-	17,889,664	-	432,760	17,391,146	65,758	-	6,018,276
Total comprehensive income for the year		38,714,506	30,891,272	-	-	-	13,001,608	17,889,664	-	432,760	17,391,146	65,758	-	7,823,284
Balance carried down		461,638,681	394,989,105	197,025,503	44,086,331	(8,485,620)	98,420,547	63,942,344	38,689,210	13,529,063	11,420,564	298,235	5,272	66,649,576

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

				Non-distributable			Distributable		Non-distributable				
	Note	Equity, total RM	Equity attributable to owners of the parent total RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Other reserves, total RM	Asset revaluation reserve RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Fair value reserve RM	Capital reserve RM	Non-controlling interests RM
Balance brought down		461,638,681	394,989,105	197,025,503	44,086,331	(8,485,620)	98,420,547	63,942,344	38,689,210	13,529,063	11,420,564	298,235	5,272	66,649,576
Transactions with owners														
Transfer to statutory reserve fund		-	-	-	-	-	(1,264,315)	1,264,315	-	1,264,315	-	-	-	-
Purchase of treasury shares	26	(7,839,406)	(7,839,406)	-	-	(7,839,406)	-	-	-	-	-	-	-	-
Realisation of revaluation surplus on sale of property		-	-	-	-	-	427,056	(427,056)	(427,056)	-	-	-	-	-
In respect of an associate disposed		1,769,829	1,769,829	-	-	-	-	1,769,829	-	-	1,775,101	-	(5,272)	-
Dividends on ordinary shares	36	(4,876,158)	(4,876,158)	-	-	-	(4,876,158)	-	-	-	-	-	-	-
Special dividends on ordinary shares	36	(6,965,936)	(6,965,936)	-	-	-	(6,965,936)	-	-	-	-	-	-	-
Capital contribution by non-controlling shareholder		4,786,881	-	-	-	-	-	-	-	-	-	-	-	4,786,881
Total transactions with owners		(13,124,790)	(17,911,671)	-	-	(7,839,406)	(12,679,353)	2,607,088	(427,056)	1,264,315	1,775,101	-	(5,272)	4,786,881
At 31.12.11		448,513,891	377,077,434	197,025,503	44,086,331	(16,325,026)	85,741,194	66,549,432	38,262,154	14,793,378	13,195,665	298,235	-	71,436,457

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM (Restated)
Cash Flows from Operating Activities			
Profit before tax from continuing operations		18,542,168	3,676,433
Profit before tax from discontinued operations	8	-	19,968,304
Profit before tax, total		18,542,168	23,644,737
Adjustments for:-			
Impairment loss on investment in associate		946,581	-
Depreciation of property, plant and equipment		7,650,765	10,813,651
Amortisation of land use rights		2,306,541	2,613,083
Bad debts written off		-	243,603
Deposits written off		-	116,710
Gain on disposal of property, plant and equipment		(8,891,991)	(299,427)
Loss on disposal of an associate	14	792,614	-
Gain on disposal of subsidiaries	13	(4,214,417)	(13,750,044)
Impairment loss on land use rights		-	4,743,444
Property, plant and equipment written off		9,402	21,755
Reversal for employee benefits		(36,120)	(334,387)
Reversal of impairment loss on receivables		(53,125)	(127,461)
Waiver of debts by an associate		(211,501)	-
Waiver of debts by creditors		(20,670)	(36,360)
Share of (profits)/losses of associates		(2,118,001)	1,663,056
Share of losses of jointly controlled entities		941,624	1,111,566
Unrealised gain on foreign exchange		(32,165)	(1,306,926)
Provision for land penalty		3,490,976	-
Government grant income		(36,041)	(21,583)
Interest revenue		(1,509,816)	(608,602)
Interest expense		3,995,073	6,323,847
Operating profit before working capital changes		21,551,897	34,810,662
(Increase)/Decrease in trade and other receivables		(7,646,244)	11,536,736
Increase/(Decrease) in trade and other payables		7,551,336	(11,422,997)
Cash generated from operations		21,456,989	34,924,401
Government grant received		-	1,849,944
Tax refund		775,371	433,693
Interest paid		(3,590,770)	(4,172,162)
Tax paid		(4,607,913)	(8,897,031)
Net cash generated from operating activities carried down		14,033,677	24,138,845

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011 (Cont'd)

	Note	2011 RM	2010 RM (Restated)
Net cash generated from operating activities brought down		14,033,677	24,138,845
Cash Flows from Investing Activities			
Effect of disposal of a subsidiary, net of cash disposed	13	27,587,275	-
Proceeds from disposal of property, plant and equipment		16,921,936	686,550
Proceeds from disposal of investment in associate	14	1,000,000	-
Disposal of discontinued operations			
- consideration, net cash and cash equivalents disposed	8	-	79,989,856
Additional investment in associate		-	(5,574,847)
Additional investment in jointly controlled entity		-	(349,179)
Capital work-in-progress incurred	12	(25,802,402)	(38,939,177)
Purchase of property, plant and equipment	10	(5,434,796)	(4,772,293)
Purchase of land use rights		-	(22,707,485)
Advances to jointly controlled entity		(12,718,431)	-
Repayments from jointly controlled entity		-	1,904,629
Capital repayment from an associate		19,200	-
Capital contribution by non-controlling shareholder		4,786,881	325,900
Interest received		1,509,816	608,602
Net cash generated from investing activities		7,869,479	11,172,556
Cash Flows from Financing Activities			
Dividend paid		(11,842,094)	(4,061,473)
Interest paid		(110,900)	(2,151,685)
Payments to hire purchase payables		(401,437)	(274,198)
Proceeds from revolving credit		-	9,000,000
Repayments of revolving credit		(20,000,000)	-
Proceeds from unsecured loan		1,840,050	4,990,054
Repayments of unsecured loan		(3,307,359)	-
Treasury shares repurchase		(7,839,406)	(7,255,528)
Proceeds from term loans		28,537,110	27,821,633
Repayments of term loans and commercial financing i-facility		(34,450,618)	(24,686,132)
Net cash (used in)/generated from financing activities		(47,574,654)	3,382,671
Net change in cash and cash equivalents		(25,671,498)	38,694,072

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011 (Cont'd)

	Note	2011 RM	2010 RM (Restated)
Net change in cash and cash equivalents		(25,671,498)	38,694,072
Effects of exchange rate changes on cash and cash equivalents		2,764,973	(12,570,140)
Cash and cash equivalents at beginning of the year		128,813,050	102,689,118
Cash and cash equivalents at end of the year	21	105,906,525	128,813,050

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM
Revenue	4	12,600,000	72,663,107
Other income		28,775,633	31,838,132
		41,375,633	104,501,239
Administrative costs		(3,985,987)	(5,263,291)
Other costs		(18,795,964)	(68,994,530)
		(22,781,951)	(74,257,821)
Profit from operations		18,593,682	30,243,418
Finance costs	5	(111,116)	(2,151,685)
Profit before tax	6	18,482,566	28,091,733
Income tax expense	7	(2,996,950)	(234,021)
Profit for the year		15,485,616	27,857,712
Foreign currency translation differences		4,125	(6,084)
Fair value of available-for-sale financial assets		59,460	-
Other comprehensive income, net of tax		63,585	(6,084)
Total comprehensive income for the year		15,549,201	27,851,628

The annexed notes form an integral part of, and should be read in conjunction with, these financial statement

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	2011 RM	2010 RM (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	10	1,145,549	9,235,458
Subsidiaries	13	123,708,419	137,033,202
Interest in associates	14	11,007,500	11,030,285
Interest in jointly controlled entity	15	55,596,623	34,716,902
Other investments	16	134,937	71,352
Amount owing by a jointly controlled entity	19	12,973,500	20,131,676
		204,566,528	212,218,875
Current assets			
Receivables	17	863,765	5,905,965
Amount owing by subsidiaries	18	19,749,870	24,695,720
Tax assets	20	703,750	1,366,871
Cash and cash equivalents	21	44,220,703	71,068,590
		65,538,088	103,037,146
TOTAL ASSETS		270,104,616	315,256,021

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011 (Cont'd)

	Note	2011 RM	2010 RM (Restated)
EQUITY AND LIABILITIES			
Equity attributable to the owners of the parent			
Share capital	26	197,025,503	197,025,503
Share premium	27	44,086,331	44,086,331
Treasury shares	26	(16,325,026)	(8,485,620)
Retained earnings	27	42,856,790	39,213,268
Other reserves	27	76,937	13,352
Total Equity		267,720,535	271,852,834
Liabilities			
Non-current liabilities			
Loans and borrowings	24	-	242,066
Deferred tax liabilities	25	23,100	76,900
		23,100	318,966
Current liabilities			
Payables	22	1,348,981	2,366,704
Amount owing to subsidiaries	18	1,012,000	20,346,645
Amount owing to an associate	23	-	211,501
Loans and borrowings	24	-	20,159,371
		2,360,981	43,084,221
Total Liabilities		2,384,081	43,403,187
TOTAL EQUITY AND LIABILITIES		270,104,616	315,256,021

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

			Non-distributable			Distributable	Non-distributable		
	Note	Equity, total RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Other reserves, total RM	Foreign exchange translation exchange RM	Fair value reserve RM
At 1.1.10		255,298,771	197,025,503	51,761,276	(8,905,037)	15,417,029	-	-	-
Effects of adopting FRS139		19,436	-	-	-	-	19,436	-	19,436
At 1.1.10, restated		255,318,207	197,025,503	51,761,276	(8,905,037)	15,417,029	19,436	-	19,436
Comprehensive Income									
Profit for the year		27,857,712	-	-	-	27,857,712	-	-	-
Other comprehensive income									
Foreign currency translation differences		(6,084)	-	-	-	-	(6,084)	(6,084)	-
Fair value of available-for-sale financial assets		-	-	-	-	-	-	-	-
Total other comprehensive income for the year		(6,084)	-	-	-	-	(6,084)	(6,084)	-
Total comprehensive income for the year		27,851,628	-	-	-	27,857,712	(6,084)	(6,084)	-
Transactions with owners									
Dividends on ordinary shares	36	(4,061,473)	-	-	-	(4,061,473)	-	-	-
Shares dividend	36	-	-	(7,674,945)	7,674,945	-	-	-	-
Purchase of treasury shares	26	(7,255,528)	-	-	(7,255,528)	-	-	-	-
Total transactions with owners		(11,317,001)	-	(7,674,945)	419,417	(4,061,473)	-	-	-
At 31.12.10		271,852,834	197,025,503	44,086,331	(8,485,620)	39,213,268	13,352	(6,084)	19,436

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

			← Non-distributable		→	Distributable	← Non-distributable		→
	Note	Equity, total RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Other reserves, total RM	Foreign exchange translation exchange RM	Fair value reserve RM
At 31.12.10		271,852,834	197,025,503	44,086,331	(8,485,620)	39,213,268	13,352	(6,084)	19,436
Comprehensive Income									
Profit for the year		15,485,616	-	-	-	15,485,616	-	-	-
Other comprehensive income									
Foreign currency translation differences		4,125	-	-	-	-	4,125	4,125	-
Fair value of available-for-sale financial assets		59,460	-	-	-	-	59,460	-	59,460
Total other comprehensive income for the year		63,585	-	-	-	-	63,585	4,125	59,460
Total comprehensive income for the year		15,549,201	-	-	-	15,485,616	63,585	4,125	59,460
Transactions with owners									
Dividends on ordinary shares	36	(4,876,158)	-	-	-	(4,876,158)	-	-	-
Special dividends on ordinary shares	36	(6,965,936)	-	-	-	(6,965,936)	-	-	-
Purchase of treasury shares	26	(7,839,406)	-	-	(7,839,406)	-	-	-	-
Total transactions with owners		(19,681,500)	-	-	(7,839,406)	(11,842,094)	-	-	-
At 31.12.11		267,720,535	197,025,503	44,086,331	(16,325,026)	42,856,790	76,937	(1,959)	78,896

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM
Cash Flows from Operating Activities			
Profit before tax		18,482,566	28,091,733
Adjustments for:-			
Bad debts written off		-	246,332
Depreciation of property, plant and equipment		312,750	158,473
Gain on disposal of property, plant and equipment		(8,863,809)	(142,432)
Gain on disposal of an associate	14	(977,215)	-
Impairment loss on investment in subsidiaries		18,666,730	1,742,828
Impairment loss on investment in an associate		-	3,977,215
Loss on disposal of subsidiaries		-	51,089,944
Loss on voluntary winding-up of subsidiary		-	9,286
Property, plant and equipment written off		-	994
Reversal for employee benefits		(36,120)	(28,862)
Unrealised (gain)/loss on foreign exchange		(4,855,040)	10,525,948
Waiver of debts by subsidiaries		(9,949,517)	(20,326,671)
Waiver of debts by an associate		(211,501)	-
Dividend revenue		(12,600,000)	(72,663,107)
Interest revenue		(3,533,951)	(3,637,208)
Interest expense		111,116	2,151,685
Operating (loss)/profit before working capital changes		(3,453,991)	1,196,158
Decrease in other receivables		5,042,200	480,271
Decrease in other payables		(981,603)	(3,567,581)
Cash generated from/(used in) operations		606,606	(1,891,152)
Interest paid		(216)	(1,239,890)
Tax paid		(13,000)	(5,287)
Tax refund		775,371	50,170
Net cash generated from/(used in) operating activities carried down		1,368,761	(3,086,159)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011 (cont'd)

	Note	2011 RM	2010 RM
Net cash generated from/(used in) operating activities brought down		1,368,761	(3,086,159)
Cash Flows from Investing Activities			
Acquisition of subsidiary		(2)	-
Advances to subsidiaries		(4,116,000)	-
Advances to jointly controlled entity		(12,718,431)	-
Repayments from subsidiaries		7,539,666	65,441,938
Repayments from jointly controlled entity		-	1,904,629
Purchase of property, plant and equipment	10	(252,786)	(1,105,871)
Proceeds from disposal of property, plant and equipment		16,893,754	533,002
Proceeds from disposal of an associate	14	1,000,000	-
Proceeds from disposal of subsidiaries		-	13,606,394
Capital repayment from subsidiary		-	714
Dividend received		9,450,000	2,632,500
Interest received		3,533,951	1,705,549
Net cash generated from investing activities		21,330,152	84,718,855
Cash Flows from Financing Activities			
Repayments to subsidiaries		(9,385,128)	(3,988,880)
Dividend paid		(11,842,094)	(4,061,473)
Interest paid		(110,900)	(911,795)
Payments to hire purchase payables		(401,437)	(88,563)
Repayments of term loans		-	(8,286,384)
Proceeds from revolving credit		-	9,000,000
Repayments of revolving credit		(20,000,000)	-
Treasury shares repurchase		(7,839,406)	(7,255,528)
Net cash used in financing activities		(49,578,965)	(15,592,623)
Net change in cash and cash equivalents		(26,880,052)	66,040,073
Effects of exchange rate changes on cash and cash equivalents		32,165	(49,610)
Cash and cash equivalents at beginning of the year		71,068,590	5,078,127
Cash and cash equivalents at end of the year	21	44,220,703	71,068,590

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 13. There have been no significant changes in the nature of these activities during the year.

The registered office is located at No. 6, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur and the principal place of business is located at Indera Subang Condominium, Ground Floor, Club House, Jalan USJ 6/2L, 47610 UEP Subang Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue in accordance with a Directors' resolution dated 5 March 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011 as described in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rendered to nearest RM, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2. Change in accounting policies

New and revised FRSs, Amendments to FRS, Issues Committee ("IC") Interpretations and Technical Releases ("TR") adopted

At 1 January 2011, the Group and the Company adopted new and revised FRSs, Amendments to FRS, IC Interpretations and TR as follows:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9:	Reassessment of Embedded Derivatives
TR i-4	Shariah Compliant Sale Contracts

The adoption of the above FRSs, Amendments to FRSs, Interpretations and TRs does not have any effect on the financial statements of the Group and of the Company except for those discussed below.

FRS 3, Business Combinations (Revised) and FRS 127, Consolidated and Separate Financial Statements (Revised)

The revised FRS 3 introduces a number of significant changes to the accounting for business combinations with greater use of fair value. These changes include recognising all acquisition-related costs as expense, measuring any pre-existing interest at fair value and allowing measurement of non-controlling interests (previously known as minority interest) at either fair value or at its proportionate share of the acquiree's net identifiable assets. The revised FRS 127 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by minority shareholders instead of by the parent even if the losses exceed the non-controlling interests in the subsidiary's equity. The Group has applied the changes of revised FRS 3 and FRS 127 prospectively. There is no financial impact on the financial statements of the Group for the current financial year other than changes in accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2. Change in accounting policies (cont'd)

Improving Disclosures about Financial Instruments (Amendments to FRS 7)

The amendments to FRS 107 expand the disclosures required in respect of fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. The amendment to FRS 107 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and

c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The fair value measurement disclosures are presented in Note 44.

Amendments to FRS 3 [Improvements to FRSs (2010)]

The amendment clarifies that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interests are measured at fair value unless another measurement basis is required by FRS.

The amendment also clarifies that the amendments to FRS 7, FRS 132 and FRS 139 that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of FRS 3 (2010). Those contingent consideration arrangements are to be accounted for in accordance with the guidance in FRS 3 (2005).

Amendments to FRS 101 [Improvements to FRSs (2010)]

The amendment clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. There is no financial impact on the financial statements of the Group for the current financial year other than the presentation of statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards issued but not yet effective

MFRS Framework, new and revised FRSs, Amendments to FRSs, and IC Interpretations issued but not yet effective

On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework") in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS") in 2012. The MFRS Framework comprises Standards as issued by the International Accounting Standards Board ("IASB") that are effective on 1 January 2012 and new/revised Standards that will be effective after 1 January 2012.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer.

As such, the Group and the Company will prepare their first financial statements using the MFRS Framework for the year ending 31 December 2012. In presenting their first MFRS financial statements, the Company may be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework.

The Group is currently in the process of determining the financial impact arising from the adoption of the MFRS Framework.

2.4 Basis of consolidation

The consolidated financial statements incorporate the audited financial statements of the company and all of its subsidiaries which are disclosed in Note 13 made up to the end of the financial year.

All intra-group balances, transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Subsidiaries are consolidated using the purchase method, from the date of acquisition being the date on which the Company obtains control and continue to be consolidated until the date that such control ceases. The assets, liabilities and contingent liabilities assumed from a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated financial statements. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Where the present ownership interests in the acquiree and it entitles the holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects for each individual business combination, whether non-controlling interests in the acquisition is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Basis of consolidation (cont'd)

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

The Group has applied the revised FRS 127 prospectively on 1 January 2011 in accordance with the transitional provisions. Accordingly, transactions with non-controlling interests prior to the respective effective date have not been restated to comply with the Standard.

Business combination involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as reverse acquisition reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributable to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Foreign currency (cont'd)

(b) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign Operations Denominated in Functional Currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

ii) Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

iii) All resulting exchange differences are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

Upon disposal of a foreign subsidiary, the cumulative amount of translation differences at the date of disposal of the subsidiary is taken to the consolidated profit or loss.

2.7 Goodwill

Goodwill acquired in a business combination represents the difference between purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when any indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of an interest in a subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of the interest in the subsidiary in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Subsidiaries

A subsidiary is an entity over which the Group has the power to exercise control over its financial and operating policies so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently exercisable are taken into account.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale). Acquisition related costs are recognised as expenses in the period in which the costs are incurred. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.9 Associates

An associate is defined as a company, not being a subsidiary, in which the Company has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associate are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2.10 Jointly controlled entities

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.9.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset of, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to initial recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such part as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at valuation less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the valuation of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset valuation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement of disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the principal annual rates used for this purpose as follows:-

Warehouse buildings	2% - 5%
Office and residential buildings	2%
Machinery, equipment, pallets, furniture and fittings	20% - 33 1/3%
Motor vehicles	20%
Lorries and trailers	20%

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful live and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.13 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised in profit or loss.

2.14 Capital work-in-progress

Capital work-in-progress consists of expenditure incurred on the construction of property, plant and equipment which take a substantial period of time to be ready for their intended use.

Capital work-in-progress is stated at cost during the period of construction. No depreciation is provided on capital work-in-progress and upon completion of the construction, the cost will be transferred to property, plant and equipment.

2.15 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

2.16 Discontinued operations

A component of the Group is classified as "discontinued operations" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and has categorised the financial assets as loans and receivables and available-for-sale financial assets.

(a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables comprise trade and other receivables including deposits and cash and cash equivalents.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(b) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in financial assets at fair value through profit or loss, held-to-maturity investments and loans and receivables.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Financial assets (cont'd)

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases and sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

2.18 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.18 Impairment of financial assets (cont'd)

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active market are considerations to determine whether there is objective evidence that investment classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short- term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.20 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Group's and the Company's other financial liabilities include trade payables, other payables including deposits and accruals, and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Financial liabilities (cont'd)

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.21 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimated of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.22 Borrowing costs

Borrowing costs are capitalised as part of a qualifying assets if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.23 Leases

(a) Finance Lease – the Group as Lessee

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 Leases (cont'd)

(b) Operating Lease – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis. The up-front payment for lease of land represents prepaid land lease payments and are amortised on a straight-line basis over the lease term.

(c) Operating Lease – the Group as Lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Commissions and revenue from services are recognised when services are rendered.

Rental revenue is recognised on an accrual basis.

Dividends from subsidiaries, associates and other investments are recognised when the right to receive payment is established.

Interest revenue is recognised on a time proportion basis that reflects the effective yield of the asset.

2.25 Employee benefits

(a) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.26 Tax expense

Tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.29 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sale consideration and the carrying amount is recognised in equity.

2.30 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.31 Government grants

Government grants are recognised in the consolidated financial statements initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in the profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in the profit or loss as revenue on a systematic basis over the useful life of the asset.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements of the Group and of the Company require management to make assumptions, estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are recognised in the period in which the assumption or estimate is revised.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:

(a) Impairment of available-for-sale investments (Note 16)

The Group reviews its unquoted investments classified as available-for-sale investments at each reporting date to assess whether they are impaired. The Group also records impairment charges on available-for-sale investments when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of a investment is less than its cost. During the year, the Group impaired unquoted instruments with “significant” decline in fair value greater than 20% and 30% respectively, and “prolonged” period as greater than 12 months or more.

(b) Useful lives of plant and equipment (Note 10)

The cost of property, plant and equipment is depreciated on a straight line basis over the assets’ useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. These are common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets and therefore, future depreciation changes could be revised.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

(c) Impairment of receivables (Note 17)

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

(d) Deferred tax assets (Note 25)

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

(e) Extension of time in developing land use rights in Yantian, Shenzhen, China (Note 11)

The Group had experienced difficulties and delay in developing these land use rights. In May 2011, the Group submitted an application with the relevant Government Land Office in China requesting an extension of time for developing the land use rights. As of 31 December 2011, approval of such application was still in progress. The Directors in consultation with the solicitor, have considered the possibility that the Government Land Office will reject the extension application and force the Group to forfeit the land use rights to be relatively remote.

(f) Fee payable for time extension in developing land use rights in Yantian, Shenzhen, China (Note 30)

In connection with the time extension application for developing land use rights in Yantian, Shenzhen, China, the Directors have made a provision representing 10% of the land consideration, being 50% of the maximum rate of 20% as stated in the Land Law in China. In choosing the 10% rate, the Directors have considered advice from consultants engaged by the Group and the ongoing rate charged by the Government Land Office in China in similar cases in the past.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

4. REVENUE

	Continuing operations		Discontinued operations		Consolidated	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**	**2011 RM**	**2010 RM**
Group						
Warehousing and related value added added services	110,077,888	98,650,446	-	20,532,816	110,077,888	119,183,262
Transportation distribution, freight forwarding and haulage services	23,696,200	21,209,531	-	38,527,158	23,696,200	59,736,689
	133,774,088	119,859,977	-	59,059,974	133,774,088	178,919,951
Company						
Dividend revenue	12,600,000	72,663,107	-	-	12,600,000	72,663,107

5. FINANCE COSTS

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Interest expense on:				
Bank loans, bank overdrafts and shareholder’s loan	3,993,151	6,127,365	109,194	2,136,389
Obligations under finance leases	1,922	15,296	1,922	15,296
	3,995,073	6,142,661	111,116	2,151,685

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

6. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax from continuing operations and discontinued operations:-

	2011	2010	
		Continuing operations	Discontinued operations
	RM	RM (Restated)	RM
Group			
Depreciation of property, plant and equipment	7,650,765	6,778,187	4,035,464
Amortisation of land use rights	2,306,541	2,338,831	274,252
Auditors' remuneration			
- audit services	224,964	187,540	81,990
- other services by auditors of the Company	5,000	51,600	-
Bad debts written off	-	243,603	-
Deposits written off	-	-	116,710
Directors' remuneration *			
- fees	216,390	303,995	-
- other emoluments	3,235,230	4,139,752	389,677
- retirement gratuity	-	1,277,250	-
Impairment loss on investment in an associate	946,581	-	-
Impairment loss on land use right	-	4,743,444	-
Gain on disposal of property, plant and equipment	(8,891,991)	(284,428)	(14,999)
Gain on disposal of subsidiaries	(4,214,417)	-	(13,750,044)
Loss on disposal of an associate	792,614	-	-
Property, plant and equipment written off	9,402	20,802	953
Reversal for employee benefits	(36,120)	(154,912)	(190,864)
Rental of premises, land and buildings	22,279,032	21,513,052	480,420
Rental of vehicles and equipment	15,498	6,589	682,171
Reversal of impairment loss on receivables	(53,125)	(39,905)	(87,556)
Waiver of debts by an associate	(211,501)	-	-
Waiver of debts by creditors	(20,670)	(36,360)	-
Staff costs			
- Contribution to defined contribution plan	42,175	41,467	664,093
- Salaries and others	31,378,656	29,865,911	7,135,847
Provision for land penalty	3,490,976	-	-
Government grant income	(36,041)	(21,583)	-
Interest expense	3,995,073	6,142,661	181,186
(Gain)/Loss on realised foreign exchange	(3,066,606)	(2,094,408)	91,501
Gain on unrealised foreign exchange	(32,165)	(1,306,926)	-
Interest revenue	(1,509,816)	(607,753)	(849)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

6. PROFIT BEFORE TAX (cont'd)

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

	2011 RM	2010 RM
Company		
Depreciation of property, plant and equipment	312,750	158,473
Auditors' remuneration		
- audit services	50,000	18,000
- other services by auditors of the Company	5,000	51,600
Bad debts written off	-	246,332
Directors' remuneration *		
- fees	156,000	242,000
- other emoluments	1,279,423	2,175,554
- retirement gratuity	-	1,277,250
Impairment loss on investment in associate	-	3,977,215
Impairment loss on investment in subsidiaries	18,666,730	1,742,828
Gain on disposal of property, plant and equipment	(8,863,809)	(142,432)
Gain on disposal of an associate	(977,215)	-
Loss on disposal of subsidiaries	-	51,089,944
Loss on voluntary winding-up of subsidiary	-	9,286
Property, plant and equipment written off	-	994
Reversal for employee benefits	(36,120)	(28,862)
Rental of premises, land and buildings	-	42,300
Rental of vehicles and equipment	15,498	6,589
Waiver of debts by subsidiaries	(9,949,517)	(20,326,671)
Waiver of debts by an associate	(211,501)	-
Staff costs		
- Contribution to defined contribution plan	42,175	41,467
- Salaries and others	566,734	1,400,831
Interest expense	111,116	2,151,685
Loss on realised foreign exchange	63,815	23,058
(Gain)/Loss on unrealised foreign exchange	(4,855,040)	10,525,948
Interest revenue	(3,533,951)	(3,637,208)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

6. PROFIT BEFORE TAX (cont'd)

* Included in Directors' remuneration were aggregate amount of remuneration received and receivable by the Directors of the company during the financial year as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Executive Directors				
- fees	60,390	253,995	-	192,000
- other emoluments	3,114,250	4,339,518	1,158,443	1,985,643
- retirement gratuity	-	1,277,250	-	1,277,250
Total Executive Directors' remuneration	3,174,640	5,870,763	1,158,443	3,454,893
Non-Executive Directors				
- fees	156,000	50,000	156,000	50,000
- other emoluments	120,980	189,911	120,980	189,911
Total Non-Executive Directors' remuneration	276,980	239,911	276,980	239,911
Total Directors' remuneration	3,451,620	6,110,674	1,435,423	3,694,804

The monetary value of benefits-in-kind of the Group and of the Company provided to certain Directors of the Company amounted to RM265,999 (2010: RM288,111) and RM95,200 (2010: RM95,200) respectively.

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:-

	Number of Directors	
	2011	2010
Executive:		
RM650,001 - RM700,000	2	2
RM1,650,001 - RM1,700,000	-	1
RM1,750,001 - RM1,800,000	1	-
RM2,850,001 - RM2,900,000	-	1
Non-Executive:		
Independent		
Below RM50,000	-	3
RM50,001 - RM100,000	2	1
RM100,001 - RM150,000	1	-
Non-Independent		
Below RM50,000	-	2
RM50,001 - RM100,000	1	1

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

7. INCOME TAX EXPENSE

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Current income tax - continuing operations				
- Malaysian tax	(664,000)	401,000	2,486,000	299,000
- Foreign tax	4,136,183	3,422,144	-	-
- (Over)/Under provision in respect of previous years	(253,803)	2,047,118	564,750	3,221
	3,218,380	5,870,262	3,050,750	302,221
Deferred income tax - continuing operations (Note 25)				
- Origination and reversal of temporary differences	517,172	401,589	(53,800)	(76,000)
- Under provision in respect of prior year	-	214,655	-	7,800
Income tax attributable to continuing operations	3,735,552	6,486,506	2,996,950	234,021
Income tax attributable to discontinued operations (Note 8)	-	(1,696,602)	-	-
Income tax expense recognised in income statements	3,735,552	4,789,904	2,996,950	234,021

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 years ended 31 December 2011 and 2010 are as follows:-

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
		(Restated)		
Profit before tax from continuing operations	18,542,168	3,676,433	18,482,566	28,091,733
Profit before tax from discontinued operations (Note 8)	-	19,968,304	-	-
Accounting profit before tax	18,542,168	23,644,737	18,482,566	28,091,733

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

7. INCOME TAX EXPENSE (cont'd)

Reconciliation between tax expense and accounting profit (cont'd)

	Group		Company	
	2011 RM	2010 RM (Restated)	2011 RM	2010 RM
Tax at Malaysian statutory tax rate of 25% (2010 : 25%)	4,635,500	5,911,200	4,620,600	7,022,900
Different tax rates in other countries	579,700	226,500	-	-
Adjustments:				
Share of results of associates	(79,800)	599,900	-	-
Share of results of jointly controlled entities	167,000	255,900	-	-
Tax effect of non-taxable revenue	(3,781,900)	(10,204,800)	(7,009,600)	(23,790,400)
Tax effect of non-deductible expenses	1,792,555	4,976,863	4,821,200	16,990,500
Tax effect of withholding tax in foreign subsidiaries	594,600	493,740	-	-
Utilisation of deferred tax assets not recognised in prior years	(1,200)	(7,400)	-	-
Deferred tax assets not recongised during the year	82,900	277,800	-	-
(Over)/Under provision in prior year				
- income tax	(253,803)	2,045,546	564,750	3,221
- deferred tax	-	214,655	-	7,800
Income tax expense recognised in income statements	3,735,552	4,789,904	2,996,950	234,021

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The Company has tax exempt income available for distribution by way of tax exempt dividend of approximately RM14,884,500 (2010: RM5,589,000). The tax exempt income is in respect of chargeable income of which income tax had been waived and second tier dividend income; and

The Group has unutilised tax losses and unabsorbed capital allowances of RM1,835,900 (2010: RM1,767,300) and RM6,951,000 (2010: RM6,918,700) respectively available for set-off against future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

8. DISCONTINUED OPERATIONS

On 19 February 2010, the Company in principle accepted an offer from AWH Equity Holdings Sdn. Bhd. (“AWH”) to acquire 100% equity interest, comprising 33,810,000 ordinary shares, in Integrated Logistics Solutions Sdn. Bhd., a wholly-owned subsidiary of the Company, for a total consideration of RM170,000,000, subject to further negotiations with AWH on variation on the terms and conditions of the offer (“Proposed Disposal”).

The Company had on 12 March 2010 entered into a share sale agreement (“SSA”) with AWH to formalise the Proposed Disposal. As an integral part of the SSA, Integrated Logistics Solutions Sdn. Bhd. (“ILS”) shall acquire the following wholly-owned subsidiaries of the Company prior to the completion of the SSA:-

i) 7,000,000 ordinary shares of RM1.00 each in Integrated Warehouse Sdn. Bhd. (“IWS”); and

ii) 14,400,000 ordinary shares of RM1.00 each in M.I. Logistics Sdn. Bhd. (“MIL”)

Prior to the completion of the proposed acquisitions by ILS of IWS and MIL, the Company undertakes to transfer the current assets and liabilities of IWS and MIL to the Company. Hence, ILS shall acquire the entire equity interests in IWS and MIL for a nominal cash consideration of RM1.00 each. Pursuant to the terms of SSA, the Company shall retain the Excluded Land. The Share Sale Consideration is further subject to an increase or a reduction, whichever applicable, equal to the Adjustment Sum. This Adjustment Sum is the net differential amount between the Current Assets and Current Liabilities of ILS, which shall be determined from the balance sheet of ILS periodically as at end of 30, 60 and 90 days from the Completion Date.

On 14 April 2010, AWH had confirmed there are no other issues arising from due diligence exercise. As agreed between the Company and AWH, a total sum of RM6,000,000 shall be retained by ILS from the Adjustment Sum following the completion of the Proposed Disposal. On 24 June 2010, the Company and AWH have mutually agreed to extend the Completion Date to 31 August 2010.

On 30 August 2010, AWH had paid the Company an additional amount of RM23,900,000 in cash (“Additional Payment”) which sum together with the Deposit (RM5,100,000 paid prior to the execution of the SSA) make up an amount equivalent to the Share Sale Consideration. The Company and AWH have mutually agreed to defer the Completion Date to 31 December 2010 for both parties to fulfil outstanding conditions for completion of the SSA. A supplemental agreement (“1st Supplemental SSA”) was entered into by the parties on 30 August 2010 to give effect to the amendments above and also to provide that out of Additional Payment, RM11,900,000 shall be treated as additional deposit, which is forfeitable, pending completion of the SSA.

A second supplemental agreement (“2nd Supplemental SSA”) was entered into by the Company and AWH on 1 October 2010 to confirm that the Completion Date of the SSA shall be 1 October 2010 and AWH shall be the beneficial owner of the Sale Shares. Pursuant to the 2nd Supplemental SSA, the parties recognised that the Inter-Company indebtedness remains as a debt due and owing by ILS to the Company as at Completion Date and which shall be fully settled by 31 December 2010. The parties have also on even date executed all relevant security documents to ensure punctual payment of the Inter-Company indebtedness. The Inter-Company indebtedness was fully settled on 27 December 2010.

The comparative consolidated statements of comprehensive income has been represented to show the discontinued operations separately from continuing operations.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

8. DISCONTINUED OPERATIONS (cont'd)

Profits attributable to the discontinued operations were as follows:-

Results of discontinued operations

	Note	Group 2010 RM
Revenue	4	59,059,974
Direct operating costs		(40,777,161)
Gross profit		18,282,813
Other income		13,939,755
Administrative costs		(11,803,114)
Other costs		(269,964)
		(12,073,078)
Profit from operations		20,149,490
Finance costs	5	(181,186)
Profit before tax	6	19,968,304
Income tax expense	7	1,696,602
Profit for the year		21,664,906

Effects of disposal on the financial position of the Group

	2010 RM
Property, plant and equipment	160,193,556
Land use rights	4,113,778
Other investments	27,850
Trade and other receivables	17,476,170
Tax assets	268
Cash and cash equivalents	3,862,808
Trade and other payables	(6,018,793)
Taxation	(1,144,728)
Loans and borrowings	(3,268,058)
Deferred taxation	(28,642,033)
Net assets and liabilities	146,600,818
Disposal related expenses	15,393,606
Gain on sale of discontinued operations	13,750,044
Sale proceeds plus Adjustment Sum	175,744,468

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

8. DISCONTINUED OPERATIONS (cont'd)

Effects of disposal on the financial position of the Group (cont'd)

	2010 RM
Sale proceeds settled by:-	
Consideration received, satisfied in cash	99,246,270
Novation of loans and borrowings	70,753,730
Deferred payment	5,744,468
	175,744,468
Cash inflow arising on disposals:-	
Consideration received, satisfied in cash	99,246,270
Disposal related expenses	(15,393,606)
Cash and cash equivalents disposed of	(3,862,808)
Net cash inflow on disposal	79,989,856

9. EARNINGS / (LOSS) PER ORDINARY SHARE

Continuing operations

Basic earnings / (loss) per share from continuing operations are calculated by dividing profit for the year from continuing operations, net of tax, attributable to owners of parent by the weighted average number of ordinary shares outstanding during the financial year.

The diluted earnings per share is not applicable for the current financial year as the Group does not have dilutive potential ordinary shares as at the reporting date.

	Group	
	2011 RM	2010 RM (Restated)
Profit net of tax attributable to owners of the parent	13,001,608	18,668,061
Less: Profit from discontinued operations, net of tax, attributable to owners of the parent	-	(21,664,906)
Profit/(Loss) net of tax from continuing operations attributable to owners of the parent used in the computation of basic earnings per share	13,001,608	(2,996,845)
Weighted average number of ordinary shares for basic earnings per share computation*	182,751,821	190,297,764

** The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.*

Discontinued operations

The basic earnings per share from discontinued operations were calculated by dividing the profit from discontinued operations, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM	Warehouse and Office Buildings RM	Machinery, Equipment, Furniture and Fittings RM	Motor Vehicles, Lorries and Trailers RM	Total RM
Cost/Valuation					
At 1.1.11	8,029,945	173,407,210	15,238,940	5,019,554	201,695,649
Translation differences	-	12,590,867	1,246,764	99,580	13,937,211
Additions	-	406,830	4,244,316	783,650	5,434,796
Transfer from capital work-in-progress	-	67,080,552	-	-	67,080,552
Disposals	(8,029,945)	-	-	(200,074)	(8,230,019)
Written off	-	(24,760)	(262,444)	-	(287,204)
At 31.12.11	-	253,460,699	20,467,576	5,702,710	279,630,985
Accumulated Depreciation					
At 1.1.11	-	7,871,053	11,394,932	1,500,117	20,766,102
Translation differences	-	818,381	1,027,376	(64,841)	1,780,916
Charge for the year	-	4,336,821	2,363,605	950,339	7,650,765
Disposals	-	-	-	(200,074)	(200,074)
Written off	-	(24,760)	(253,042)	-	(277,802)
At 31.12.11	-	13,001,495	14,532,871	2,185,541	29,719,907
Net Book Value					
At 31.12.11	-	240,459,204	5,934,705	3,517,169	249,911,078

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold Land RM	Long Term Leasehold Land RM	Warehouse, Office and Residential Buildings RM	Machinery, Equipment, Pallets, Furniture and Fittings RM	Motor Vehicles, Lorries and Trailers RM	Total RM
Cost/Valuation						
At 1.1.10	22,116,000	-	319,229,335	47,924,521	54,870,477	444,140,333
Effects of adopting amendments to FRS 117	-	22,743,823	-	-	-	22,743,823
At 1.1.10, restated	22,116,000	22,743,823	319,229,335	47,924,521	54,870,477	466,884,156
Translation differences	-	-	(9,827,902)	(747,850)	(88,201)	(10,663,953)
Additions	-	-	408,089	1,329,345	3,524,859	5,262,293
Disposals	-	-	-	-	(2,101,246)	(2,101,246)
Discontinued operations (Note 8)	(14,086,055)	(22,743,823)	(136,386,726)	(13,622,942)	(42,629,116)	(229,468,662)
Written off	-	-	(15,586)	(19,481,934)	(8,719,419)	(28,216,939)
Reclassification	-	-	-	(162,200)	162,200	-
At 31.12.10	8,029,945	-	173,407,210	15,238,940	5,019,554	201,695,649
Accumulated Depreciation						
At 1.1.10	-	-	19,233,111	38,706,200	50,278,907	108,218,218
Effects of adopting amendments to FRS 117	-	1,753,400	-	-	-	1,753,400
At 1.1.10, restated	-	1,753,400	19,233,111	38,706,200	50,278,907	109,971,618
Translation differences	-	-	(242,457)	(532,927)	(59,370)	(834,754)
Charge for the year	-	255,914	5,891,203	3,580,732	1,085,802	10,813,651
Disposals	-	-	-	-	(1,714,123)	(1,714,123)
Discontinued operations (Note 8)	-	(2,009,314)	(16,995,218)	(10,845,775)	(39,424,799)	(69,275,106)
Written off	-	-	(15,586)	(19,480,839)	(8,698,759)	(28,195,184)
Reclassification	-	-	-	(32,459)	32,459	-
At 31.12.10	-	-	7,871,053	11,394,932	1,500,117	20,766,102
Net Book Value						
At 31.12.10	8,029,945	-	165,536,157	3,844,008	3,519,437	180,929,547

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Analysis of cost and valuation:-

Group	Freehold Land RM	Warehouse, Office and Residential Buildings RM	Machinery, Equipment, Pallets, Furniture and Fittings RM	Motor Vehicles, Lorries and Trailers RM	Total RM
2011					
Cost/Valuation					
At cost	-	99,619,473	20,467,576	5,702,710	125,789,759
At valuation - 2008	-	153,841,226	-	-	153,841,226
	-	253,460,699	20,467,576	5,702,710	279,630,985
Net Book Value					
At cost	-	97,356,689	5,934,705	3,517,169	106,808,563
At valuation - 2008	-	143,102,515	-	-	143,102,515
	-	240,459,204	5,934,705	3,517,169	249,911,078
2010					
Cost/Valuation					
At cost	616,000	29,685,262	15,238,940	5,019,554	50,559,756
At valuation - 2008	7,413,945	143,721,948	-	-	151,135,893
	8,029,945	173,407,210	15,238,940	5,019,554	201,695,649
Net Book Value					
At cost	616,000	28,298,747	3,844,008	3,519,437	36,278,192
At valuation - 2008	7,413,945	137,237,410	-	-	144,651,355
	8,029,945	165,536,157	3,844,008	3,519,437	180,929,547

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land RM	Equipment, Furniture and Fittings RM	Motor vehicles RM	Total RM
Cost				
At 1.1.11	8,029,945	170,456	1,290,449	9,490,850
Additions	-	85,020	167,766	252,786
Disposal	(8,029,945)	-	-	(8,029,945)
At 31.12.11	-	255,476	1,458,215	1,713,691
Accumulated Depreciation				
At 1.1.11	-	88,321	167,071	255,392
Charge for the year	-	29,495	283,255	312,750
At 31.12.11	-	117,816	450,326	568,142
Net Book Value				
At 31.12.11	-	137,660	1,007,889	1,145,549
Cost				
At 1.1.10	-	379,076	172,872	551,948
Additions	-	81,070	1,514,801	1,595,871
Transfer from a former subsidiary	8,029,945	-	-	8,029,945
Disposal	-	-	(397,224)	(397,224)
Write off	-	(289,690)	-	(289,690)
At 31.12.10	8,029,945	170,456	1,290,449	9,490,850
Accumulated Depreciation				
At 1.1.10	-	359,829	32,440	392,269
Charge for the year	-	17,188	141,285	158,473
Disposal	-	-	(6,654)	(6,654)
Write off	-	(288,696)	-	(288,696)
At 31.12.10	-	88,321	167,071	255,392
Net Book Value				
At 31.12.10	8,029,945	82,135	1,123,378	9,235,458

In prior year, a piece of undeveloped freehold land (known as "Excluded Land") owned by a former subsidiary was transferred to the Company as part of the terms of the Share Sale Agreement with AWH Equity Holdings Sdn. Bhd as disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Revaluation of freehold land and buildings

In 2008, the freehold land, warehouse and office buildings were revalued by the Directors based on independent professional valuations on the open market value basis.

The net book value of these property, plant and equipment had no revaluation been made are as follows:-

	Group	
	2011	2010
	RM	RM
Freehold land	-	6,431,562
Buildings	115,016,876	104,183,417

Assets held under hire purchase arrangements

During the financial year, the Group and the Company acquired motor vehicle with an aggregate cost of RM Nil (2010: RM490,000) and RM Nil (2010: RM490,000) respectively by means of hire purchase arrangement. The cash outflow of the Group and the Company on acquisition of property, plant and equipment amounted to RM5,434,796 (2010: RM4,772,293) and RM252,786 (2010: RM1,105,871) respectively.

As at the reporting date, the property, plant and equipment held under hire purchase financing is as follows:-

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Hire Purchase Financing				
Motor Vehicle				
Cost	-	686,699	-	686,699
Net book value	-	606,584	-	606,584

Assets pledged as security

The net book values of property, plant and equipment pledged to a financial institution as security for borrowings (Note 32) are as follows:-

	Group	
	2011	2010
	RM	RM
Net Book Value		
Warehouse and office buildings	172,743,207	164,486,249

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

11. LAND USE RIGHTS

	Group 2011 RM	Group 2010 RM
At 1 January		
As previously stated	127,331,443	143,055,698
Effects of adopting the Amendments to FRS 117	-	(20,990,423)
As restated	127,331,443	122,065,275
Additions during the year	-	22,707,485
Amortisation for the year	(2,306,541)	(2,613,083)
Disposal of subsidiary (Note 13)	(24,927,484)	-
Discontinued operations (Note 8)	-	(4,113,778)
Impairment loss	-	(4,743,444)
Translation differences	9,095,741	(5,971,012)
At 31 December	109,193,159	127,331,443

The Group has land use rights over six plots of state-owned land located in Henan, Shenzhen and Suzhou in The People's Republic of China ("PRC") where the Group's warehousing facilities reside under medium lease terms for a duration of 50 years. Certain land use rights with carrying amounts of RM52,372,250 (2010: RM49,523,304) charged as security for bank borrowing facilities are disclosed in Note 32.

At the reporting date, the Group has idle land use rights in Yantian, Shenzhen, China with a net book value of approximately RM34,018,027. The Group has experienced difficulties and delay in developing these land use rights. In May 2011, the Group submitted an application with the relevant Government Land Office in China requesting an extension of time for developing the land use rights. As of 31 December 2011, approval of such application was still in progress. The Directors, in consultation with the solicitor, have considered the possibility that the Government Land Office will reject the extension application and force the Group to forfeit the land use rights to be relatively remote. The Group has provided for the possible penalty payable resulting from the delay in developing the land as disclosed in Note 30.

12. CAPITAL WORK-IN-PROGRESS

	Group 2011 RM	Group 2010 RM
At cost,		
At 1 January	38,939,177	-
Additions	25,802,402	38,939,177
Translation differences	3,246,745	-
Transfer to property, plant and equipment (Note 10)	(67,080,552)	-
At 31 December	907,772	38,939,177

This is in respect of construction of the warehouse buildings of the Group.

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13. SUBSIDIARIES

	Company 2011 RM	Company 2010 RM (Restated)
Unquoted shares, at cost		
At 1 January	44,816,195	158,946,195
Additions	2	-
Discontinued operations (Note 8)	-	(89,120,000)
Written off	-	(25,010,000)
At 31 December	44,816,197	44,816,195
Less: Accumulated impairment losses		
At 1 January	4,221,270	28,820,744
Additions	18,666,730	1,742,828
Written off	-	(25,000,000)
Discontinued operations	-	(1,342,302)
At 31 December	22,888,000	4,221,270
Amounts owing by subsidiaries	101,780,222	96,438,277
	123,708,419	137,033,202

Amounts owing by the subsidiaries are non-trade in nature, unsecured and interest free. The settlement of the amounts are neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment.

The subsidiaries are as follows:-

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2011	Effective Equity Interest 2010
	Integrated Forwarding & Shipping Berhad	Malaysia	Ceased operations	100%	100%
	Integrated Freight Services Sdn. Bhd.	Malaysia	Ceased operations	100%	100%
	Integrated Leasing Corporation Sdn. Bhd.	Malaysia	Ceased operations	100%	100%
	Integrated Haulage Sdn. Bhd.	Malaysia	Ceased operations	100%	100%
	Business Protocol Sdn. Bhd.	Malaysia	Dormant	100%	-
	ILB International (BVI) Limited	British Virgin Islands	Investment holding	100%	100%
	Subsidiary of ILB International (BVI) Limited				
**	ISH Logistics Group Limited	Grand Cayman Island	Investment holding	70%	70%

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13. SUBSIDIARIES (cont'd)

The subsidiaries are as follows:- (cont'd)

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2011	Effective Equity Interest 2010
	Subsidiary of ISH Logistics Group Limited				
@	ISH Group (BVI) Limited	British Virgin Islands	Investment holding	70%	70%
	Subsidiary of ISH Group (BVI) Limited				
**	Integrated Logistics (H.K.) Limited	Hong Kong	Investment holding, warehousing and related value added services and transportation	70%	70%
	Subsidiaries of Integrated Logistics (H.K.) Ltd.				
**	ISH Logistics (Shenzhen) Ltd.	Hong Kong	Investment holding	70%	70%
**	ISH Logistics (Shanghai) Ltd.	Hong Kong	Investment holding	70%	70%
**	ISH Logistics (Shenzhen II) Ltd.	Hong Kong	Investment holding	70%	70%
**	Integrated Logistics (Henan) (H.K.) Ltd.	Hong Kong	Investment holding	70%	70%
@	Integrated Logistics (China) Co. Ltd.	The People's Republic of China	Warehousing & related value added services and transportation	70%	70%
**	Integrated Etern Logistics (Suzhou) Ltd.	The People's Republic of China	Warehousing & related value added services and transportation	45.5%	45.5%
@	Harbin ISH Logistics (H.K.) Co. Ltd.	Hong Kong	Investment holding	70%	70%
@	Changchun ISH Logistics (HK) Ltd. (formerly Harbin ISH Supply Chain (H.K.) Ltd.)	Hong Kong	Dormant	70%	70%
	Subsidiaries of ISH Logistics (Shenzhen) Ltd.				
@	Integrated Shun Hing Logistics (Shenzhen) Co. Ltd.	The People's Republic of China	Warehousing & related value added services and transportation	70%	70%
@	ISH Logistics Yantian (Shenzhen) Co. Ltd.	The People's Republic of China	Warehousing & related value added services and transportation	70%	70%
	Subsidiary of ISH Logistics (Shanghai) Ltd.				
**	Integrated Shun Hing Logistics (Shanghai) Co. Ltd.	The People's Republic of China	Warehousing & related value added services and transportation	70%	70%

NOTES TO THE FINANCIAL STATEMENTS
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13. SUBSIDIARIES (cont'd)

The subsidiaries are as follows:- (cont'd)

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2011	Effective Equity Interest 2010
	Subsidiary of ISH Logistics (Shenzhen II) Ltd.				
@	Shenzhen ISH Logistics Co. Ltd.	The People's Republic of China	Warehousing & related value added services and transportation	70%	70%
	Subsidiary of Integrated Logistics Henan (H.K.) Ltd.				
@	Henan ISH Logistics Co. Ltd.	The People's Republic of China	Warehousing & related value added services and transportation	70%	70%
	Subsidiary of Integrated Logistics (China) Co. Ltd.				
**	Integrated Shun Hing Logistics (Lingang) Co. Ltd.	The People's Republic of China	Warehousing & related value added services and transportation	-	70%
	Subsidiary of Harbin ISH Logistics (H.K.) Co. Ltd.				
@	Harbin ISH Logistics Co. Ltd.	The People's Republic of China	Warehousing & related value added services and transportation	-	70%
	Subsidiaries of Shenzhen ISH Logistics Co. Ltd.				
@	Xiamen ISH Logistics Co. Ltd.	The People's Republic of China	Warehousing & related value added services and transportation	70%	70%
@	Beijing ISH Logistics Co. Ltd.	The People's Republic of China	Warehousing & related value added services and transportation	70%	-
@	Chongqing ISH Logistics Co. Ltd.	The People's Republic of China	Warehousing & related value added services and transportation	45.5%	45.5%

** Audited by a member firm of Moore Stephens International Limited
@ Audited by another professional firm of accountants

In the opinion of the Directors, the value of the investments in subsidiaries is not less than the carrying amount reflected in the statements of financial position.

The shares of ISH Logistics (Shanghai) Ltd. with investment carrying amount of RM16,356,000 (2010: RM15,856,000) are pledged to a financial institution as security for borrowings (Note 32).

<u>Voluntary winding-up of dormant company</u>

Harbin ISH Logistics Co. Ltd. was deregistered in December 2011.

NOTES TO THE FINANCIAL STATEMENTS
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13. SUBSIDIARIES (cont'd)

Disposal of subsidiary

On 18 July 2011, Integrated Logistics (China) Co. Ltd, a wholly-owned subsidiary of Integrated Logistics (H.K.) Limited, of which the Group has 70% effective equity interest, had completed the share sales in relation to the Share Sale Agreement dated 2 June 2011 entered into with Shanghai Zhong Se Realty Co. Ltd., for the sale of 100% equity interest in the subsidiary, Integrated Shun Hing Logistics (Lingang) Co. Ltd., who owns the land located at No.A2304-B, Yangshan Free Trade Zone, The People's Republic of China.

Effect of disposal on the financial position of the Group:-

	Company 2011 RM
Land use rights	24,927,484
Cash and cash equivalents	817,564
Other payables	(1,661,888)
Translation differences	(371,054)
Net assets and liabilities	23,712,106
Cash consideration received	(27,926,523)
Gain on disposal of investment in subsidiary	(4,214,417)
Net cash inflow arising on disposal:	
Cash consideration received	27,926,523
Cash and cash equivalents	(817,564)
Translation differences	478,316
	27,587,275

Incorporation of new subsidiary

On 17 February 2011, Shenzhen ISH Logistics Co. Ltd., a wholly-owned subsidiary of ISH Logistics (Shenzhen II) Co. Ltd. of which the Group has 70% effective equity interest, has incorporated a wholly-owned subsidiary in The People's Republic of China, namely Beijing ISH Logistics Co. Ltd., with a registered capital of RMB1 million.

Acquisition of a subsidiary

On 5 April 2011, the Company has acquired 2 ordinary shares of RM1.00 each in Business Protocol Sdn. Bhd., representing 100% of the issued and paid up share capital for a total cash consideration of RM2.00.

NOTES TO THE FINANCIAL STATEMENTS
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14. INTEREST IN ASSOCIATES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Unquoted shares, at cost				
At 1 January	63,714,017	58,139,170	15,007,500	15,007,500
Additions	-	5,574,847	-	-
Disposal	(4,000,000)	-	(4,000,000)	-
Capital repayments	(19,200)	-	-	-
At 31 December	59,694,817	63,714,017	11,007,500	15,007,500
Less: Accumulated impairment loss	(136,242)	(3,166,876)	-	(3,977,215)
Share of result:				
At 1 January	2,175,356	3,838,412	-	-
Share of results for the year	2,118,001	(1,663,056)	-	-
At 31 December	4,293,357	2,175,356	-	-
Exchange differences	(2,103,995)	(3,586,696)	-	-
	61,747,937	59,135,801	11,007,500	11,030,285
The Group's investments in associates are represented by:-				
Group's share of net assets	61,747,937	59,135,801		

The associates are as follows:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2011	Effective Equity Interest 2010
KP Integrated Sdn. Bhd.	Malaysia	Investment holding	-	50%
Integrated Mits Sdn. Bhd.	Malaysia	Warehousing and related value added services	50%	50%
Integrated Cargo Services Sdn. Bhd.	Malaysia	Shipping solution services	-	50%
Interest held through KP Integrated Sdn. Bhd.				
** KPI Warehouse Holdings Inc.	Philippines	Providing warehousing facilities and equipment	-	45%

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

14. INTEREST IN ASSOCIATES (cont'd)

The associates are as follows:- (cont'd)

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2011	Effective Equity Interest 2010
	Interest held through Integrated Logistics (H.K.) Ltd.				
**	Shanghai Puhwa Logistics Co. Ltd.	The People's Republic of China	Warehousing and transportation	24.5%	24.5%
**	Hengyang Petrochemical Logistics Pte. Ltd.	Singapore	Investment holding	17.8%	17.8%
	Interest held through Hengyang Petrochemical Logistics Pte. Ltd.				
**	Hengyang (Jiangyin) Petrochemical Logistics Pte. Ltd.	Singapore	Investment holding	17.8%	17.8%

** Audited by another professional firm of accountants.

The financial information of Hengyang Petrochemical Logistics Pte. Ltd. is based on nine-month period financial statements to 30 September 2011, as adjusted for accrued after-tax profit for the last quarter of 2011.

The Group has not recognised losses relating to Shanghai Puhwa Logistics Co. Ltd. where its share of losses exceeds the Group's interest in this associate. There is no annual financial statements available for the unrecognised losses. The Group has no obligation in respect of these losses.

Voluntary winding-up of associate

In July 2011, Integrated Cargo Services Sdn. Bhd. had at its Extraordinary General Meetings resolved by its members to voluntarily wind-up the company by way of Members' Voluntary Winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965.

NOTES TO THE FINANCIAL STATEMENTS
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14. INTEREST IN ASSOCIATES (cont'd)

Disposal of associate

On 30 December 2011, the Company had completed the disposal in relation to the Share Sale Agreement dated 27 December 2011 entered into with Distinct Capital Pte. Ltd., for the sale of 50% equity interest in KP Integrated Sdn. Bhd. which has a 90% equity interest in KPI Warehouse Holdings Inc., a company incorporated under the Philippine laws.

Financial impact on the disposal to the Group and the Company:-

	Group 2011 RM	Company 2011 RM
Cost of investment	4,000,000	4,000,000
Less : Accumulated impairment	(3,977,215)	(3,977,215)
Carrying value of investment at date of disposal	22,785	22,785
Share of translation reserve	1,775,101	-
Share of capital reserve	(5,272)	-
Net assets and liabilities	1,792,614	22,785
Cash consideration received	(1,000,000)	(1,000,000)
Loss/(Gain) on disposal of investment in an associate	792,614	(977,215)

The summarised financial information of the associates is as follows:-

	2011 RM	2010 RM
Assets and Liabilities:		
Total assets	320,303,133	292,053,350
Total liabilities	135,384,660	123,743,413
Results:		
Revenue	40,742,329	72,633,948
Profit for the year	9,139,153	3,642,922

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15. INTEREST IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Unquoted shares, at cost				
At 1 January	35,066,081	34,716,902	34,716,902	34,716,902
Additions	-	349,179	-	-
	35,066,081	35,066,081	34,716,902	34,716,902
Share of results:				
At 1 January	(4,966,328)	(3,854,762)	-	-
Share of results for the year	(941,624)	(1,111,566)	-	-
At 31 December	(5,907,952)	(4,966,328)	-	-
Exchange differences	(1,470,762)	(2,290,501)	-	-
	27,687,367	27,809,252	34,716,902	34,716,902
Amount owing by a jointly controlled entity	20,879,721	-	20,879,721	-
	48,567,088	27,809,252	55,596,623	34,716,902
The Group's investments in jointly controlled entities is represented by:-				
Group's share of net assets	48,567,088	27,809,252		

Amounts owing by a jointly controlled entity are non-trade in nature, unsecured and interest free. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future. The Group's intension is to provide adequate funds to the jointly controlled entity to meet its liabilities as they fall due. As these amounts are, in substance, a part of the entity's net investment in the jointly controlled entity, it is stated at cost less accumulated impairment.

The jointly controlled entities are as follows:-

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2011	Effective Equity Interest 2010
*	Integrated National Logistics Limited	United Arab Emirates	Warehousing and related value added services	50%	50%
*	Chongqing ISH Sunga Customs Broker Co. Ltd.	The People's Republic of China	Customs service	35%	35%

* Audited by another professional firm of accountants.

NOTES TO THE FINANCIAL STATEMENTS
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15. INTEREST IN JOINTLY CONTROLLED ENTITIES (cont'd)

The summarised financial information of the jointly controlled entities is as follows:-

	2011 RM	2010 RM
Assets and Liabilities:		
Total assets	238,339,429	156,846,921
Total liabilities	140,899,233	88,611,108
Results:		
Revenue	187,706	32,832
Loss for the year	(1,609,634)	(2,223,131)

16. OTHER INVESTMENTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Available-for-sale financial assets				
Golf club memberships				
At 1 January	1,124,151	924,074	71,352	58,000
Effects of adopting FRS139	-	494,677	-	19,436
At 1 January, restated	1,124,151	1,418,751	71,352	77,436
Translation differences	132,660	(95,853)	4,125	(6,084)
Change in fair value	68,458	(170,897)	59,460	-
Discontinued operations (Note 8)	-	(27,850)	-	-
At 31 December	1,325,269	1,124,151	134,937	71,352

NOTES TO THE FINANCIAL STATEMENTS
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17. RECEIVABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade receivables				
- external parties	34,285,778	22,785,862	-	-
Less: Allowance for impairment	(376,133)	(456,680)	-	-
	33,909,645	22,329,182	-	-
Other receivables, deposits and prepayments (Note 28)	19,763,583	23,644,677	863,765	5,905,965
	53,673,228	45,973,859	863,765	5,905,965

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2010: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The foreign currency exposure profile of the trade receivables for the Group is as follows:-

	Hong Kong Dollar RM	United States Dollar RM	Total RM
Functional currency of Group of companies			
2011			
Chinese Renminbi	3,904,612	3,318,646	7,223,258
2010			
Chinese Renminbi	3,944,000	1,758,736	5,702,736

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the Group's trade receivables is as follows:-

	Group	
	2011 RM	2010 RM
Neither past due nor impaired	29,623,768	19,463,078
90 to 180 days past due not impaired	3,251,946	2,866,104
180 to 360 days past due not impaired	1,033,931	-
	33,909,645	22,329,182
Impaired	376,133	456,680
	34,285,778	22,785,862

NOTES TO THE FINANCIAL STATEMENTS
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17. RECEIVABLES (cont'd)

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM4,285,877 (2010: RM2,866,104) that are past due at the reporting date but not impaired.

No impairment loss on trade receivables has been made as, in the opinion of the management, the debts would be collected in full within the next twelve months.

The Group does not hold any collateral or other credit enhancements over these balances.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date is as follows:-

	Collectively impaired		Individually impaired		Total	
	2011	2010	2011	2010	2011	2010
	RM	RM	RM	RM	RM	RM
Trade receivables	-	-	376,133	456,680	376,133	456,680
Less: Allowance for impairment	-	-	(376,133)	(456,680)	(376,133)	(456,680)
	-	-	-	-	-	-

Movement in allowance accounts:

	Group	
	2011	2010
	RM	RM
At 1 January	456,680	690,457
Written off	(40,272)	(106,316)
Reversal	(40,275)	(127,461)
At 31 December	376,133	456,680

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements and under legal case.

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18. AMOUNTS OWING BY/TO SUBSIDIARIES

The amounts owing by/to subsidiaries are non-trade in nature, unsecured, interest free and are repayable on demand by cash.

19. AMOUNTS OWING BY A JOINTLY CONTROLLED ENTITY

The amounts owing by a jointly controlled entity, Integrated National Logistics Limited, is non-trade in nature, unsecured and are repayable in year 2016 which bear effective interest rate of 4.0% (2010: Nil) per annum.

20. TAX ASSETS

This amount is in respect of tax recoverable from the tax authorities.

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Deposits with licensed banks	32,722,969	40,000,000	20,617,893	40,000,000
Money market unit trusts	4,826,851	27,487,200	4,826,850	27,487,200
Cash at banks and on hand	68,356,705	61,325,850	18,775,960	3,581,390
	105,906,525	128,813,050	44,220,703	71,068,590

Short-term deposits are made at varying periods depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates.

The short-term deposits bear effective interest at rates ranging from 2.57% to 3.83% (2010: 1.93% to 4.52%) per annum.

Cash at bank earns interest at floating rates based on daily deposit rates.

NOTES TO THE FINANCIAL STATEMENTS
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21. CASH AND CASH EQUIVALENTS (cont'd)

The foreign currency exposure profile for the Group is as follows:-

	Hong Kong Dollar RM	United States Dollar RM	Japanese Yen RM	Singapore Dollar RM	Total RM
Functional currency of Group of companies					
2011					
Ringgit Malaysia	-	849,535	45,100	-	894,635
Chinese Renminbi	19,034,578	2,340	5,895,407	21,897	24,954,222
	19,034,578	851,875	5,940,507	21,897	25,848,857
2010					
Ringgit Malaysia	-	760,452	41,580	-	802,032
Chinese Renminbi	28,410,428	5,651,807	2,134	-	34,064,369
	28,410,428	6,412,259	43,714	-	34,866,401

22. PAYABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade payables	4,260,046	4,449,576	-	-
Other payables, deposits and accruals (Note 29)	22,699,971	16,602,456	1,336,009	2,317,612
Provisions (Note 30)	3,503,948	49,092	12,972	49,092
	30,463,965	21,101,124	1,348,981	2,366,704

The normal trade credit term granted to the Group and the Company ranges from 45 to 60 days.

The foreign currency exposure profile of trade payables for the Group is as follows:-

	Hong Kong Dollar RM	Total RM
Functional currency of Group of companies		
2011		
Chinese Renminbi	654,651	654,651
2010		
Chinese Renminbi	687,534	687,534

NOTES TO THE FINANCIAL STATEMENTS
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23. AMOUNT OWING TO AN ASSOCIATE

The amount owing to an associate, KP Integrated Sdn. Bhd., was non-trade in nature, unsecured, interest free and was repayable on demand by cash. During the financial year, this amount has been waived by the associate.

24. LOANS AND BORROWINGS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current:				
Hire purchase payables (Note 31)	-	159,371	-	159,371
Term loans (Note 32)	37,828,766	32,368,061	-	-
Revolving credit (Note 33)	-	20,000,000	-	20,000,000
	37,828,766	52,527,432	-	20,159,371
Non-current:				
Hire purchase payables (Note 31)	-	242,066	-	242,066
Term loans (Note 32)	58,033,117	64,685,459	-	-
	58,033,117	64,927,525	-	242,066
Total loans and borrowings	95,861,883	117,454,957	-	20,401,437

25. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At 1 January	(13,523,103)	(46,275,632)	(76,900)	(145,100)
Translation differences	(423,945)	1,125,710	-	-
Recognised in income statement (Note 7)				
- continuing operations	(526,172)	(616,244)	53,800	68,200
- discontinued operations	-	3,601,030	-	-
Withholding tax on payment of dividends	468,278	-	-	-
Discontinued operations (Note 8)	-	28,642,033	-	-
At 31 December	(14,004,942)	(13,523,103)	(23,100)	(76,900)

NOTES TO THE FINANCIAL STATEMENTS
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25. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Presented after appropriate offsetting as follows:-

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Deferred tax assets	3,300	-	3,300	-
Deferred tax liabilities	(14,008,242)	(13,523,103)	(26,400)	(76,900)
	(14,004,942)	(13,523,103)	(23,100)	(76,900)

This is in respect of estimated deferred tax assets/liabilities arising from temporary differences as follows:-

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Deferred tax assets				
Deductible temporary differences in respect of expenses	3,300	-	3,300	-
	3,300	-	3,300	-
Deferred tax liabilities				
Differences between the carrying amounts of property, plant and equipment and their tax base	(26,400)	3,100	(26,400)	3,100
Tax on Real Property Gains Tax	-	-	-	(80,000)
PRC distributable profits	(620,937)	(493,740)	-	-
Surplus arising from revaluation of warehouse and office buildings	(13,360,905)	(13,032,463)	-	-
	(14,008,242)	(13,523,103)	(26,400)	(76,900)

NOTES TO THE FINANCIAL STATEMENTS
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25. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:-

	Group 2011 RM	Group 2010 RM
Unutilised tax losses	1,835,900	1,767,300
Deductible temporary differences in respect of expenses	-	64,500
Unabsorbed capital allowances claimed on property, plant and equipment	6,951,000	6,918,700
	8,786,900	8,750,500

The estimated unutilised tax losses and unabsorbed capital allowances claimed on the warehouse buildings of the Group are subject to agreement by the Inland Revenue Board or the tax authority of the foreign subsidiaries and are not available for set-off among subsidiaries.

Pursuant to The People's Republic of China ("PRC") Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors (5% for Hong Kong incorporated investment holding companies) from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is liable for withholding taxes at 5% on dividends from subsidiaries established in Mainland China in respect of earnings generated since 1 January 2008.

26. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary share of RM1 each		<------------Amount------------->	
	(Issued and fully paid)	Treasury Shares	(Issued and fully paid) RM	Treasury Shares RM
At 1 January 2010	197,025,503	(11,339,100)	197,025,503	(8,905,037)
Distribution of share dividend	-	9,025,100	-	7,674,945
Repurchase of shares	-	(7,417,400)	-	(7,255,528)
At 31 December 2010 / 1 January 2011	197,025,503	(9,731,400)	197,025,503	(8,485,620)
Repurchase of shares	-	(9,052,300)	-	(7,839,406)
At 31 December 2011	197,025,503	(18,783,700)	197,025,503	(16,325,026)

NOTES TO THE FINANCIAL STATEMENTS
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26. SHARE CAPITAL AND TREASURY SHARES (cont'd)

Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Treasury shares

The shareholders of the Company, by special resolution passed in a general meeting held on 30 March 2011 approved the Company to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 9,052,300 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.866 per share. The total consideration paid for the share buy-back was RM7,839,406. The repurchase transactions were financed by internally generated funds. The shares repurchased were retained as treasury shares.

At 31 December 2011, the Group and the Company held 18,783,700 (2010: 9,731,400) of the Company's shares as treasury shares.

27. RESERVES

a) Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of warehouse and office buildings, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

b) Statutory reserve fund

In accordance with the Foreign Enterprise Law applicable to the subsidiary in The People's Republic of China ("PRC"), the subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

c) Foreign exchange translation reserve

The foreign exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation of currency.

d) Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, available-for-sale financial assets until they are disposed of or impaired.

e) Capital reserve

Capital reserve represents share of an associate's capital reserve.

NOTES TO THE FINANCIAL STATEMENTS
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27. RESERVES (cont'd)

f) Share premium

This reserve comprises the premium paid on subscription of shares in the Company over and above the par values of the shares.

g) Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2011 and 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act, 2007. As at 31 December 2011 and 2010, the Company has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained earnings.

28. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Receivables from:-				
- external parties	12,008,299	10,476,003	230,541	5,848,715
- subsidiaries	-	-	620,404	44,430
	12,008,299	10,476,003	850,945	5,893,145
Less: Allowance for impairment				
At 1 January	25,700	25,700	-	-
Written off	(12,850)	-	-	-
Reversal	(12,850)	-	-	-
At 31 December	-	25,700	-	-
	12,008,299	10,450,303	850,945	5,893,145
Deposits	7,286,401	12,284,934	12,820	12,820
Prepayments	468,883	909,440	-	-
	19,763,583	23,644,677	863,765	5,905,965

28. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

Receivables from subsidiaries are unsecured, interest-free and repayable on demand by cash.

The foreign currency exposure profile for the Group is as follows:-

	Hong Kong Dollar RM	United States Dollar RM	Arab Emirates Dirham RM	Total RM
Functional currency of Group of companies				
2011				
Ringgit Malaysia	596,931	-	123,977	720,908
Chinese Renminbi	161,616	22,955	-	184,571
	758,547	22,955	123,977	905,479
2010				
Ringgit Malaysia	60,430	9,981	-	70,411
Chinese Renminbi	116,054	20,710	-	136,764
	176,484	30,691	-	207,175

29. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Other payables	6,593,752	4,694,612	1,198	27,704
Rental and utilities deposits	1,638,184	1,240,207	-	-
Accruals	14,468,035	10,667,637	1,334,811	2,289,908
	22,699,971	16,602,456	1,336,009	2,317,612

The foreign currency exposure profile for the Group is as follows:-

	Group	
	2011	2010
	Functional currency of Group	
	Chinese Renminbi RM	Chinese Renminbi RM
Hong Kong Dollar	550,966	1,184,285
United States Dollar	188,856	71,547
	739,822	1,255,832

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30. PROVISIONS

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Employee benefits				
At 1 January	49,092	394,868	49,092	77,954
Discontinued operations	-	(190,864)	-	-
Reversal during the year	(36,120)	(154,912)	(36,120)	(28,862)
	(36,120)	(345,776)	(36,120)	(28,862)
At 31 December	12,972	49,092	12,972	49,092
Land penalty				
At 1 January	-	-	-	-
Additions	3,490,976	-	-	-
At 31 December	3,490,976	-	-	-
Total	3,503,948	49,092	12,972	49,092

Employee benefits are in respect of short term accumulating compensated absences.

Land penalty is in respect of the estimated fee payable to the Government Land Office in China for the extension of time in developing the land use rights as disclosed in Note 3(f).

31. HIRE PURCHASE PAYABLES

	Group/Company 2011 RM	Group/Company 2010 RM
Total instalment payable	-	430,241
Less: Future finance charges	-	(28,804)
Present value of hire purchase payables	-	401,437
Total instalment payable within 1 year	-	178,044
Less: Future finance charges	-	(18,673)
Current liabilities (Note 24)	-	159,371
Total instalment payable after		
1 year but not later than 2 years	-	178,044
2 year but not later than 3 years	-	74,153
Less: Future finance charges	-	(10,131)
Non-current liabilities (Note 24)	-	242,066
Present value of hire purchase payables	-	401,437

The hire purchase bears an effective interest rate of Nil (2010: 3.00%) per annum.

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32. TERM LOANS

	Denominated In		Group	
	Chinese Renminbi	United States Dollar	2011	2010
	RM	RM	RM	RM
Current liabilities (Note 24)				
Secured short-term loans	17,350,608	20,478,158	37,828,766	32,368,061
Non-current liabilities (Note 24)				
Secured term loans				
More than 1 year but less than 2 years	7,010,856	15,289,417	22,300,273	26,580,771
More than 2 years but less than 3 years	-	12,473,990	12,473,990	21,318,153
More than 3 years but less than 4 years	-	7,945,217	7,945,217	12,115,459
More than 4 years but less than 5 years	-	7,945,217	7,945,217	4,671,076
More than 5 years	-	7,368,420	7,368,420	-
	7,010,856	51,022,261	58,033,117	64,685,459
Total term loans	24,361,464	71,500,419	95,861,883	97,053,520

Term Loans Denominated in Chinese Renminbi/United States Dollar

The secured term loans bear effective interest at rates ranging from 2.05% to 6.10% (2010: 1.89% to 5.85%) per annum and are secured and supported as follows:-

(a) legal charges over respective subsidiaries' land use rights and warehouse and office buildings;
(b) corporate guarantees by a foreign subsidiary; and
(c) all share interests of a foreign subsidiary.

33. REVOLVING CREDIT - UNSECURED

In the previous year, the unsecured revolving credit of the Group and of the Company bore an effective interest at rates ranging from 3.02% to 4.20% and supported by a corporate guarantee of a subsidiary. There was no outstanding balance at the current reporting date.

34. UNSECURED LOAN FROM A CORPORATE SHAREHOLDER

The unsecured loan from Shun Hing China Investments Limited, a corporate shareholder of a subsidiary, is non-trade in nature, bears interest at a rate of 4.27% (2010: 4.16%) per annum and is not expected to be settled within one year.

On 1 July 2011, a non-controlling shareholder has agreed to convert the dividend payable of RM9,482,391 to unsecured loans which carried interest at 2% per annum above 3-month HIBOR.

NOTES TO THE FINANCIAL STATEMENTS
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35. GOVERNMENT GRANT RECEIVED IN ADVANCE

The government grant was received from Henan Xinxan Hi-tech Development Administration Committee in China for capital expenditures incurred on land use rights and warehouse buildings in Henan. As the government grant is received for capital project, it is recognised as government grant received in advance. The government grant is recognised in profit or loss on a systematic basis over the useful life of the land use rights and warehouse buildings of 50 years. Movements in government grant received in advance during the year are as follows:-

	Group	
	2011	**2010**
	RM	**RM**
		(Restated)
At 1 January	1,753,598	-
Grant received	-	1,849,944
Translation differences	54,734	(74,763)
Less : Income recognised	(36,041)	(21,583)
At 31 December	1,772,291	1,753,598

36. DIVIDENDS

	Group and Company	
	2011	**2010**
	RM	**RM**
Recognised during the financial year:		
Dividends on ordinary shares		
- First and final dividend for 2010 : 3.5 sen less 25% tax (2009 : 3.0 sen) per share	4,876,158	4,061,473
- Special dividend for 2010 : 5.0 sen less 25% tax (2009 : nil) per share	6,965,936	-
	11,842,094	4,061,473
Special share dividend on ordinary shares		
- Share dividend for 2009 on the basis of one treasury share for every twnety existing ordinary shares of RM1.00 each	-	7,674,945

	Group and Company	
	2011	**2010**
	RM	**RM**
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders approval at the AGM		
- First and final dividend for 2011 : 5.0 sen less 25% tax (2010 : 3.5 sen) per share	6,660,521	4,916,470
- Special dividend for 2011 : nil (2010 : 5.0 sen) per share	-	7,023,529
	6,660,521	11,939,999

NOTES TO THE FINANCIAL STATEMENTS
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36. DIVIDENDS (cont'd)

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2011, of 5.0% less 25% tax on ordinary shares, amounting to a net dividend payable of approximately RM6,660,521 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by shareholders, will be accounted in equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

37. SEGMENT ANALYSIS

For management purposes, the Group is organised into business segments based on their services and has three reportable operating segments as follows:-

(i) Warehousing and related value added services	-	rental of warehouses, handling and providing logistics solution services
(ii) Freight forwarding	-	business of sea and air freight forwarding and shipping agent
(iii) Transportation and distribution	-	trucking and container haulage

Other non-reportable segments comprise of investment holding, management services and lease and hire purchase.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS
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37. SEGMENT ANALYSIS (cont'd)

(a) Operating Segments

	Warehousing and Related Value Added Services		Freight Forwarding		Transportation and Distribution		Others		Adjustments and Eliminations		Notes	As per consolidated continuing operations	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010		2011	2010
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM		RM	RM
		(Restated)											(Restated)
Revenue													
External revenue	110,077,888	98,650,446	1,366,917	1,189,339	22,329,283	20,020,192	-	-	-	-	A	133,774,088	119,859,977
Inter-segment revenue	-	-	-	60,904	-	-	-	-	-	(60,904)	B	-	-
Total revenue	110,077,888	98,650,446	1,366,917	1,250,243	22,329,283	20,020,192	-	-	-	(60,904)		133,774,088	119,859,977
Results													
Interest revenue	208,197	416,980	-	-	-	-	1,301,619	190,773	-	-		1,509,816	607,753
Interest expense	(3,107,166)	(3,192,781)	-	-	(776,791)	(798,195)	(111,116)	(2,151,685)	-	-		(3,995,073)	(6,142,661)
Segment profit/(loss)	9,646,028	3,489,295	218,836	569,428	878,242	2,160,675	6,622,685	231,657	1,176,377	(2,774,622)	C	18,542,168	3,676,433

NOTES TO THE FINANCIAL STATEMENTS
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37. SEGMENT ANALYSIS (cont'd)

(a) Operating Segments (cont'd)

A The revenue relating to disposal of subsidiaries have been excluded to arrive at amounts shown in the consolidated statements of comprehensive income as they are presented separately in the statements of comprehensive income within one line item, "profit from discontinued operations, net of tax".

B Inter-segment revenues are eliminated on consolidation.

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax from continuing operations" presented in the consolidated statement of the comprehensive income:

	Group	
	2011	2010
	RM	RM
Share of results of associates	2,118,001	(1,663,056)
Share of results of jointly controlled entities	(941,624)	(1,111,566)
	1,176,377	(2,774,622)

(b) Geographical Segments

The Group operates in three principal geographical areas of the world:-

(i) Malaysia
(ii) The People's Republic of China (including Hong Kong)
(iii) United Arab Emirates

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including interest in associates and jointly controlled entities) and deferred tax assets.

	Continuing operations		Discontinued operations		Revenue	
	2011	2010	2011	2010	2011	2010
	RM	RM	RM	RM	RM	RM
Malaysia	-	4,760	-	59,059,974	-	59,064,734
The People's Republic of China (including Hong Kong)	133,774,088	119,855,217	-	-	133,774,088	119,855,217
	133,774,088	119,859,977	-	59,059,974	133,774,088	178,919,951

NOTES TO THE FINANCIAL STATEMENTS
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37. SEGMENT ANALYSIS (cont'd)

(b) Geographical Segments (cont'd)

	Non-current assets 2011 RM	Non-current assets 2010 RM
Malaysia	1,145,549	9,235,458
The People's Republic of China (including Hong Kong)	358,866,460	337,964,709
	360,012,009	347,200,167

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2011 RM	2010 RM
Property, plant and equipment	249,911,078	180,929,547
Land use rights	109,193,159	127,331,443
Capital work-in-progress	907,772	38,939,177
	360,012,009	347,200,167

(c) Major Customers

Revenues from two single customers of the Group's warehousing and related value added services segment represent approximately RM33 million and RM22 million respectively of the Group's total revenues in the People's Republic of China (2010: RM30million and RM25 million respectively).

38. CAPITAL AND OTHER COMMITMENTS

	Group 2011 RM	Group 2010 RM
Approved and contracted for:		
- construction of warehouse buildings	21,234,320	13,753,035
- undertaking rights issue of an associate	11,472,712	-
Share of jointly controlled entity's capital commitments in relation to construction of logistics warehouse facility	4,610,921	30,858,703
	37,317,953	44,611,738

NOTES TO THE FINANCIAL STATEMENTS
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39. OPERATING LEASE ARRANGEMENTS

The Group had contracted with lessees under non-cancellable operating leases in respect of land and building in Shanghai and Shenzhen, China owned by the Group. At 31 December 2011, the future minimum lease payments receivable by the Group as part of warehouse handling revenue are as follows:-

	Group	
	2011	**2010**
	RM	**RM**
Within one year	13,751,608	18,760,423
In the second to fifth years inclusive	11,935,882	12,661,016
	25,687,490	31,421,439

At 31 December 2011, the Group had future minimum lease payments payable under non-cancellable operating leases in respect of land and buildings, which fall due as follows:-

	Group	
	2011	**2010**
	RM	**RM**
Within one year	20,003,181	15,983,244
In the second to fifth years inclusive	23,826,673	28,485,304
	43,829,854	44,468,548

40. SIGNIFICANT INTER COMPANY AND RELATED PARTY TRANSACTIONS

(a) For the purpose of these financial statements, parties are considered to be related the Group and the Company if the Group and the Company has the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The Company has a related party relationship with its subsidiaries, associate, key management personnel, director related companies and companies in which key management personnel have substantial financial interests. Director related companies refer to companies in which directors of the Company have substantial financial interests.

(b) Significant inter-company transactions with subsidiaries are as follows:-

	Company	
	2011	**2010**
	RM	**RM**
(Received or receivable from)/Paid or payable to subsidiaries		
Non-trade		
- Interest	(2,232,332)	(1,514,776)
- Rental of premises	-	19,800
- Gross dividends	(12,600,000)	(72,663,107)
- Waiver of debts by subsidiaries	(9,949,517)	-
- Waiver of debts by an associate	(211,501)	-
- Secretary fee	(2,400)	(3,450)

NOTES TO THE FINANCIAL STATEMENTS
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40. SIGNIFICANT INTER COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)

(c) Compensation of the key management

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any Director of the Company.

The remuneration of the key management are disclosed in Note 6.

41. SIGNIFICANT SUBSEQUENT EVENTS

On 3 February 2012, the Company had cancelled a total of 19,000,000 ordinary shares of RM1.00 each held as treasury shares and thus the issued share capital of the Company was adjusted accordingly to RM178,025,503 comprising 178,025,503 ordinary shares of RM1.00 each. As at the date of this report, the balance number of shares still held as treasury shares by the Company is 411,600.

On 8 February 2012, Integrated Logistics (HK) Limited ("ILHK"), an indirect subsidiary in which ILB has 70% effective equity interest, has subscribed to the allotted 15,000,000 rights issue shares of Hengyang Petrochemical Logistics Limited ("Hengyang") pursuant to the Hengyang Rights Issue Exercise for a total consideration of S$4.5million. The equity interest in Hengyang held by ILHK remained unchanged at 25.4%.

42. FINANCIAL INSTRUMENTS

The Group and Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks, include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are exercised by the Executive Directors and the Financial Controller. The audit committee provides independent oversight to the effectiveness of the risk management process.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below:-

i. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currencies of the Group entities, primarily RM, Chinese Renminbi ("RMB") and Hong Kong Dollar ("HKD"). The foreign currency in which these transactions is denominated in United States Dollar ("USD").

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

As at the end of the financial year, if Ringgit Malaysia had weakened or strengthened 100 basis points against Hong Kong Dollar with all other variables held constant, the Group's profit after tax for the year would have been approximately RM178,000 lower or higher respectively.

The net unhedged financial assets and financial liabilities of the Group and of the Company that are not denominated in their functional currencies are disclosed in Note 17, 21, 22, 28, 29 and 32.

NOTES TO THE FINANCIAL STATEMENTS

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42. FINANCIAL INSTRUMENTS (cont'd)

ii. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates to interest bearing financial assets and liabilities.

Interest bearing financial assets includes fixed deposits with licensed banks which are placed for better yield returns than cash at banks and advances to a jointly controlled entity at fixed rate which expose the Group to fair value risk.

The Group's interest bearing financial liabilities comprise bank borrowings and loan from a corporate shareholder at floating rate which expose the Company to cash flows risk.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the end of the financial year would not affect profit or loss.

As at the end of the financial year, a change of 10 basis points in interest rates, with all other variables held constant, would decrease or increase the equity and profit after tax by approximately RM96,000, arising mainly as a result of lower/higher interest income on floating deposits rate and lower/higher interest expense on floating rate loans and borrowings.

iii. Credit Risk

Credit risk is the risk of a financial loss to the Group that may arise if a customer or counterparty to a financial instrument default on its contractual obligations. The Group's exposure to credit risk arises principally from its receivables. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and the financial guarantees given.

Receivables

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group's maximum exposure to credit risk arising from the receivables is represented by the carrying amounts in the statements of financial position.

The exposure of credit risk for receivables as at the end of the financial year by geographic region is as follows:-

	Group			
	2011		2010	
	RM	% of total	RM	% of total
By country:				
Malaysia	-	-	-	-
The People's Republic of China	33,909,645	100%	22,329,182	100%
	33,909,645	100%	22,329,182	100%

NOTES TO THE FINANCIAL STATEMENTS
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42. FINANCIAL INSTRUMENTS (cont'd)

iii. Credit Risk (cont'd)

The Group does not have any significant exposure to any individual customer. A significant portion of its trade receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 17.

Financial Guarantees

The Company provides unsecured corporate guarantees to banks in respect of banking facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounts to RM71,500,419 (2010: RM63,255,836) representing the outstanding banking facilities of the subsidiaries as at the end of the financial year.

As at the end of the financial year, there was no indication that any subsidiaries would default on repayment.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiaries and it is unlikely the subsidiaries will default within the guarantee period.

Inter-Company/Related Party Balances

The Company provides unsecured loans and advances to subsidiaries and a jointly controlled entity. The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position as at the end of the financial year.

As at the end of the financial year, there was no indication that the loans and advances to the subsidiaries and a jointly controlled entity are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries and jointly controlled entity.

NOTES TO THE FINANCIAL STATEMENTS
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42. FINANCIAL INSTRUMENTS (cont'd)

iv. Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from loans and borrowings.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. The Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

The Group employs projected cash flow analysis to manage liquidity risk by forecasting the amount of cash required and monitoring the working capital of the Group to ensure that all liabilities due and known funding requirements could be met.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM	Total RM
2011							
Group							
Financial liabilities:							
Trade and other payables	26,960,017	26,960,017	26,960,017	-	-	-	26,960,017
Loans and borrowings	95,861,883	97,912,306	39,035,783	22,846,367	28,600,393	7,429,763	97,912,306
	122,821,900	124,872,323	65,995,800	22,846,367	28,600,393	7,429,763	124,872,323
Company							
Financial liabilities:							
Other payables	1,336,009	1,336,009	1,336,009	-	-	-	1,336,009

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

42. FINANCIAL INSTRUMENTS (cont'd)

iv. Liquidity Risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM	Total RM
2010							
Group							
Financial liabilities:							
Trade and other payables	21,052,032	21,052,032	21,052,032	-	-	-	21,052,032
Loans and borrowings	117,454,957	121,049,414	54,076,902	27,637,560	39,334,952	-	121,049,414
	138,506,989	142,101,446	75,128,934	27,637,560	39,334,952	-	142,101,446
Company							
Financial liabilities:							
Other payables	2,317,612	2,317,612	2,317,612	-	-	-	2,317,612
Loans and borrowings	20,401,437	21,152,241	20,910,175	170,892	71,174	-	21,152,241
	22,719,049	23,469,853	23,227,787	170,892	71,174	-	23,469,853

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

43. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to determine the fair value of the following classes of the following classes of financial assets and liabilities are as follows:

(a) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

(b) Other investments

The fair value of shares quoted in an active market is determined by reference to the quoted closing bid price at the reporting date.

(c) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amount of long term floating rate loans approximates their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease payables and fixed rate loan is estimated using discounted cash flow analysis, based on current lending rate for similar types of borrowing arrangements.

The carrying amounts of financial assets and liabilities recognised in the statements of financial position approximate their fair values except for the following:

	Group	
	Carrying amount RM	**Fair value RM**
2010		
Financial liabilities		
Hire purchase payables	401,437	402,059

44. FAIR VALUE HIERARCHY

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

44. FAIR VALUE HIERARCHY (cont'd)

As at 31 December 2011 and 2010, the Group held the following financial instruments carried at fair values on the statement of financial position:

Assets measured at fair value

2011	**31.12.2011 RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Available-for-sale financial assets				
- golf club memberships	1,325,269	-	1,325,269	-

2010	**31.12.2011 RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Available-for-sale financial assets				
- golf club memberships	1,124,151	-	1,124,151	-

During the financial year ended 31 December 2011 and 2010, there was no transfer between fair value measurement hierarchy.

45. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities in the Group will be able to continue as a going concern, maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group reviews the capital structure on an annual basis. As a part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as wells as the issue of new debts or the redemption of existing debts.

No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

	Group		**Company**	
	2011 RM	**2010 RM (Restated)**	**2011 RM**	**2010 RM**
Loans and borrowings	95,861,883	117,454,957	-	20,401,437
Less: Cash and cash equivalents	(105,906,525)	(128,813,050)	(44,220,703)	(71,068,590)
Net debt	(10,044,642)	(11,358,093)	(44,220,703)	(50,667,153)
Total equity	448,513,891	422,924,125	267,720,535	271,852,834
Debt-to-equity ratio	N/A	N/A	N/A	N/A

N/A – Not applicable

As disclosed in Note 27(b), certain subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied by the respective PRC's subsidiaries for the financial years ended 31 December 2011 and 2010.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

46. PRIOR YEAR ADJUSTMENTS

(a) In the prior years, the Group had erroneously included dividend payable to a non-controlling shareholder in non-controlling interests. Prior year adjustments relating to this incorrect presentation in the consolidated statement of financial position are as follows:-

	As previously reported RM	Prior year adjustment RM	As restated RM
As of 1 January 2010			
Non-controlling interests	70,510,251	(9,976,338)	60,533,913
Dividend payable to non-controlling interest	-	9,976,338	9,976,338
As of 31 December 2010			
Non-controlling interests	68,018,808	(9,192,516)	58,826,292
Dividend payable to non-controlling interest	-	9,192,516	9,192,516

(b) In addition, the Group had erroneously recognised government grants received in advance as other revenue in 2010. Prior year adjustments relating to this incorrect accounting treatment are as follows:-

	As previously reported RM	Prior year adjustment RM	As restated RM
Consolidated Income Statement			
31 December 2010			
Other income	13,548,795	(1,828,361)	11,720,434
Loss for the year	22,646,618	1,828,361	24,474,979
Consolidated Statement of Financial Position			
31 December 2010			
Retained earnings	87,247,300	(1,828,361)	85,418,939
Other reserves	45,977,917	74,763	46,052,680
Government grant received in advance	-	1,753,598	1,753,598

47. COMPARATIVE FIGURES

Certain comparative figures have been adjusted as a result of prior year adjustments as disclosed in Note 46.

The following comparative figures have been reclassified to conform with the current year presentation:

	As Reclassified RM	As Previously Classified RM
Company		
Amount owing by subsidiaries	24,695,720	121,133,997
Investment in subsidiaries	-	40,594,925
Subsidiaries	137,033,202	-

The above reclassifications are in respect of the settlement of the amount owing by subsidiaries are neither planned nor likely to occur in the foreseeable future and as such, these amounts are in substance form a part of the Company's net investment in the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

48. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFIT OR LOSS

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 31 December 2011 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained earnings of the Group and of the Company as at 31 December 2011 and 2010 are analysed as follow:-

	Group		Company	
	2011	2010	2011	2010
	RM	RM (Restated)	RM	RM
Total retained earnings of the Company and its subsidiaries				
- Realised	71,745,448	68,921,697	38,024,850	49,739,216
- Unrealised	9,065	1,306,926	4,831,940	(10,525,948)
	71,754,513	70,228,623	42,856,790	39,213,268
Total share of retained earnings from associates				
- Realised	9,406,315	5,343,432	-	-
- Unrealised	-	-	-	-
	9,406,315	5,343,432	-	-
Total share of accumulated losses from jointly controlled entities				
- Realised	(2,625,781)	(1,684,157)	-	-
- Unrealised	-	-	-	-
	(2,625,781)	(1,684,157)	-	-
Less : Consolidation adjustments	7,206,147	11,531,041	-	-
Total retained earnings	85,741,194	85,418,939	42,856,790	39,213,268

The disclosure of realised and unrealised profit above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

PROPERTIES OF ILB GROUP

As at 31 December 2011

Location	Description	Age of Building (Years)	Area (sq. ft.)		Tenure	NBV @ 31-12-2011 (RM)	Year of Acquisition Or Revaluation*
No. 3, Guang Lan Road Futian Free Trade Zone Shenzhen The People's Republic of China	Land with Warehouse and Office building	8	Land - Built-up -	177,530 400,000	Land Use Rights expiring in 2052	12,177,662 55,174,770	2008*
No. 30, Tao Hua Road Futian Free Trade Zone Shenzhen The People's Republic of China	Land with Warehouse and Office building	6.5	Land - Built-up -	266,570 668,622	Land Use Rights expiring in 2054	18,493,764 88,133,293	2008*
No. J306-0019 Yantian Free Trade Zone Shenzhen The People's Republic of China	Land	-	Land -	256,599	Land Use Rights expiring in 2057	34,948,408	2007
Wu Guo Yong (2009) No. 07049293 Fenhu Economic Centre, East Fenhu Road, Fenhu, Wujiang, Jiangsu The People's Republic of China	Land with Warehouse building	2.5	Land - Built-up -	718,240 225,582	Land Use Rights expiring in 2056	6,793,911 29,435,145	2007
Wu Guo Yong (2007) No. 07049217 Fenhu Economic Centre, East Fenhu Road, Fenhu, Wujiang, Jiangsu The People's Republic of China	Land	-	Land -	694,024	Land Use Rights expiring in 2060	8,085,166	2010
The South of Xinyuan Road The West of Planned Longitude Road No. 10 Henan, The People's Republic of China	Land with Warehouse and Office building	0.2	Land - Built-up -	1,548,505 884,491	Land Use Rights expiring in 2060	14,906,913 66,986,868	2010

ANALYSIS OF SHAREHOLDINGS

As at 15 February 2012

SHARE CAPITAL

Authorised Share Capital	:	RM250,000,000
Issued and Fully Paid-up Share Capital	:	RM178,025,503
Class of Shares	:	Ordinary Shares of RM1-00 each
Voting Rights	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Category	No. of Holders		No. of Shares *		Percentage (%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	534	55	13,410	748	0.01	0.00
100 – 1,000	297	7	138,728	3,302	0.08	0.00
1,001 – 10,000	3,522	64	11,509,858	233,910	6.48	0.13
10,001 – 100,000	946	48	25,397,381	1,350,289	14.30	0.76
100,001 to less than 5% of issued shares	127	28	52,636,279	38,363,710	29.63	21.60
5% and above of issued shares	2	2	28,450,055	19,516,233	16.02	10.99
Total	5,428	204	118,145,711	59,468,192	66.52	33.48
Grand Total	**5,633**		**177,613,903**		**100.00**	

** Excluding a total of 411,600 ordinary shares of RM1-00 each bought back by the Company and retained as treasury shares.*

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name of shareholder	No. of shares held	% of issued capital
1.	Lembaga Tabung Haji	19,059,985	10.73
2.	Yasuo Takahashi	10,001,400	5.63
3.	Yasuo Takahashi	9,514,833	5.36
4.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - AmBank (M) Berhad for Tee Tuan Sem	9,390,070	5.29
5.	Hassan Mohammad Kazem Ahmadi	8,300,000	4.67
6.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	7,356,550	4.14
7.	Beh Eng Par	5,607,670	3.16
8.	HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Shun Hing Electronic Trading Company Limited (Gainwell Securities Co. Ltd.)	4,150,000	2.34
9.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Peng Koon	3,715,619	2.09
10.	Makoto Takahashi	3,711,943	2.09
11.	United Asia Success Limited	3,043,400	1.71
12.	Mayban Nominees (Tempatan) Sdn Bhd DBS Bank for Tan Bee Kong	2,500,000	1.41
13.	Koh Bee Yong	2,410,390	1.36
14.	Citigroup Nominees (Asing) Sdn Bhd CBHK PBGSG for Gan Boon Hwee	2,278,080	1.28

ANALYSIS OF SHAREHOLDINGS

No.	Name of shareholder	No. of shares held	% of issued capital
15.	Chan Keng Chung	1,606,100	0.90
16.	HSBC Nominees (Asing) Sdn Bhd Exempt AN For The Bank of New York Mellon SA/NV (Amex-Foreign)	1,575,000	0.89
17.	Tan Bee Kong	1,393,100	0.78
18.	Ong Geok Hwa	1,070,000	0.60
19.	Hong Leong Assurance Berhad As Beneficial Owner (Life Par)	1,067,535	0.60
20.	Isyoda (M) Sdn Bhd	1,058,400	0.60
21.	Ang Lam Poah	1,050,000	0.59
22.	Lim Ong Kim	908,670	0.51
23.	Syntanium Solutions Sdn Bhd	880,000	0.50
24.	Motohiko Tachibana	871,800	0.49
25.	Goh Theow Hiang	868,348	0.49
26.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Fok Sew (001)	804,825	0.45
27.	AmSec Nominees (Asing) Sdn Bhd AmFraser Securities Pte Ltd for Ramesh S/O Pritamdas Chandiramani	740,000	0.42
28.	Wang Jim	735,000	0.41
29.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Chan Han Siong (MY0893)	735,000	0.41
30.	Chin Then Yoon	728,290	0.41

The Directors shareholdings in the Company as at 15 February 2012 are as follows :-

Name of Directors	Direct No. of Shares	Note	% of issued Capital*	Indirect No. of Shares	Note	% of issued Capital *
Datuk Karownakaran @ Karunakaran	-	-	-	-	-	-
Tee Tuan Sem	9,390,070	1	5.29	353,640	2	0.20
Makoto Takahashi	3,711,943	3	2.09	-	-	-
Tai Me Teck	466,200	3	0.26	-	-	-
Wan Azfar bin Dato' Wan Annuar	-	-	-	-	-	-
Dato' Haji Wazir bin Haji Muaz	-	-	-	-	-	-
Lee Kay Loon	-	-	-	-	-	-

1. *Held through Amsec Nominees (Tempatan) Sdn Bhd.*
2. *Deemed interest by virtue of the shareholdings of his wife, Yang Chiew Bi, which are held directly.*
3. *Held directly.*

ANALYSIS OF SHAREHOLDINGS

Substantial Shareholders

The substantial shareholders of the Company as at 15 February 2012 are as follows :-

Name of Directors	Direct No. of Shares	Note	% of issued Capital*	Indirect No. of Shares	Note	% of issued Capital *
Dato' Yasuo Takahashi	19,516,233	1	10.99	3,711,943	2	2.09
Lembaga Tabung Haji	19,059,985	1	10.73	-	-	-
Tee Tuan Sem	9,390,070	3	5.29	353,640	4	0.20

Notes

1. *Held directly.*
2. *Deemed interest by virtue of the shareholdings of his son, which are held directly in his own name.*
3. *Held through Amsec Nominees (Tempatan) Sdn Bhd.*
4. *Deemed interest by virtue of the shareholdings of his wife, Yang Chiew Bi, which are held directly.*

** Excluding a total of 411,600 ordinary shares of RM1-00 each bought back by the Company and retained as treasury shares.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 20th Annual General Meeting ("AGM") of Integrated Logistics Berhad ("ILB" or "Company'') will be held at Melati 6 & 7, Grand Dorsett Subang Hotel, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Friday, 30 March 2012 at 10:00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 31 December, 2011 and Auditors Report thereon.	(Resolution 1)
2. To approve the payment of a first and final dividend of 5.0% gross per ordinary share of RM1.00 share each less 25% Malaysian income tax in respect of the financial year ended 31 December 2011.	(Resolution 2)
3. To approve Directors' remuneration for the year ended 31 December 2011.	(Resolution 3)
4. To re-elect the following Directors retiring by rotation in accordance with Article 80 of the Company's Articles of Association :-	
- Datuk Karownakaran @ Karunakaran	(Resolution 4)
- Wan Azfar bin Dato' Wan Annuar	(Resolution 5)
5. To re-appoint Messrs Moore Stephens AC as the Company's Auditors until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.	(Resolution 6)
6. To transact any other ordinary business of the Company for which due notice has been received.	

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following as Ordinary Resolution :-

ORDINARY RESOLUTIONS

7. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY	(Resolution 7)
THAT, subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy back and/or hold from time to time and at any time such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company (the Proposed Share Buy-Back") provided that :-	

NOTICE OF ANNUAL GENERAL MEETING

7. i) The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten (10) per cent of the total issued and paid-up share capital of the Company from time to time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholders' mandate for share buy-back which was obtained at the Annual General Meeting held on 30 March 2011, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities.

ii) The maximum amount of funds to be allocated for the purchase of the shares pursuant to the Proposed Share Buy-Back shall not exceed the aggregate of retained profits and/or share premium account of the Company based on its latest audited accounts available up to the date of a transaction pursuant to the Proposed Share-Buy Back. As at 31 December 2011, the audited Retained Profits and Share Premium Account of the Company were RM42,856,790 and RM44,086,331 respectively.

iii) The Proposed Share Buy-Back to be undertaken will be in compliance with Section 67A of the Companies Act, 1965. The Directors will deal with the shares purchased in the following manner:-

(a) to cancel the Shares so purchased; or

(b) to retain the Shares so purchased as treasury shares for distribution as dividends to the shareholders of the Company and/or re-sell on Bursa Securities in accordance with the Main Market Listing Requirements of Bursa Securities and/or cancellation subsequently; or

(c) to retain part of the Shares so purchased as treasury shares and cancel the remainder.

AND THAT such authority to purchase the Company's own shares will be effective immediately from the passing of this resolution until the conclusion of the next Annual General Meeting ("AGM") at which such resolution was passed at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally or the passing of the date on which the next AGM is required by law to be held or the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting but so as not to prejudice the completion of a purchase made before such expiry date;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things in accordance with the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of association and the Main Market Listing Requirements of Bursa Securities and all other relevant governmental/ regulatory authorities.

NOTICE OF ANNUAL GENERAL MEETING

8. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 THAT subject to Section 132D of the Companies Act, 1965 and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed ten per cent (10%) of the issued and paid-up share capital of the Company for the time being. AND THAT such authority shall commence immediately upon passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.	(Resolution 8)

DATE OF ENTITLEMENT AND PAYMENT OF FIRST & FINAL DIVIDEND

Notice has been given on 27 February 2012 that, subject to the approval of the shareholders at the 20th AGM to be held on 30 March 2012, a first and final dividend of 5.0% gross per share less 25% Malaysian income tax in respect of the financial year ended 31 December 2011 will be paid 20 April 2012 to Depositors whose names appear in the Record of Depositors on 4 April 2012.

A Depositor shall qualify for entitlement to the dividend only in respect of :

a) Securities transferred into the Depositor's Securities Account before 5:00p.m. on 4 April 2012 in respect of transfers; and

b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board
Amarjit Singh A/L Banta Singh, FCCA, ACIS, CA(M)
Company Secretary
Selangor Darul Ehsan
Date: 8 March 2012

NOTES

1. Any member of the Company entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him. A proxy need not be a member of the Company and where a member appoints more than one (1) proxy, the member must specify the proportion of his shareholdings to be represented by each proxy respectively, failing which the appointment shall be invalid.

2. If you wish to appoint as your proxy any person other than "the Chairman of the Meeting", please insert the full name of the proxy (in block letters) in the space provided and delete the words "the Chairman of the Meeting".

3. A corporation may complete the proxy form under its common seal or under the hand of an officer or attorney duly authorized.

4. Please indicate with an "X" either "For" or "Against". If neither "For" or "Against" is indicated, the proxy will vote as he thinks fit or abstain from voting.

5. The instrument appointing a proxy must reach the Business Office of the Company at Indera Subang Condominium, Ground Floor, Club House, Jalan USJ 6/2L, 47610 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the AGM. The lodging of the proxy form will not preclude shareholders from attending and voting in person at the AGM should they subsequently wish to do so.

NOTICE OF ANNUAL GENERAL MEETING

General Meeting Record of Depositors

For purposes of determining shareholders who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 57 of the Articles of Association of the Company and Paragraph 7.16(2) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, a Record of Depositors as of 27 March 2012 and a shareholder whose names appears on such Record of Depositors or Register of Members on such date shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

Explanatory note on item (7) of the Agenda

The proposed ordinary resolution, if passed, will empower the Directors of the Company to buy back and/or hold from time to time shares of the Company not exceeding ten (10) per cent of the issued and paid-up share capital of the Company from time to time being quoted on Bursa Securities as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company.

Explanatory note on item (8) of the Agenda

The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being and for such purposes as the Directors would consider to be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next AGM of the Company.

This is a renewal of the general mandate for the issue of new ordinary shares in the Company which was approved at the last AGM of the Company on the 30 March 2011. The Company did not issue any new shares after the previous mandate was obtained at the last AGM.

The general mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) working capital and/or acquisitions and would enable the Company to avoid delay and cost of convening further general meetings to approve the issue of shares for such purposes.

At this juncture, there is no decision to issue any new shares. Should there be a decision to issue new shares after the general mandate has been obtained, the Company will make an announcement in respect of the purpose and/or utilisation of proceeds arising from such issue.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Directors who are standing for re-election at the Annual General Meeting of the Company in accordance with Article 80 of the Company's Articles of Association are :-

a) Datuk Karownakaran @ Karunakaran
b) Wan Azfar bin Dato' Wan Annuar

Details of the Directors seeking for re-election are set out in the Director's profiles' section of this annual report. Their shareholdings in the Company are set out on page 125 of this Annual Report.

2. Details of attendance of Directors at Board Meetings

Four (4) Board Meetings were held during the financial year ended 31 December 2011. Details of attendance of the Directors at Board Meetings are set out on page 17 of this Annual Report.

3. Date, Time and Place of the 20th Annual General Meeting

Date and Time	:	30 March 2012 at 10:00 a.m.
Place	:	Melati 6 & 7, Grand Dorsett Subang Hotel Jalan SS 12/1 47500 Subang Jaya Selangor Darul Ehsan

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PROXY FORM

"I/We,"____ of ____________________

____ being a member/members of

INTEGRATED LOGISTICS BERHAD, hereby appoint ("the Chairman of the Meeting") or ________________________

______________________________ NRIC No. ____

of ____

____

as my/our proxy to vote for me/us on my/our behalf, at the 20th Annual General Meeting ("AGM") of the Company to be held at Melati 6 & 7, Grand Dorsett Subang Hotel, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Friday, 30 March, 2012 at 10.00 a.m. or any adjournment thereof and to vote as indicated below :-

AS ORDINARY BUSINESS

		FOR	AGAINST
RESOLUTION 1	To receive the Directors Report and Audited Financial Statements.		
RESOLUTION 2	To approve a first & final dividend of 5.0% gross per share less 25% Malaysian income tax.		
RESOLUTION 3	To approve Directors' remuneration.		
RESOLUTION 4	To re-elect Datuk Karunakaran as Director in accordance with Article 80 of the Company's Articles of Association.		
RESOLUTION 5	To re-elect En Wan Azfar bin Dato' Wan Annuar in accordance with Article 80 of the Company's Articles of Association.		
RESOLUTION 6	To re-appoint Messrs Moore Stephens AC as the Company's Auditors until the conclusion of the next AGM and to authorize the Directors to fix their remuneration.		

AS SPECIAL BUSINESS
ORDINARY RESOLUTION

		FOR	AGAINST
RESOLUTION 7	Proposed Renewal of Share Buy-Back Authority.		
RESOLUTION 8	To authorize the Directors to allot and issue shares in the Company pursuant to Section 132D of the Companies Act, 1965.		

Signature of Shareholder(s)________________________________ ____________________

Signed this ________ day of _________________, 2012 No. of shares held

NOTE :

1. Only depositors whose names appear in the Record of Depositors as at 27 March 2012 be regarded as members to attend, speak and vote at the meeting.
2. Any member of the Company entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him, and that a proxy need not be a member of the Company and where a member appoints more than one (1) proxy, the member must specify the proportion of his shareholdings to be represented by each proxy respectively, failing which the appointment shall be invalid.
3. If you wish to appoint as your proxy any person other than "the Chairman of the Meeting", please insert the full name of the proxy (in block letters) in the space provided and delete the words "the Chairman of the Meeting".
4. A corporation may complete the proxy form under its common seal or under the hand of an officer or attorney duly authorized.
5. Please indicate with and "X" either "For" or "Against". If neither "For" or "Against" is indicated, the proxy will vote as he thinks fit or abstain from voting.
6. The instrument appointing a proxy must reach the Business Office of the Company at Indera Subang Condominium, Ground Floor, Club House, Jalan USJ 6/2L, 47610 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the AGM. The lodging of the proxy form will not preclude shareholders from attending and voting in person at the AGM should they subsequently wish to do so.

INTEGRATED LOGISTICS BERHAD
(229690 K)
Indera Subang Condominium
Ground Floor, Club House
Jalan USJ 6/ 2 L
47610 UEP Subang Jaya
Selangor Darul Ehsan
Tel: (603) 5631 7377   Fax: (603) 5631 6403