ANNUAL REPORT

2015

Integrated Group

Integrated Logistics Berhad (229690 K)

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CORPORATE INFORMATION

Board of Directors

Datuk R. Karunakaran
Chairman
Independent Non-Executive Director

Tee Tuan Sem
Executive Director
Chief Executive Officer

Makoto Takahashi
Executive Director

Dato' Haji Wazir bin Haji Muaz
Independent Non-Executive Director

Lee Kay Loon
Independent Non-Executive Director

Wan Azfar bin Dato' Wan Annuar
Independent Non-Executive Director

CORPORATE INFORMATION

COMPANY SECRETARY
Amarjit Singh A/L Banta Singh
FCCA, ACIS, CA(M)

REGISTERED OFFICE
B-25-2, Block B, Jaya One
No. 72A, Jalan Universiti
46200, Petaling Jaya
Selangor Darul Ehsan
Tel. No.: 03-7955 0955
Fax. No.: 03-7955 0959

BUSINESS OFFICE
Indera Subang
Jalan USJ 6/2L
47610 UEP Subang Jaya
Selangor Darul Ehsan
Tel. No.: 03-5631 7377
Fax. No.: 03-5631 6403

SHARE REGISTRAR
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel. No.: 03-7841 8000
Fax. No. 03- 7841 8008

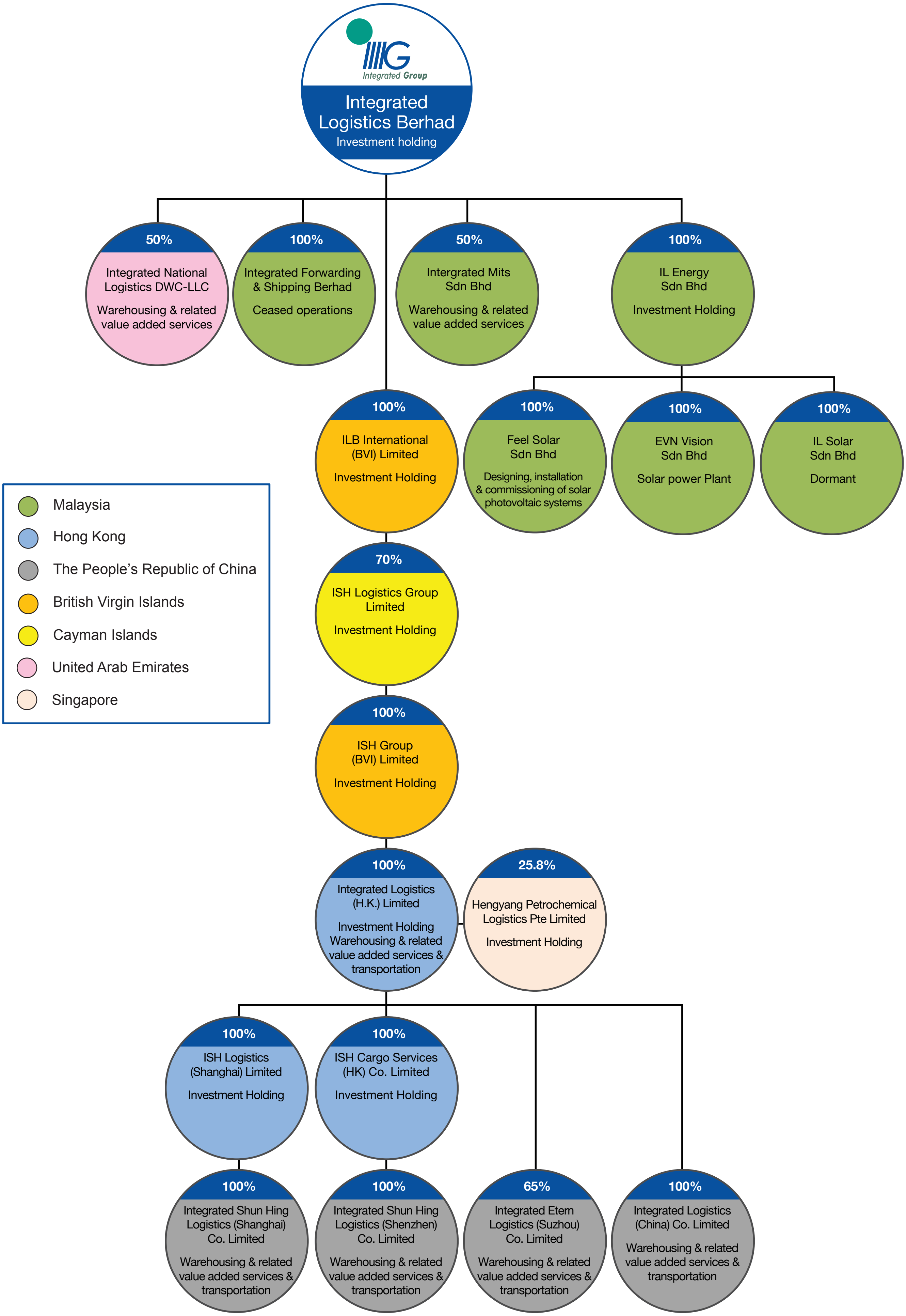
SOLICITOR
Messrs Kadir, Andri & Partners
Level 10, Menara BRDB
285, Jalan Maarof, Bukit Bandaraya
50900 Kuala Lumpur

AUDITORS
Messrs Baker Tilly AC (AF001826)
Chartered Accountants
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia
Securities Berhad

PRINCIPAL BANKERS
CIMB Bank Berhad
G01, Empire Shopping Gallery
Jalan SS 16/1, Subang Jaya
47500 Petaling Jaya
Selangor Darul Ehsan

CORPORATE STRUCTURE



GROUP FINANCIAL HIGHLIGHTS

	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Turnover	133,774	137,923	121,744	42,411	31,480
Profit/(Loss) before taxation	18,542	7,008	212,322	(53,263)	(12,446)
Net Profit/(Loss) Attributable to Shareholders	13,002	(102)	145,622	(41,134)	(11,943)
Paid-up Capital	197,026	178,026*	178,026	178,026	178,026
Total Assets	644,942	602,252	441,238	392,501	479,861
Shareholders Fund	377,077	354,426	322,215	295,964	319,227
Net Earnings Per Share (sen)	7.1	(0.06)	88.2	(23.3)	(6.8)
Net Assets Per Share After Non-Controlling Interests (RM)	2.12	2.13	1.96	1.67	1.85
Gross Dividend rate (%)	5.0%	5.0%	118.93%	3.5%	2.5%
Share Dividend (Ratio)	-	-	8 : 100	-	-
Share Price as at 31 Dec (RM)	0.680	0.905	0.760	0.710	0.815

* After cancellation of 19,000,000 treasury shares

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board Directors of Integrated Logistics Berhad (ILB), I am pleased to present the Annual Report for the year 2015, incorporating the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2015.

CHAIRMAN'S STATEMENT

PERFORMANCE REVIEW

The Group recorded a lower revenue of RM31.5 million for the year under review as compared with RM42.4 million in the previous year. The net loss for the year amounted to RM11.9 million as compared with a net loss of RM41.1 million in the previous year which was primarily due to the provision for impairment in value of the investment in Hengyang Petrochemical Logistics Pte Limited (Hengyang).

CHINA

The Group's China operations comprise warehousing operations in Wujiang undertaken by the Group's 65% owned subsidiary, Integrated Etern Logistics (Suzhou) Co. Limited. Under Phases 1 & 2 of the Wujiang project, a total of 6 warehouses had been built which are enjoying full occupancy. To capitalize on the demand for warehouse space, the Group undertook Phase 3 of the project involving 3 additional warehouses, 2 of which were completed during the year and have been fully taken up. The remaining warehouse will be completed and tenanted in the first half of 2016 and upon completion of the Phase 3 warehouses, the Group will have approximately 79,000 sq. metres of warehouse space, all fully taken up.

DUBAI

The Group holds 50% equity of a joint venture company, Integrated National Logistics DWC-LLC (INL). INL provides a wide range of high quality warehouse & coldroom facilities and valued added logistics services catering to customers across the MENA (Middle East & North Africa) region.

INL's warehouse facilities achieved higher occupancy rates compared to the previous financial year and despite the effects of the oil price plunge since the fourth quarter of financial year 2014, INL is confident higher occupancy rates combined with improved operational efficiencies will contribute to an improved financial performance in the 2016 financial year. The Board is monitoring the situation closely and the management is striving to achieve operational profitability in the next 2 financial years.

CHAIRMAN'S STATEMENT

PROSPECTS

CHINA

The effects of the global economic slowdown continue to be felt. China's Gross Domestic Product (GDP) growth for 2016 is expected to decline further to 6.5% from 6.9% recorded in 2015. However, the Group is less impacted by the GDP decline as the Wujiang's warehouses are enjoying full occupancy.

However, the Group's associate company, Hengyang, has been affected by the slowdown as the demand for its chemical logistics services is not as robust as envisaged. The Board however is confident of seeing improved demand for its services and a corresponding improvement in the turnover and the bottom line in financial year 2016.

DUBAI

Being in the middle of the oil producing Middle East region, the United Arab Emirates has been rather severely impacted by the sharp plunge in oil prices and as a result, GDP growth is expected to decline further to 2.9% from 3.8% recorded in 2015. The Group is redoubling its marketing efforts and combined with improved operational efficiencies, expects to record an improved financial performance in the coming financial year despite the challenging environment.

Dubai will be hosting the World Expo in the year 2020. The Group is optimistic that the build up to the World Expo will see a gradual improvement in demand for logistics services and INL is poised to benefit from the resultant demand in the coming years.

SOLAR ENERGY VENTURE

In its efforts to diversify the earnings base, the Group has during the year ventured into solar energy business by acquiring a company which has relevant authorities approval to set up a 1 MW solar power plant.

This 1 MW solar power venture is not expected to make a significant contribution to the earnings of the Group but the experience gained will facilitate the Group's participation in other solar power ventures which can make a meaningful contribution to Group profitability in future years.

DIVIDEND

The Board had on the 29 February 2016 declared a single tier interim dividend of 2.5 sen per share in respect of the financial year ending 31 December 2015, payable on the 8 April 2016.

SHARE BUY-BACK

During the financial year ended 31 December 2015, the Company purchased a total of 3,378,900 ordinary shares of RM1-00 each of the issued & paid up share capital from the open market at an average price of RM0.787 per share. The total consideration for the share buy-back was RM3,131,527 and was financed by internally generated funds.

All the shares purchased during the financial year have been retained as treasury shares and the total number of treasury shares as at 31 December 2015 was 5,288,275 ordinary shares of RM1-00 each.

ACKNOWLEDGEMENTS

I wish to express the Board's appreciation to the management and staff of the Group for their continuing dedication, commitment and diligence during the year. Our sincere appreciation is also extended to our valued customers, business associates, shareholders and other stakeholders.

Datuk R. Karunakaran

CHAIRMAN

DIRECTOR'S PROFILE

Datuk R. Karunakaran

Chairman
Independent Non-Executive Director (Malaysian)

Datuk R. Karunakaran, aged 66, was appointed to the Board on the 1 July 2008 as an Independent Non-Executive Director and subsequently elected as Chairman of the Board on the 19 February 2010 He graduated from the University of Malaya with a Bachelor of Economics (Accounting) Hons. in 1972. He was formerly the Director General of MIDA and retired in June 2008 after serving 36 years and had held various important and prominent positions. He had also served as Director of MIDA Singapore, Cologne (Germany) and London (England) and was also responsible for co-ordinating the development of the manufacturing and service sectors including promoting domestic and foreign investments in Malaysia.

Datuk Karunakaran is also the Chairman of the Nomination & Remuneration Committee. He also sits as an Independent Non-Executive Director on the Boards of Malayan Banking Berhad, Bursa Malaysia Berhad, IOI Corporation Berhad, Maybank Asset Management Group Berhad, Etiqa Insurance Berhad, Maybank Ageas Holdings Berhad and Etiqa Takaful Berhad.

Datuk Karunakaran does not have any interest in the securities of the Company and its subsidiaries. He has no family relationships with any other Director and/or major shareholder of the Company.

Tee Tuan Sem

Chief Executive Officer
Executive Director (Malaysian)

Mr Tee Tuan Sem, aged 64, the Chief Executive Officer, was appointed to the Board on the 9 June 1992. He is a member of the Malaysian Institute of Accountants and a Fellow of the Chartered Association of Certified Accountants. He joined Tet O Chong & Co., an established firm of public accountants, in 1976 and joined Integrated Forwarding & Shipping Berhad as Chief Accountant in 1981. He was promoted to the position of Finance Director in 1998 and subsequently appointed as the Chief Executive Officer in 2001. He does not hold any other directorships of public companies.

Mr Tee has a direct interest in 20,017,451 fully paid ordinary shares of RM1-00 each in the Company. He also has an indirect interest in 381,931 fully paid ordinary shares of RM1-00 each in the Company held through his wife, Yang Chiew Bi. He has no family relationship with any other Director and/or major shareholder of the Company.

DIRECTOR'S PROFILE

Makoto Takahashi
Executive Director (Japanese)

Mr Makoto Takahashi, Executive Director, aged 48, holds a Bachelor of Science degree from the University of San Francisco. He has 2 years working experience with a Japanese logistics company in Kobe, Japan and 5 years working experience with a trading company in Hong Kong. He joined ILB in 1998 as General Manager of Sales & Marketing and joined the Board as an Executive Director on the 17 September 2001.

Mr Makoto has a direct interest in 20,803,890 fully paid ordinary shares of RM1-00 each in the Company. He does not hold any other directorships of public companies and has no family relationship with any other Director and/or major shareholder of the Company.

Dato' Haji Wazir bin Haji Muaz
Independent Non-Executive Director (Malaysian)

Dato' Haji Wazir bin Haji Muaz, aged 65, was appointed to the Board on the 5 November 2007 as an Independent Non-Executive Director. He holds a Masters in Public Administration from American University Washington D.C. USA, Ijazah Sarjana Muda Sastera (Kepujian), University Malaya and a Diploma in Textile Technology, Salford College of Technology, England. He was formerly the Deputy Director General of Royal Customs and Excise, Malaysia, and retired in May 2007 after having served for 34 years. During his tenure, he had introduced several changes in the Customs working procedures such as Golden Counter, Pre-clearance and others. He had held various important and prominent positions dealing in all aspects of Customs enforcement.

Dato' Haji Wazir is also a member of the Audit & Risk Management Committee and the Nomination & Remuneration Committee. He does not hold any other directorships of public companies and does not have interest in the securities of the Company and its subsidiaries. He has no family relationship with any other Director and/or major shareholder of the Company.

DIRECTOR'S PROFILE

Lee Kay Loon

Independent Non-Executive Director (Malaysian)

Mr Lee Kay Loon aged 64, was appointed to the Board as an Independent Non-Executive Director on the 1 June 2010. He is a member of the Malaysian Institute of Accountants and a graduate of the Chartered Association of Certified Accountants, UK. Mr Lee is also a member of the Malaysian Institute of Chartered Secretaries & Administrators and has vast corporate and financial management experience having held Senior Management position in a quasi government organisation, a local bank and a life & general insurance company. His career included internal auditor, accountant, Director of Finance, Brand & Communication and Project Management. He retired in 2007 after a career spanning more than 30 years.

Mr Lee is the Chairman of the Audit & Risk Management Committee and a member of the Nomination & Remuneration Committee. He does not hold any directorships of other public companies and does not have any interest in the securities of the Company or its subsidiaries. He has no family relationship with any other Director and/or major shareholder of the Company.

Wan Azfar bin Dato' Wan Annuar

Independent Non-Executive Director (Malaysian)

En Wan Azfar bin Dato' Wan Annuar, aged 66, was appointed to the Board as an Executive Director on the 17 September 2001. He resigned as an Executive Director on the 26 March 2003 but remained as a Non-Independent Non-Executive Director and was subsequently redesignated as an Independent Non-Executive Director on 19 August 2015. A Naval Officer by training, having been through Britannia Royal College, Dartmouth, United Kingdom and HMS Mercury, Royal Navy's School of Maritime Operations, Petersfield, United Kingdom, he has some 16 years service at sea and ashore. His military appointments included 2 warship commands, staff duties at Ministry of Defence, Kuala Lumpur, Naval Headquarters in Singapore and as Naval Attache at the Malaysian High Commission, London. After leaving the Royal Malaysian Navy, he joined Malayan United Industries Berhad group of companies and pioneered the hotel division.

En Wan Azfar is also a member of the Audit & Risk Management Committee and the Nomination & Remuneration Committee. He does not hold any directorships of other public companies and does not have any interest in the securities of the Company or its subsidiaries. He has no family relationship with any other Director and/or major shareholder of the Company.

Notes

1. *None of the Directors have entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.*
2. *None of the Directors have any convictions for any offences within the past 10 years other than traffic offences.*

CORPORATE GOVERNANCE STATEMENT

The Malaysian Code of Corporate Governance (MCCG 2012) defines corporate governance as: "the process and structure used to direct and manage the business and affairs of the company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value, whilst taking into account the interests of the other stakeholders." The Board of Directors (Board) remains committed to subscribe to the principles of good corporate governance that is central to the effective operation of the Company and to ensure the highest standards of accountability and transparency.

The Board supports the framework which is designed to promote the best Corporate Governance culture and which assists the Board in the discharge of its corporate governance responsibilities.The Board continues to improve existing practices and incorporate the principles and recommendations of the MCCG 2012 into the existing Corporate Governance framework.

This Statement outlines the Group's main corporate governance practises and policies which are in line with the principles and recommendations laid out in the MCCG 2012 as follows :-

1. Clear Roles and Responsibilities
2. Strengthen Composition of the Board and various Board Committees
3. Reinforce Independence
4. Foster Commitment
5. Uphold Integrity in Financial reporting
6. Recognise and Manage Risks
7. Ensure Timely and high Quality Disclosures
8. Strengthen Relationship Between the Company and its Shareholders

The Board is pleased to report below on the principles and best practices of the Code which were applied in the financial year ended 31 December 2015.

CLEAR ROLES AND RESPONSIBILITIES

Board Role and Responsibilities

The Company has an experienced Board comprising two Executive Directors and four Independent Non-Executive Directors. The Board of Directors is primarily responsible for charting and reviewing the strategic direction of the Group. It delegates and monitors the implementation of these directions to the management. The independent non-executive directors are considered independent of any business or other relationship or circumstances that could interfere with the execution of their independent judgement and decision making in the best interests of the Company.

Re-election of Directors - The Company's Articles of Association state that one third of the Directors shall retire from office by rotation at each Annual General Meeting (AGM) and all Directors shall retire from office at least once every three years but shall be eligible to offer themselves for re-election.

The Company is also in compliance with Sections 129(2) and 129(6) of the Companies Act, 1965, which states that a Director who is over 70 years of age shall retire at every AGM and may offer himself for re-appointment to hold office until the company's next AGM.

The responsibilities of the Board are inclusive of but not limited to:

i. Charting the strategic direction, and setting out short term and long term plans for the Group.
ii. Promoting ethical and best corporate governance culture in the Group.
iii. Monitoring and reviewing compliance with internal control policies and risk management systems.
iv. Monitoring compliance with relevant laws & regulations and accounting standards within the corporate and business environment.
v. Overseeing and review of business operations within a systematic and controlled environment.
vi. Approving and monitoring the annual budget and financial performance of the Group.
vii. Appointing and determining the remuneration, duration and relevant appointment terms of the Executive Directors.
viii. Assessing the performance of and developing the succession plan for the Executive Directors.

CORPORATE GOVERNANCE STATEMENT

The Board composition represents a mix of knowledge, skills, and expertise which assist the Board in effectively discharging its stewardship and responsibilities. The profiles of the members of the Board are set out in the Annual Report.

The Board had delegated to the CEO and his management team the day to day management of the Group.

The Company has a clear distinction and separation of roles between the Chairman and the CEO, with clear division of responsibilities. The Board of Directors is headed by Datuk R. Karunakaran, an independent non-executive chairman, who has broad exposure and extensive experience in the international trade and investment arena. As Chairman, he plays a vital role in leading and guiding the Board, and also serves as the communication point between the Board and the CEO.

The responsibilities of the Management of the Group are inclusive of but not limited to:

i. Chart the strategic direction.
ii. Develop short term & long term plans.
iii. Prepare Annual Budget - financial goals & targets.
iv. Monitoring Financial results; comparison with budget; & analysis of variances.
v. Statutory compliance.
vi. Highlight to the Board key areas needing attention.
vii. Manage Investor relations.
viii. Engage adequate & suitable qualified personnel.
ix. Uphold Corporate Governance; avoid conflicts of interest & unethical practices.

The CEO, Mr Tee Tuan Sem, and his management team is responsible for implementing the plans chartered out and the day to day management of the Group, with clear authority delegated by the Board.

Board Meetings

The Board meets on a quarterly basis with additional meetings being convened as when necessary to address issues deemed urgent. The Board met on four occasions during the year ended 31 December 2015 and the details of attendance at Board Meetings is set out below.

ATTENDANCE	Total Number of Meetings	Number of Meetings Attended
EXECUTIVE DIRECTORS		
TEE TUAN SEM	4	4
MAKOTO TAKAHASHI	4	4
INDEPENDENT NON-EXECUTIVE DIRECTORS		
DATUK R. KARUNAKARAN	4	4
DATO' HAJI WAZIR BIN HAJI MUAZ	4	4
LEE KAY LOON	4	4
WAN AZFAR BIN DATO' WAN ANNUAR	4	4

All the Directors have complied with the minimum attendance requirements as stipulated by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Code of Ethics

The Board has adopted a Code of Ethics for Directors which outlines their standards of ethical behaviour in discharging their duties and responsibilities. This Code aims to enhance the standard of corporate governance and behaviour by establishing a standard of ethical behaviour for Directors as well as upholding the spirit of responsibility including social responsibility in line with prevailing legislation, regulations and guidelines.

Whistleblowing Policy

A formal Whistleblowing Policy has been established to assist in ensuring that the Group's business and operations are conducted in an ethical, moral and legal manner. The Whistleblowing Policy is designed to encourage employees or external parties to disclose suspected malpractice or misconduct which they become aware of and to provide protection to employees or external parties who report allegations of such malpractice or misconduct.

Strategies Promoting Sustainability

The Board is responsible for formulating on-going programmes to promote sustainability where attention is given to environmental, social and governance aspects of business which underpin sustainability

Supply of Information

The Board has timely access to relevant information pertaining to the Group. Prior to each Board meeting, the Agenda for the meeting together with comprehensive management reports & proposal papers are furnished to all Directors for their perusal 3 days before the meeting. Directors can obtain further clarifications from the management and the Secretary. Senior management and external advisors may be invited to attend Board Meetings to provide further details, clarifications and/or advise the Board as and when required on matters to be deliberated. Should any of the Directors be unable to attend any Board meeting, he may give his opinion in advance, and such opinion will be considered in the decision making process at the Board meeting. Board meetings are held at the Company's premises

All matters discussed and resolutions passed at each Board meeting are recorded in the minutes of the meeting. These minutes are circulated to all Directors for their confirmation and any Director can request for further clarification on the minutes prior to their confirmation.

The members of the Board also evaluate business propositions and corporate proposals that require Board approval. The Board is regularly updated and advised on new statutory as well as regulatory requirements relating to the duties and responsibilities of Directors. Further advice can be obtained from the Company Secretary or from external professionals where necessary.

Board Charter

The Board is guided by the Board Charter which sets out the principles governing the Board of Directors of the Company and adopts the principles of good governance and practice in accordance with applicable laws, rules and regulations in Malaysia. The Board will periodically review and update the Board Charter.

Company Secretary

The Company Secretary is responsible for the secretarial function such as ensuring compliance with all statutory & regulatory requirements, recording the proceedings of Board and Committee meetings, and proper maintenance of secretarial records.

CORPORATE GOVERNANCE STATEMENT

Corporate Social Responsibility (CSR)

The Group recognises its commitment to contribute to the community and society. During the year, the Group contributed a total of RM17,000 to Persatuan Dialisis Kurnia Petaling Jaya and Persatuan Kebajikan Ti-Ratana in Desa Petaling, Kuala Lumpur.

STRENGTHEN COMPOSITION

Board Composition

The Board acknowledges the importance of age, nationality, professional background & gender diversity and recognises the benefits that such diversity can bring. The Nomination & Remuneration Committee considers diversity generally when making appropriate appointments to the Board, taking into account relevant skills, ethnicity, age, experience and knowledge. Notwithstanding the challenges in achieving the appropriate level of diversity on the Board, the Company will work towards addressing this as and when vacancies arise and suitable candidates are indentified. The Company's primary responsibility in new appointments must always be to select the best candidates available.

Board Committees

The Company has two Board Committees to assist the Board. They are delegated specific functions and are governed by their Terms of Reference. The two Committees are :-

i. Audit & Risk Management Committee
ii. Nomination & Remuneration Committee

Both Committees have a majority of independent non-executive Directors, and submit their respective reports and minutes to the Board for approval. Their responsibilities and functions are set out below.

Audit & Risk Management Committee (ARMC)

The Audit & Risk Management Committee oversees the integrity of the financial statements, compliance with relevant accounting standards and the group's risk management and internal controls. The Committee had four meetings during financial year 2015 and comprises:-

i. Lee Kay Loon
ii. Dato' Haji Wazir bin Haji Muaz
iii Wan Azfar bin Dato' Wan Annuar

The ARMC terms of reference include the review of and deliberation on the Company's Financial Statements, the audit findings of the External Auditors arising from the audit of the Company's Financial Statements and the audit findings and issues raised by the internal audit department. The ARMC also reviews the Company's quarterly unaudited statements and final annual audited Financial Statements before they are considered, deliberated and approved by the Board.

The ARMC Report for the financial year ended 31 December 2015 is on page 25 to 29 of this Annual Report.

Nomination & Remuneration Committee (NRC)

The Nomination & Remuneration Committee ("the Committee) does an annual review of the composition of the Board and makes recommendations to the Board accordingly, keeping in mind the need to meet current and future requirements of the Group.

The Board is kept abreast of developments in the area of Board performance assessment. A formal evaluation process is in place to assess the effectiveness of the Board as a whole. The Board Evaluation and Individual Director Self/Peer Evaluation are facilitated by the Committee. Evaluation results are presented to the Committee, Board meetings and to the respective Directors.

The Committee also reviews the remuneration of the Board and Senior Management from time to time with a view to ensuring the company offers fair compensation and is able to attract and retain talent who can add value to the Company. Fees paid to Non-Executive Directors are tabled at the Company's AGM for approval.

The Chairman of the Committee is Datuk R. Karunakaran, an Independent Non-Executive Director and all the Committee members are Independent Non-Executive Directors.

The terms of reference of the Committee are as follows:

A. Primary Purpose

(i) Propose and recommend suitable candidates for the Board.
(ii) Review the composition and effectiveness of the Board and the Board Committees in terms of the required mix of skills, expertise, attributes and core competencies of the Directors as well as the contribution of each individual Director on an annual basis.
(i) Recommend to the Board the framework on terms of employment and on all elements of the remuneration of Executive Directors and Senior Management.
(ii) Review and recommend to the Board the annual bonus and salary increment of the Executive Directors and the remuneration of the Non-Executive Directors.

Individual Directors shall abstain from deliberations and voting on their own remuneration at the Board and Committee meetings.

B. Composition

(i) The Committee shall wholly comprise Non-Executive directors, a majority of whom are Independent.
(ii) Members of the Committee are appointed by the Board and comprise Board members who will not benefit personally from their decisions and who will give due regard to the interests of shareholders and other stakeholders.

C. Responsibilities

(i) Ensure an appropriate balance of experience and abilities on the Board.
(ii) Review from time to time the size and composition of the Board.
(iii) Consider candidates for appointment, whether as Executive or Non-Executive Directors.
(iv) Make recommendations to the Board on the re-appointment of Non-Executive Directors at the end of their term.
(v) Advise the Board and the Chief Executive Officer on the issue of succession planning.
(vi) Recommend to the Board a competitive compensation and remuneration package for Executive Directors in order to attract talent and experience needed for the continued progress of the Group.
(vii) Recommend to the Board a competitive remuneration package for Non-Executive Directors who have the necessary skills and experience to bring independent judgement to bear on the issues of strategy, performance and resources for the success of the Group.
(viii) Review and recommend annual compensation and reward for all Directors. A Director should abstain from discussion on his/her own remuneration.

D. Authority

The Committee is authorized by the Board to act on all matters within its terms of reference and other matters as may be approved by the Board from time to time.

E. Reporting

In discharging the above responsibilities, the Committee shall report to the Board on :-
(i) The effectiveness of the present size of the Board of Directors.
(ii) The effectiveness of the composition of the Board of Directors and the mix of Executive and Non-Executive Directors.
(iii) The existence of, or potential conflicts of interest involving the Board members.
(iv) The contribution of individual Directors in decision making at the Board level.
(v) A continuous education program for Board members to upgrade their skills and enhance their effectiveness.

CORPORATE GOVERNANCE STATEMENT

F. Meetings

(i) Meetings of the Committee shall be held as and when necessary but at least twice a year.
(ii) The Committee shall be provided with sufficient resources to undertake its duties. It shall have access to the services of the Company Secretary including assisting in planning the committee's work, drawing up meeting agendas, maintenance of minutes, collection and distribution of information and provision of any necessary logistical support.
(iii) The meetings of the Committee shall be transparent, with all proceedings recorded and actions documented.

The Committee had undertaken the following responsibilities during the year under review:

a) Facilitated annual assessment and performance of individual Directors, effectiveness of the Board as a whole and the Board Committees.
b) Facilitated the annual review of the required skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.
c) Conducted assessment on Directors who are subject to re-appointment or re-election.
d) Reviewed the Terms of Reference of the Nomination & Remuneration Committee.
e) Conducted annual assessment on Independent Directors.
f) Assisted the Board in assessing the training needs of the Directors during the year.
g) Recommended a framework of remuneration for Directors, the Chief Executive Officer and other key management personnel.
h) Reviewed and deliberated on the quantum of Directors' annual fees.
i) Reviewed annually the performance of the Chief Executive Officer and other key management personnel, and recommended to the Board their remuneration commensurate with their performance and contributions to the Group.

The Committee is satisfied with the current size of the Board and with the mix of qualifications, skills & experience of its Board members. Part of the evaluation criteria is the commitment displayed, the depth of contribution, ability to communicate and undertake assignments on behalf of the Board. The Committee had four meetings during the financial year. The Committee comprises:-

i. Datuk R. Karunakaran
ii. Dato' Haji Wazir bin Haji Muaz
iii Lee Kay Loon
iv Wan Azfar bin Dato' Wan Annuar

Details of Directors remuneration for the financial year ended 31 December, 2015 are as follows:-

Particulars	Executive Directors	Non-Executive Directors	Total (RM)
Salaries & other emoluments	2,332,811	-	2,332,811
Fees	-	388,000	388,000
Total (RM)	2,332,811	388,000	2,720,811

CORPORATE GOVERNANCE STATEMENT

Directors remuneration analysed into bands of RM50,000 is as follows :-

Range of Remuneration*	Number of Directors: Executive Directors	Number of Directors: Non-Executive Directors
RM 50,001 to RM 100,000	-	2
RM 100,001 to RM 150,000	-	2
RM 700,001 to RM 750,000	1	-
RM1,550,001 to RM1,600,000	1	-

* Total remuneration received by the Directors from the Company and its subsidiaries.

REINFORCE INDEPENDENCE

The Non-Executive Directors are not employees of the Company and do not participate in the day to day management of the Company. All four Non-Executive Directors, including the Chairman, are independent directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. Should any director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in discussions on the matter.The Nomination & Remuneration Committee has reviewed the performance of the independent directors and is satisfied they have been able to discharge their responsibilities in an independent manner.

As recommended by the MCCG 2012, the tenure of an Independent Director of the Company should not exceed a cumulative term of nine years. An Independent Director may continue to serve the Board subject to re-designation as a Non-Independent Director. In the event the Board intends to retain the Independent Director after serving a cumulative term of nine years, shareholders' approval will be sought. The Board believes that valuable contributions can be obtained from directors who have, over a period of time, developed valuable insight of the Company and its business. Their experience enables them to discharge their duties and responsibilities independently and effectively in the decision making processes of the Board, notwithstanding their tenure on the Board.

FOSTER COMMITMENT

Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

Continuing Development Program

All new appointees to the Board are given an introduction to familiarize themselves with the Group's operations so as to assist them in discharging their duties and responsibilities. They are required to attend the Mandatory Accreditation Programme by Bursa Malaysia and thereafter to continually upgrade their knowledge and exposure through in-house training programmes as well as courses conducted by external parties. All Directors have completed the Mandatory Accreditation Programme stipulated by Bursa Malaysia.

CORPORATE GOVERNANCE STATEMENT

Training programmes and seminars attended by the Directors of the Company during the financial year ended 31 December 2015 are as follows:

	Director	Training / Seminar Attended
1	Datuk. R. Karunakaran	- ASEAN Capital Market - CAP10 ASEAN CEO Summit 2015 conducted by Bursa Malaysia. - Audit Committee Conference 2015 - Rising to New Challenges conducted by Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia. - Invest Malaysia 2015. - FIDE Forum – Board's Strategic Leadership : Innovation & Growth in Uncertain Times. - Developing & implementing a fraud risk assurance plan and how to effectively manage investment risk conducted by Mr Ranjit Singh of Columbus Advisory Sdn Bhd. - The Global Sustainability And Impact Investing Forum conducted by Bursa Malaysia Berhad. - Swap Futures Presentation by Tim Andriesen, Managing Director, Commodity Products, CME - Maybank Group Annual Risk Workshop - Integration of Scenario Planning into Risk Appetite, Capital Management and Business Planning. - Maybank's FY2016 Risk Posturing and Proposed Risk Appetite. - Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 : The Law & Compliance. - World Capital Markets Symposium 2015 - Markets and Technology : Driving Future Growth Through Innovation conducted by Securities Commission Malaysia - Sustainability Symposium: Responsible Business. Responsible Investing conducted by Bursa Malaysia Berhad.
2	Tee Tuan Sem	- Developing & implementing a fraud risk assurance plan and how to effectively manage investment risk conducted by Mr Ranjit Singh of Columbus Advisory Sdn Bhd - Management Discussion & Analysis for Chief Executive Officers (CEO) and Chief Financial Officers of listed issuers conducted by Bursa Malaysia.
3	Makoto Takahashi	- Developing & implementing a fraud risk assurance plan and how to effectively manage investment risk conducted by Mr Ranjit Singh of Columbus Advisory Sdn Bhd
4	Lee Kay Loon	- Developing & implementing a fraud risk assurance plan and how to effectively manage investment risk conducted by Mr Ranjit Singh of Columbus Advisory Sdn Bhd - Nominating Committee Programme:Part 2- Effective Board Evaluations conducted by Bursa Malaysia
5	Wan Azfar bin Dato' Wan Annuar	- Developing & implementing a fraud risk assurance plan and how to effectively manage investment risk conducted by Mr Ranjit Singh of Columbus Advisory Sdn Bhd - Nominating Committee Programme:Part 2- Effective Board Evaluations conducted by Bursa Malaysia
6	Dato' Haji Wazir bin Haji Muaz	- Developing & implementing a fraud risk assurance plan and how to effectively manage investment risk conducted by Mr Ranjit Singh of Columbus Advisory Sdn Bhd

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance of financial Statements with Applicable Financial Reporting Standards

The Board strives to provide true, fair and comprehensive financial reporting of the Group's performance in the audited financial statements and quarterly financial reports together with material disclosures in the notes to accounts, in accordance with the MFRS and Bursa Malaysia requirements.

The Audit & Risk Management Committee ("ARMC") exercises professional oversight of the integrity of the financial reports before presenting the financial statements to the Board for approval. The Committee also provides assurance to the Board, with support and clarifications from the external auditors, that the financial statements and reports presented are in compliance with applicable laws and accounting standards and give a true and fair view of the Group's performance and financial position.

Assessment of External Auditors

The Board has a formal and transparent relationship with the external auditors. The ARMC recommends to the Board on the appointment of the external auditors which is subject to the approval of shareholders at the AGM whilst their remuneration is determined by the Board. The role of the Committee is further set out in their Report. The Board has private sessions and dialogues through the Committee with the external auditors, in the absence of the executive directors and the management. For the year under review, there were two such dialogue sessions with the external auditors.

It is the practice of the ARMC to conduct annual assessment of the external auditors. Areas of assessment include among others, the external auditors objectivity and independence, size and competency of the audit team, audit strategy, audit reporting, partner involvement and audit fees. In support of the assessment on independence, the external auditors provide the ARMC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. Premised on the assessment result, the ARMC will make recommendations for re-appointment of external auditors accordingly.

The ARMC ensures that the external auditors are independent of the activities they audit and reviews the contracts for non-audit services by the external auditors. During the financial year, the amount of non-audit fees paid to external auditors was RM22,000.

RECOGNISE AND MANAGE RISK

Relevant Internal control systems are implemented for the day to day operations of the group. The Internal Audit Department has an independent reporting channel to the Audit & Risk Management Committee and is authorised to conduct independent audits of all the departments and offices within the group. It reports the findings to the Audit & Risk Management Committee at the end of each quarter.

The Audit & Risk Management Committee reviews, deliberates and evaluates the effectiveness and efficiency of the internal control systems in the organization which are designed to manage and mitigate rather than eliminate risks in achieving the company's corporate objectives, safeguarding the company's assets as well as investors interests.

CORPORATE GOVERNANCE STATEMENT

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board monitors all price sensitive information potentially required to be released to Bursa Malaysia and makes material announcements to Bursa Malaysia in a timely manner as required. In line with best practices, the Board strives to disclose price sensitive information to the public as soon as praticable through Bursa, the media and the company's website.

Price sensitive information is defined as any information that on becoming generally available would tend to have a material effect on the market price of the Company's listed securities. The Company Secretary is responsible to compile such information for the approval of the Board soonest possible and release such information to the market as stipulated by Bursa Malaysia.

Apart from the provisions relating to the "closed period" for dealing in the company's shares, the directors and senior management privy to price sensitive information are prohibited from dealing in the shares of the company until such information is publicly available.

STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

The Annual General Meeting is the principal forum for dialogue and interaction with the shareholders. The Board is committed to provide shareholders with comprehensive and timely information about the Group's activities and performance to enable investors make informed decisions. Shareholders are encouraged to attend Annual General Meetings and use the opportunity to ask questions on resolutions being proposed and on the progress, performance and future prospects of the company. The Chairman and Board members, with the assistance of the external auditors, are responsible to respond and provide explanations on matters raised.

Information on the Group's activities is provided in the Annual Report and Financial Statements which are despatched to shareholders. The Company also encourages shareholders and investors to access online the company's Annual report and up to date announcements, which are made available at the Bursa Malaysia website and the company's own website at www.ilb.com.my

Investors and the public who wish to contact the Group on any enquiry, comment or proposal can channel them through e-mail or contact the following persons:-

Name	Contact No.	E-mail address
Amarjit Singh, Company Secretary	03-5631 7377	amarjit@ilb.com.my
Lee Pei Sze, Group Chief Financial Officer	03-5631 7377	leepeisze@ilb.com.my

OTHER DISCLOSURES

1. **Depository Receipt Programme**

   The Company did not sponsor any depository receipt programme during the financial year.

2. **Sanctions and/or Penalties**

   There were no sanctions and/or penalties imposed on the Company & its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

3. **Profit Estimates, Forecasts and Projections**

   The Company did not release any profit estimate, forecast or projection for the financial year. There is no variance of 10% or more between the results for the financial year and the unaudited results previously released by the Company.

4. **Profit Guarantee**

   During the financial year, there was no profit guarantee given by the Company to any party.

5. **Material Contracts**

   There were no material contracts entered into by the Group which involved directors and/or major shareholders interests during the financial year.

6. **Variance in Results**

   There was no variance between the results for the financial year 2015 and the unaudited results previously announced by the Company. The Company did not release any profit estimate, forecast or projections during the financial year.

7. **Share Buy-Back**

   During the financial year ended 31 December 2015, the Company purchased a total of 3,978,900 ordinary shares of RM1-00 each of the issued share capital from the open market at an average price of RM0.787 per share. The total consideration for the share buy-back was RM3,131,527 and was financed by internally generated funds. All the shares purchased during the financial year had been retained as treasury shares and the total number of shares retained as treasury shares as at 31 December 2015 was 5,288,275 ordinary shares of RM1-00 each.

OTHER DISCLOSURES

Information on the shares purchased by the Company during the financial year ended 31st December 2015 is as follows:

Monthly Breakdown	No. of Shares Purchased And Retained As Treasury Shares	Purchase Price Per Share (RM)		Average Cost Per Share	Total Consideration
		Lowest	Highest	(RM)	(RM)
March 2015	413,600	0.690	0.710	0.711	293,917.23
April 2015	223,400	0.690	0.710	0.713	159,263.52
May 2015	758,000	0.770	0.825	0.811	614,505.73
June 2015	683,800	0.780	0.825	0.811	554,772.68
July 2015	138,000	0.845	0.850	0.853	117,763.24
August 2015	1,354,000	0.715	0.795	0.772	1,044,967.86
September 2015	408,100	0.825	0.850	0.849	346,336.77
Total	**3,978,900**			**0.787**	**3,131,527.03**

STATEMENT ON COMPLIANCE WITH THE REQUIREMENTS OF BURSA MALAYSIA IN RELATION TO APPLICATION OF PRINCIPLES AND ADOPTION OF BEST PRACTICES LAID DOWN IN THE MALAYSIAN CODE OF CORPORATE GOVERNANCE 2012 (MCCG 2012)

The board is pleased to report to its shareholders that the Group is committed to attaining the highest possible standards through the continuous adoption of the principles and best practises of the MCCG 2012 and all other applicable laws.

This Corporate Governance Statement is made in accordance with the resolution of the Board of Directors dated 29 February 2016.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE

The Audit & Risk Management Committee ("Committee") comprises the following members and details of attendance at meetings held during the financial year ended 31 December 2015 are as follows :-

Composition of the Committee	Attendance at Committee meetings
Lee Kay Loon (Chairman / Independent Non-Executive Director)	4 out of 4
Dato' Haji Wazir bin Haji Muaz (Member / Independent Non-Executive Director)	4 out of 4
Wan Azfar bin Dato' Wan Annuar (Member / Independent Non-Executive Director)	4 out of 4

TERMS OF REFERENCE

1.0 OBJECTIVES

The primary objective of the Committee is to assist the Board of Directors (Board) in fulfilling its fiduciary responsibilities relating to the corporate accounting and reporting practices of the Company and its subsidiary companies. In addition, the Committee shall :-

a) Promote integrity and accountability of the operation within the group towards safeguarding the rights and interests of shareholders and investors.

b) Oversee and appraise the quality of the audit conducted by the Company's external Auditors.

c) Contribute towards improving the group operations and business efficiency, strengthen public confidence in the accuracy of the accounting & audit functions and transparency in the Group's reported financial results.

d) Maintain a direct line of communication between the Board of Directors, the External Auditors and the Internal Auditors through regular meetings.

e) Ensure the independence of the external and internal audit functions.

f) Review regularly the adequacy of the Group's administrative, operating and accounting controls.

g) Ensure the Risk Management Structure is embedded in all operating companies of the Group and is responsive to changes in the business environment.

h) Ensure the Risk Management Structure adopted is consistent throughout the Group and is within the parameters established by the Board.

i) Ensure the Risk Management Structure adopted is in compliance with the requirements of Bursa Malaysia and the Securities Commission.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

2.0 COMPOSITION

The Committee shall be appointed by the Board from amongst their members and shall be composed of at least three (3) and not more than five (5) members who shall:-

a) be Non-Executive Directors of the Company, a majority of whom are independent.

b) not comprise persons having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the functions of the Committee.

One member of the Committee shall be appointed Chairman by the Board. In the absence of such an appointment, one of the independent members shall be elected as Chairman by the Committee members.

Where the composition of the Committee is reduced to less than three members for any reason, the Board shall within three months of the event appoint such number of new members as may be required to make up the minimum number of three members.

At least one member of the Committee must meet the criteria set by the Main Market Listing Requirements of Bursa Malaysia, that is :-

a) must be a member of the Malaysian Institute of Accountants, or

b) if not a member of the Malaysian Institute of Accountants, must have at least three years' working experience, and

   (i) must have passed the examination specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or

   (ii) must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

An assessment shall be conducted on the members of the Committee by the Board to determine whether the Committee has carried out its duties and responsibilities in accordance with its terms of reference.

No alternate director shall be appointed to the Committee.

3.0 AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference. It has free access to all information and documents it requires from all employees, the group's properties, books, accounts, records and other information of the group in whatever form for the purpose of discharging its responsibilities.

The Committee is to have direct communication channels with the external and internal auditors and may obtain outside legal or other independent professional advice as it considers necessary.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

4.0 DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be :-

a) To review : -
- the financial statements and annual reports prior to recommending acceptance or otherwise by the Board.
- the Group's quarterly results prior to recommending acceptance or otherwise by the Board.
- the compliance with and adequacy of the guidelines and procedures established to monitor Recurrent Related Party Transactions (RRPTs).
- the planning, scope and area of internal and external audits and their respective audit findings.
- the adequacy and effectiveness of the systems of internal control and the risk management function of the group

b) to review the appointment of the External Auditors, the Head of Internal Audit and their respective remuneration.

c) to meet the external and internal auditors at least twice an year in the absence of the Executive Directors, the CEO and senior management to discuss issues or reservations arising from the audits and any other matters that the auditors may wish to present for the attention of the Committee, where necessary.

d) to report to the Board of its compliance with laws and regulations, related party transactions, code of ethics, material activities, significant results and findings from internal and external audit, internal control, corporate governance and risk management functions.

e) to undertake such other responsibilities as may be decided by the Board.

5.0 MEETINGS

a) The Committee shall meet at least four times a year.

b) In addition, the chairperson shall convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

6.0 ATTENDANCE

a) Meetings shall be attended by the Executive Directors, the Head of Internal Audit, and a representative of the external auditors.

b) Other participants may be invited from time to time to attend the meetings.

7.0 QUORUM

A quorum shall consist of two members, both being independent non-executive directors.

8.0 SECRETARY

The Secretary of the Committee shall be the Company Secretary, who shall be responsible to draw up the agenda for each meeting for the Committee chairman’s approval. The agenda shall be forwarded to all members of the Committee at least 3 days before each meeting together with all relevant documentations.

All minutes of Committee meetings shall be distributed, confirmed and signed by the chairman of the meeting at the next meeting. The said signed minutes shall be kept at the office of the company under the custody of the Company Secretary.

The minutes shall be available for inspection by the members of the Board, the external auditors and any other persons deemed appropriate by the chairman of the Committee.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

MEETINGS

The Committee met four times during the Financial Year in accordance with the requirements of the Committee's Terms of Reference.

The Chief Risk Officer and the Company Secretary who is also the secretary to the Committee were in attendance during the meetings. Executive Directors and other officers were also invited to attend the meetings to deliberate on relevant matters as and when required.

After each meeting, the Chairman of the Committee submits reports on the matters deliberated, rectifications required and relevant recommendations based on the issues discussed to the attention of the Board for their information and further action.

COSTS INCURRED BY INTERNAL AUDIT DEPARTMENT

The total cost incurred by the Internal Audit Department for the financial year ended 2015 amounted to RM60,000. All internal audit activities were conducted by the in-house audit team.

SUMMARY OF ACTIVITIES OF THE AUDIT & RISK MANAGEMENT COMMITTEE

Risk Management

- Reviewed and deliberated on the risk management audit conducted on the Group's operations. The risk management coverage included management procedures, improvements in ISO, Safety, Health and Environmental (SHE) training requirements, electrical systems safety evaluation and review & improvement in the Standard Operating Procedures (SOP).

Internal Audit

- Reviewed and approved the Group Internal Audit Plan.

- Performed a quarterly review of Internal Audit Report covering both internal and external risk management, corporate governance, effectiveness and efficiency of operations, Safety, Health and Environment aspects as well as compliance with laws and regulations.

- Reviewed and assessed the adequacy and efficiency of corrective action taken by the management on outstanding Internal Audit issues raised in previous reports.

- Reviewed the Terms of Reference of the Committee.

External Audit

- Reviewed and approved the External Auditors audit plan and scope of audit works.

- Deliberated on the results of the annual audit report and reported to the Board.

- Assessed the performance of the External Auditors and recommended their re-appointment to the Board.

- Held meetings with the External Auditors, without the presence of the Executive Directors and management, to discuss matters affecting the audit and the Committee's duties.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

Financial Results

- Reviewed the quarterly and annual financial statements with recommendation to the Board for approval.

- Deliberated on the full implementation of Malaysian Financial Reporting Stardards (MFRS) requirements.

Related Party Transactions

- Reviewed the Related Party Transactions during the period

- Reviewed the system of identifying, monitoring and meeting disclosure requirements of Related Party Transactions.

Statutory Reporting

- Reviewed and recommended to the Board for approval the Statement on Corporate Governance, Statement on Risk Management & Internal Control (SORMIC) and Committee reports.

RISK MANAGEMENT AND INTERNAL CONTROL REVIEWS

During the financial year under review, the Committee had reviewed a total of four reports covering assignments and audits implemented within the Group. Recommendations and advice on best practises were given to the management.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (SORMIC)

A. BOARD RESPONSIBILITY

1. The Board of Directors is responsible for the adequacy and effectiveness of the Group's Risk Management and Internal Control System. The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of internal controls and risk management. This includes the establishment of an appropriate control environment and risk management framework, processes and structures, and continually reviewing the adequacy and integrity of the said systems to safeguard shareholders' investment and the Group's assets. The Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal controls of the Group during the year.

2. The system of risk management and internal controls covers risk management, finance, operations, management information systems and compliance with relevant laws, both local and foreign, all other regulations, policies and procedures.

3. Whilst acknowledging its responsibilities, the Board is aware of the limitations that are inherent in any system of internal control and risk management, such system being designed to manage, rather than eliminate, the risk that may impede the achievement of the Group's business objectives. Accordingly, it can only provide a reasonable combination of preventive, detective and corrective measures but not absolute assurance against material misstatement or losses, fraud or breaches of laws or regulations.

4. The Group's risk management and internal control framework has been in place for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group. The process is regularly reviewed by the Board.

5. The implementation of the risk management and internal control system within the Group inclusive of design, operation, identification, assessment, mitigation and control of risks, are operated with the assistance of the Management throughout the period. The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

6. The key features of the internal control systems which are operated with the assistance of the Management are described as below :-

B. RISK MANAGEMENT FRAMEWORK

7. The Group has in place processes for the identification, evaluation, reporting, treatment, monitoring and review of the major strategic, business and operation risks within the Group, covering both wholly and partially owned subsidiaries (excluding associates and jointly controlled entities). The Audit & Risk Management Committee (ARMC) and the Board of Directors review both the risk management and internal controls on a regular basis.

8. The following material associate has not been dealt with as part of the Group for the purposes of the Statement on Risk Management & Internal Control :-

   - Hengyang Petrochemical Logistics Limited

9. For the period under review, the ARMC is assisted by the Chief Risk Officer. The framework is continually monitored to ensure it is responsive to the changes in the Group's Corporate Structure.

C. INTERNAL CONTROL STRUCTURE

10. The Group has an established internal control structure and is committed to maintaining the structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets. There is a clearly defined operating structure with lines of responsibilities and delegation of authority in place to assist the Board to maintain a proper control environment, supported by the following activities:-

- **Organisation Structure**

  The organization structure outlines the authority, responsibility, segregation of duties and accountability to ensure the Group achieves its strategies and operational objectives.

- **Group Policies and Procedures**

  The Group has procedures and controls to ensure the reporting of complete and accurate financial information. These procedures and controls include obtaining authority for major transactions and ensuring compliance with laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and compliance with safety requirements.

- **Management Information System**

  The Board recognizes the importance of information and communication technologies to promote effective and efficient business operations & timely and accurate communications to enhance the business interests of the Group.

- **Quarterly Budget versus Actual Financial Reporting**

  There is a comprehensive budgeting system with an annual budget approved by the Board at the commencement of the financial year. Management accounts containing actual operation results versus forecasted results for the year are prepared and reported to the Board on a quarterly basis. These reports are reviewed and explanations obtained for variances before the Quarterly Results are approved for release to Bursa Malaysia for announcement to the public.

- **Audit & Risk Management Committee (ARMC)**

  The ARMC comprises independent non-executive directors which provide direction and oversight over the internal audit function to enhance its independence. The ARMC meets each quarter to review internal audit findings, discuss risk management issues and ensures that weaknesses and issues highlighted are appropriately addressed by the management.

- **Internal Audit**

  An annual internal audit plan is reviewed and approved by the ARMC before the beginning of the year. The objectives of the said audit plan are to ensure, through regular internal audit reviews, that the Group's policies and procedures are being complied with in order to provide assurance on the adequacy and effectiveness of the Group's system of internal controls. Follow-up reviews and deliberation of internal audit reports are carried out to ensure that appropriate action is taken to address internal control weaknesses highlighted.

  The Chief Risk Officer has an independent status in the Group and reports to the Board through the ARMC. Where necessary, internal audit assignments can be outsourced to facilitate the transfer of internal audit knowledge and coverage of areas where technical skills and resources are not available internally.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (SORMIC)

- **Operational Monitoring and Controls**

  The monitoring and control procedures are regularly reviewed by the Management responsible for reporting to the Board. These are supplemented by independent reviews undertaken by the internal audit department on the controls in operation and reported to the ARMC. Regular reports are produced for the Board to assess the impact of control issues and appropriate actions recommended.

- **Control Environment**

  The Board believes that a sound internal control system reduces, though it cannot eliminate, the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

D. CONCLUSION

11. During the year, the Risk Management & Internal Control activities were performed in accordance with the audit plan. Where weaknesses in internal control were detected, rectification actions were taken and assurances provided by management. The Board is satisfied that necessary actions have been taken and the weaknesses highlighted have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

This statement is made in accordance with the resolution of the Board of Directors dated 29 February 2016.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flow of the Group and of the Company for the financial year. As required by the Act and the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

In preparing those financial statements, the Company's Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable approved accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CONTENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 14 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
(Loss)/Profit for the financial year	(13,216,491)	37,346,498
Attributable to:		
Owners of the Company	(11,942,581)	
Non-controlling interests	(1,273,910)	
	(13,216,491)	

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year was as follows:-

	RM
In respect of the financial year ended 31 December 2014:-	
Single tier interim dividend of 3.5% per ordinary share in respect of financial year ended 31 December 2014	6,185,069

The dividend is accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

The directors declared a single tier interim dividend of 2.5 sen per ordinary share, amounting to RM4,318,431 in respect of the current financial year and payable to the shareholders on 8 April 2016 whose names appeared on the Record of Depositors on 14 March 2016. The financial statements of the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

The directors do not recommend the payment of final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS' REPORT

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other 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 allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the statements of profit or loss and other 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 had been written down to an amount which they might be expected 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 liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent 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 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.

ITEMS OF MATERIAL AND 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) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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 OR DEBENTURES

During the financial year, no new issues of shares or debentures was made by the Company.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

During the financial year, the Company repurchased 3,978,900 ordinary shares of its issued share capital from the open market at an average price of RM0.787 per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM3,131,527.

As at 31 December 2015, the Company held a total of 5,288,275 treasury shares out of its 178,025,503 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM4,383,954. Further details are disclosed in Note 25 to the financial statements.

DIRECTORS OF THE COMPANY

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

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

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of directors in office at the end of the financial year in the ordinary shares of the Company during the financial year were as follows:-

	Number of Ordinary Shares of RM1 Each			
	At 1.1.2015	**Bought**	**Sold**	**At 31.12.2015**
Direct Interest				
Makoto Takahashi	18,701,090	2,102,900	-	20,803,990
Indirect Interest				
Being shares held through nominees, persons connected to directors and corporations in which the directors are interested				
Tee Tuan Sem *#	19,012,782	1,386,600	-	20,399,382

* held through spouse of the director
# held through corporations in which the directors are interested

By virtue of their interests in the Company and pursuant to Section 6A of the Companies Act, 1965 in Malaysia, Makoto Takahashi and Tee Tuan Sem are deemed to have interests in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in the ordinary shares of 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 as disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the 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 at the end of the financial year, was the Company a party to any arrangements where the 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 EVENTS DURING THE FINANCIAL YEAR

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

AUDITORS

The auditors, Messrs. Baker Tilly AC, have expressed their willingness to continue in the office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 29 February 2016.

TEE TUAN SEM **MAKOTO TAKAHASHI**

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Revenue	5	31,480,429	42,410,810	-	-
Direct operating costs		(24,581,213)	(36,696,133)	-	-
Gross profit		6,899,216	5,714,677	-	-
Other income		7,930,850	7,524,785	42,572,740	15,165,455
Administrative costs		(14,077,492)	(13,363,742)	(5,128,165)	(7,244,328)
Other expenses		(1,958,673)	(42,941,122)	(65,281)	(1,388,085)
		(16,036,165)	(56,304,864)	(5,193,446)	(8,632,413)
(Loss)/Profit from operations		(1,206,099)	(43,065,402)	37,379,294	6,533,042
Finance costs	6	(961,513)	(805,458)	-	-
Share of results of associates		656,291	(1,254,284)	-	-
Share of results of a jointly controlled entity		(10,934,334)	(8,137,855)	-	-
(Loss)/Profit before tax	7	(12,445,655)	(53,262,999)	37,379,294	6,533,042
Tax (expense)/credit	8	(770,836)	(543,217)	(32,796)	638
(Loss)/Profit for the financial year		(13,216,491)	(53,806,216)	37,346,498	6,533,680
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences		49,563,907	18,665,065	-	(2,361)
Fair value adjustment of available-for-sale financial assets		(41,924)	(437,700)	-	(150,000)
Other comprehensive income/(loss) for the financial year		49,521,983	18,227,365	-	(152,361)
Total comprehensive income/(loss) for the financial year		36,305,492	(35,578,851)	37,346,498	6,381,319

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
(Loss)/Profit attributable to:					
- Owners of the Company		(11,942,581)	(41,133,822)	37,346,498	6,533,680
- Non-controlling interests		(1,273,910)	(12,672,394)	-	-
		(13,216,491)	(53,806,216)	37,346,498	6,533,680
Total comprehensive income/(loss) attributable to:					
- Owners of the Company		32,176,765	(26,119,689)	37,346,498	6,381,319
- Non-controlling interests		4,128,727	(9,459,162)	-	-
		36,305,492	(35,578,851)	37,346,498	6,381,319
Loss per share attributable to owners of the Company (sen)					
- Basic and diluted	9	(6.835)	(23.270)		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	127,734,759	59,875,758	3,133,467	526,215
Land use rights	12	17,848,395	15,783,542	-	-
Intangible assets	13	2,724,904	-	-	-
Subsidiaries	14	-	-	22,841,195	20,841,195
Interest in associates	15	43,273,145	42,952,227	11,007,500	11,007,500
Interest in a jointly controlled entity	16	23,771,025	28,261,690	63,581,469	58,222,917
Other investments	17	1,634,216	1,446,936	527,280	494,256
Amounts owing by subsidiaries	18	-	-	63,966,068	58,361,567
Amounts owing by a jointly controlled entity	19	64,289,500	52,354,500	64,289,500	52,354,500
		281,275,944	200,674,653	229,346,479	201,808,150
Current assets					
Receivables	20	21,066,455	17,728,278	17,375,206	4,224,430
Amounts owing by a jointly controlled entity	19	24,546,900	17,134,200	24,546,900	17,134,200
Tax assets		620,788	598,716	620,106	598,716
Other investments	17	31,569,015	42,083,348	31,569,015	42,083,348
Cash and cash equivalents	22	120,781,408	114,281,945	1,136,608	276,570
		198,584,566	191,826,487	75,247,835	64,317,264
TOTAL ASSETS		479,860,510	392,501,140	304,594,314	266,125,414

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015 (cont'd)

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Share capital	23	178,025,503	178,025,503	178,025,503	178,025,503
Share premium	24	15,096,203	15,096,203	15,096,203	15,096,203
Treasury shares	25	(4,383,954)	(1,252,427)	(4,383,954)	(1,252,427)
Reserves	26	105,360,106	60,666,978	19,074,807	19,074,807
Retained earnings		25,128,752	43,427,558	84,718,426	53,556,997
Equity attributable to owners of the Company		319,226,610	295,963,815	292,530,985	264,501,083
Non-controlling interests		55,009,543	50,500,869	-	-
Total Equity		374,236,153	346,464,684	292,530,985	264,501,083
Liabilities					
Non-current liabilities					
Term loan	27	42,977,861	-	-	-
Unsecured loans from corporate shareholders	28	6,265,385	27,674,361	-	-
Deferred tax liabilities	29	1,562,898	498,291	-	-
		50,806,144	28,172,652	-	-
Current liabilities					
Term loan	27	2,146,961	-	-	-
Payables	30	19,981,793	17,361,011	908,084	1,624,331
Unsecured loans from corporate shareholders	28	31,842,947	-	-	-
Amounts owing to subsidiaries	18	-	-	11,155,245	-
Tax payables		846,512	502,793	-	-
		54,818,213	17,863,804	12,063,329	1,624,331
Total Liabilities		105,624,357	46,036,456	12,063,329	1,624,331
TOTAL EQUITY AND LIABILITIES		479,860,510	392,501,140	304,594,314	266,125,414

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 FINANCIAL YEAR ENDED 31 DECEMBER 2015

				Non-distributable		Distributable		Non-distributable							
	Note	Total equity RM	Equity attributable to owners of the parent RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total reserves RM	Asset revaluation reserve RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Fair value reserve RM	Other reserve RM	Capital reserve RM	Non-controlling interests RM
At 31.12.2013		381,590,102	322,215,397	178,025,503	27,609,598	(13,145,263)	84,753,174	44,972,385	2,027,449	7,433,418	11,685,359	396,149	4,430,010	19,000,000	59,374,705
Comprehensive loss															
Loss for the financial year		(53,806,216)	(41,133,822)	-	-	-	(41,133,822)	-	-	-	-	-	-	-	(12,672,394)
Other comprehensive income															
Foreign currency translation differences		18,681,979	15,382,437	-	-	-	-	15,382,437	-	506,024	14,578,562	-	297,851	-	3,299,542
Reversal of foreign exchange translation difference in respect of foreign operations		(16,914)	(16,914)	-	-	-	-	(16,914)	-	-	(16,914)	-	-	-	-
Fair value adjustment of available-for-sale financial assets		(437,700)	(351,390)	-	-	-	-	(351,390)	-	-	-	(351,390)	-	-	(86,310)
Total other comprehensive income for the financial year		18,227,365	15,014,133	-	-	-	-	15,014,133	-	506,024	14,561,648	(351,390)	297,851	-	3,213,232
Total comprehensive income for the financial year		(35,578,851)	(26,119,689)	-	-	-	(41,133,822)	15,014,133	-	506,024	14,561,648	(351,390)	297,851	-	(9,459,162)
Balance carried down		346,011,251	296,095,708	178,025,503	27,609,598	(13,145,263)	43,619,352	59,986,518	2,027,449	7,939,442	26,247,007	44,759	4,727,861	19,000,000	49,915,543

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

				Non-distributable		Distributable		Non-distributable							
	Note	Total equity RM	Equity attributable to owners of the parent RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total reserves RM	Asset revaluation reserve RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Fair value reserve RM	Other reserve RM	Capital reserve RM	Non-controlling interests RM
Balance brought down		346,011,251	296,095,708	178,025,503	27,609,598	(13,145,263)	43,619,352	59,986,518	2,027,449	7,939,442	26,247,007	44,759	4,727,861	19,000,000	49,915,543
Transactions with owners															
Transfer to statutory reserve fund		-	-	-	-	-	(191,794)	191,794	-	191,794	-	-	-	-	-
Purchase of treasury shares	25	(620,559)	(620,559)	-	-	(620,559)	-	-	-	-	-	-	-	-	-
Surplus on revaluation of buildings		1,073,992	488,666	-	-	-	-	488,666	488,666	-	-	-	-	-	585,326
Dividends	33	-	-	-	(12,513,395)	12,513,395	-	-	-	-	-	-	-	-	-
Total transactions with owners		453,433	(131,893)	-	(12,513,395)	11,892,836	(191,794)	680,460	488,666	191,794	-	-	-	-	585,326
At 31.12.2014		346,464,684	295,963,815	178,025,503	15,096,203	(1,252,427)	43,427,558	60,666,978	2,516,115	8,131,236	26,247,007	44,759	4,727,861	19,000,000	50,500,869

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

				← Non-distributable →		← Distributable →		← Non-distributable						→	
	Note	Total equity RM	Equity attributable to owners of the parent RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total reserves RM	Asset revaluation reserve RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Fair value reserve RM	Other reserve RM	Capital reserve RM	Non-controlling interests RM
At 31.12.2014		346,464,684	295,963,815	178,025,503	15,096,203	(1,252,427)	43,427,558	60,666,978	2,516,115	8,131,236	26,247,007	44,759	4,727,861	19,000,000	50,500,869
Comprehensive Loss															
Loss for the financial year		(13,216,491)	(11,942,581)	-	-	-	(11,942,581)	-	-	-	-	-	-	-	(1,273,910)
Other comprehensive income															
Foreign currency translation differences		49,563,907	44,148,693	-	-	-	-	44,148,693	-	1,879,033	41,187,328	-	1,082,332	-	5,415,214
Fair value adjustment of available-for-sale financial assets		(41,924)	(29,347)	-	-	-	-	(29,347)	-	-	-	(29,347)	-	-	(12,577)
Total other comprehensive income for the financial year		49,521,983	44,119,346	-	-	-	-	44,119,346	-	1,879,033	41,187,328	(29,347)	1,082,332	-	5,402,637
Total comprehensive income for the financial year		36,305,492	32,176,765	-	-	-	(11,942,581)	44,119,346	-	1,879,033	41,187,328	(29,347)	1,082,332	-	4,128,727
Balance carried down		382,770,176	328,140,580	178,025,503	15,096,203	(1,252,427)	31,484,977	104,786,324	2,516,115	10,010,269	67,434,335	15,412	5,810,193	19,000,000	54,629,596

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

	Note	Total equity RM	Equity attributable to owners of the parent RM	← Non-distributable → Share capital RM	Share premium RM	← Distributable → Treasury shares RM	Retained earnings RM	← Non-distributable → Total reserves RM	Asset revaluation reserve RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Fair value reserve RM	Other reserve RM	Capital reserve RM	Non-controlling interests RM
Balance brought down		382,770,176	328,140,580	178,025,503	15,096,203	(1,252,427)	31,484,977	104,786,324	2,516,115	10,010,269	67,434,335	15,412	5,810,193	19,000,000	54,629,596
Transactions with owners															
Transfer to statutory reserve fund		-	-	-	-	-	(171,156)	171,156	-	171,156	-	-	-	-	-
Purchase of treasury shares	25	(3,131,527)	(3,131,527)	-	-	(3,131,527)	-	-	-	-	-	-	-	-	-
Surplus on revaluation of buildings		592,551	269,611	-	-	-	-	269,611	269,611	-	-	-	-	-	322,940
Share of other reserve of an associate		190,022	133,015	-	-	-	-	133,015	-	-	-	-	133,015	-	57,007
Dividends	33	(6,185,069)	(6,185,069)	-	-	-	(6,185,069)	-	-	-	-	-	-	-	-
Total transactions with owners		(8,534,023)	(8,913,970)	-	-	(3,131,527)	(6,356,225)	573,782	269,611	171,156	-	-	133,015	-	379,947
At 31.12.2015		374,236,153	319,226,610	178,025,503	15,096,203	(4,383,954)	25,128,752	105,360,106	2,785,726	10,181,425	67,434,335	15,412	5,943,208	19,000,000	55,009,543

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

			← Non-distributable	→	← Distributable	→	←	Non-distributable		→
	Note	Total equity RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total reserves RM	Foreign exchange translation reserve RM	Capital reserve RM	Fair value reserve RM
At 1.1.2014		258,740,323	178,025,503	27,609,598	(13,145,263)	47,023,317	19,227,168	2,361	19,000,000	224,807
Comprehensive Income										
Profit for the financial year		6,533,680	-	-	-	6,533,680	-	-	-	-
Other comprehensive income										
Reversal of foreign exchange reserves differences		(2,361)	-	-	-	-	(2,361)	(2,361)	-	-
Fair value adjustment of available-for-sale financial assets		(150,000)	-	-	-	-	(150,000)	-	-	(150,000)
Total other comprehensive income for the financial year		(152,361)	-	-	-	-	(152,361)	(2,361)	-	(150,000)
Total comprehensive income for the financial year		6,381,319	-	-	-	6,533,680	(152,361)	(2,361)	-	(150,000)
Transactions with owners										
Purchase of treasury shares	25	(620,559)	-	-	(620,559)	-	-	-	-	-
Dividends	33	-	-	(12,513,395)	12,513,395	-	-	-	-	-
Total transactions with owners		(620,559)	-	(12,513,395)	11,892,836	-	-	-	-	-
At 31.12.2014		264,501,083	178,025,503	15,096,203	(1,252,427)	53,556,997	19,074,807	-	19,000,000	74,807

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

			Non-distributable		Distributable		Non-distributable			
	Note	Total equity RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total reserves RM	Foreign exchange translation reserve RM	Capital reserve RM	Fair value reserve RM
At 31.12.2014		264,501,083	178,025,503	15,096,203	(1,252,427)	53,556,997	19,074,807	-	19,000,000	74,807
Comprehensive Income										
Profit for the financial year		37,346,498	-	-	-	37,346,498	-	-	-	-
Other comprehensive income										
Reversal of foreign exchange reserves differences		-	-	-	-	-	-	-	-	-
Fair value adjustment of available-for-sale financial assets		-	-	-	-	-	-	-	-	-
Total other comprehensive income for the financial year		-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year		37,346,498	-	-	-	37,346,498	-	-	-	-
Transactions with owners										
Purchase of treasury shares	25	(3,131,527)	-	-	(3,131,527)	-	-	-	-	-
Dividends	33	(6,185,069)	-	-	-	(6,185,069)	-	-	-	-
Total transactions with owners		(9,316,596)	-	-	(3,131,527)	(6,185,069)	-	-	-	-
At 31.12.2015		292,530,985	178,025,503	15,096,203	(4,383,954)	84,718,426	19,074,807	-	19,000,000	74,807

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash Flows from Operating Activities					
(Loss)/Profit before tax: -		(12,445,655)	(53,262,999)	37,379,294	6,533,042
Adjustments for:-					
Amortisation of land use rights		392,263	345,432	-	-
Depreciation of property, plant and equipment		1,998,309	1,883,873	265,744	394,172
Deposits written off		400	10,520	-	10,520
Gain on disposal of property, plant and equipment	10	-	(69,460)	-	(31,999)
Gain on unrealised foreign exchange		(74,526)	(26,771)	(35,859,145)	(9,081,257)
Gain on voluntary winding-up of subsidiaries		-	-	-	(267)
Impairment loss on goodwill	13	41,727	-	-	-
Impairment loss on investment in associate		1,851,265	41,553,037	-	-
Interest income		(4,861,000)	(4,042,186)	(4,033,682)	(3,303,940)
Interest expense		961,513	805,458	-	-
Income distribution from short term fund		(1,072,214)	(1,008,478)	(1,072,214)	(1,008,478)
Property, plant and equipment written off		4	3	4	3
Provision for employee benefits		8,428	3,587	8,428	3,587
Share of results of associates		(656,291)	1,254,284	-	-
Share of results of a jointly controlled entity		10,934,334	8,137,855	-	-
Operating loss before working capital changes		(2,921,443)	(4,415,845)	(3,311,571)	(6,484,617)
Receivables		3,649,652	(199,622)	(1,557,980)	(1,687,101)
Payables		(6,996,350)	1,370,673	(724,675)	517,859
Cash used in operations		(6,268,141)	(3,244,794)	(5,594,226)	(7,653,859)
Interest paid		(963,289)	(913,293)	-	-
Tax refunded		(437,262)	(474,224)	(54,186)	(253,862)
Net cash used in operating activities carried down		(7,668,692)	(4,632,311)	(5,648,412)	(7,907,721)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Net cash used in operating activities brought down		(7,668,692)	(4,632,311)	(5,648,412)	(7,907,721)
Cash Flows from Investing Activities					
Net cash received from voluntary winding-up of subsidiaries		-	-	-	267
Acquisition of subsidiaries, net of cash acquired	14	(2,554,332)	-	(2)	-
Additional investment in subsidiaries		-	-	(1,999,998)	-
Redemption/(Placement) of short term fund		10,514,333	(42,083,348)	10,514,333	(42,083,348)
Proceeds from disposal of property, plant and equipment		-	70,680	-	32,000
(Advances to)/Repayments from subsidiaries		-	-	(3,709)	45,699,140
Withdrawal of time deposits	22	33,102,393	85,603,911	-	-
Purchase of property, plant and equipment	10	(48,715,168)	(196,644)	(2,873,000)	(42,791)
Advances to a jointly controlled entity		(3,580,883)	(14,215,121)	(3,580,883)	(14,215,121)
Interest received		3,511,060	3,379,144	2,683,742	2,640,898
Net cash (used in)/from investing activities		(7,722,597)	32,558,622	4,740,483	(7,968,955)
Cash Flows from Financing Activities					
Advances to subsidiaries		-	-	11,085,245	-
Dividends paid	33	(6,185,069)	-	(6,185,069)	-
Drawdown of unsecured loan from a corporate shareholder		6,265,385	-	-	-
Drawdown of term loan		45,124,822	-	-	-
Repayments of unsecured loan from a corporate shareholder		(3,324,000)	(13,524,000)	-	-
Treasury shares repurchased		(3,131,527)	(620,559)	(3,131,527)	(620,559)
Repayments of term loans		-	(4,981,508)	-	-
Net cash from/(used in) financing activities		38,749,611	(19,126,067)	1,768,649	(620,559)
Net change in cash and cash equivalents		23,358,322	8,800,244	860,720	(16,497,235)
Effects of exchange rates changes on cash and cash equivalents		9,851,638	624,009	(682)	(4)
Cash and cash equivalents at beginning of financial year		87,234,400	77,810,147	276,570	16,773,809
Cash and cash equivalents at end of financial year	22	120,444,360	87,234,400	1,136,608	276,570

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 2015

1. CORPORATE INFORMATION

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

The registered office of the Company is located at B-25-2, Block B, Jaya One, No. 72A, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan 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 principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 14. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 February 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarify that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132. They also clarify that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, Amendments to MFRS 3 clarify that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11) in the financial statements of the joint arrangement itself.

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of amendments/improvements to MFRSs (cont'd)

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments also clarify that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 or MFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarify the accounting treatment for the accumulated depreciation when an asset is revalued. They clarify that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and

- the accumulated depreciation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 clarify the accounting treatment for the accumulated amortisation when an asset is revalued. They clarify that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and

- the accumulated amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
<u>Amendments/Improvements to MFRSs</u>		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new MFRSs and amendments/improvements to MFRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

MFRS 9 Financial Instruments (cont'd)

Key requirements of MFRS 9:- (cont'd)

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduce specific guidance on when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution is discontinued.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/ liabilities and recognition of acquisition-related costs as expenses. The amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:

- when the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

2.4 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 they operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates, and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.13(a).

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

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

3.1 Basis of consolidation (cont'd)

(a) Subsidiaries and business combination (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

3.1 Basis of consolidation (cont'd)

(d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128 Investments in Associates and Joint Ventures.

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.15(b).

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

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

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

3.4 Revenue and other income

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

(a) Services

Revenue from services are recognised when services are rendered.

(b) Interest income

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

(c) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.5 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.6 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3.7 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. 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 allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

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

3.8 Financial instruments

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

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

<u>Financial assets at fair value through profit or loss</u>

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

<u>Loans and receivables</u>

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15(a). Gains and losses are recognised in profit or loss through the amortisation process.

<u>Available-for-sale financial assets</u>

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which 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 and the Company's right to receive payment is established.

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

3.8 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

The Group and the Company categorise the financial instruments as follows: (cont'd)

(ii) Financial liabilities

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) 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 in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries and jointly control entities as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2015

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

3.8 Financial instruments (cont'd)

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.9 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than freehold land and warehouse buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15(b).

Freehold land and warehouse buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and warehouse buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings in full when the asset is derecognised.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.6.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate items of property, plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

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

3.9 Property, plant and equipment (cont'd)

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The principal depreciation rates are as follows:

Warehouse buildings	2% - 5%
Warehouse renovation	20%
Machinery, equipment, furniture and fittings	20% - 33 1/3%
Motor vehicles	20%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

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 arising on derecognition of the asset is recognised in profit or loss.

3.10 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.

3.11 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.

3.12 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

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

3.12 Leases (cont'd)

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.13 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

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

3.13 Goodwill and other intangible assets (cont'd)

(b) Customer contract

Customer contract acquired in a business combination are recognised at fair value at the acquisition date.

Subsequent to recognition, customer contract are stated at cost less accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15(b).

(c) Amortisation

Amortisation of customer contract is provided for on a straight-line basis over the contract period of twenty one years. The residual value, useful lives and amortisation methods are reviewed at the end of each reporting period.

3.14 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to cash and are subject to an insignificant risk of changes in value.

3.15 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

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

3.15 Impairment of assets (cont'd)

(a) Impairment and uncollectibility of financial assets (cont'd)

Loans and receivables (cont'd)

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through 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 debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

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

3.15 Impairment of assets (cont'd)

(b) Impairment of non-financial assets (cont'd)

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.16 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

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

3.17 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.18 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset, it is recognised as deferred income in the statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.20 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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

3.21 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 and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.9, the Group and the Company review the residual values, depreciation rates and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 10.

(b) Joint arrangements

As disclosed in Note 16, the Company holds 50% of the voting rights of its joint arrangement. The Company has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The Company's joint arrangement is structured as a limited company and provides the Company and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement is classified as a joint venture.

(c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 40.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(d) Impairment of goodwill

The Group assesses at each reporting date whether there is any indication that goodwill may be impaired. For the purpose of assessing impairment, assets (including goodwill) are grouped at the lowest level where there are separately identifiable cash flows (cash-generating units). In determining the value-in-use of a cash-generating unit, management estimates the discounted cash flows using reasonable and supportable inputs about sales, costs of sales and other expenses based on past experience, current events and reasonably possible future developments. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value in use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The Group's goodwill is fully impaired during the year.

(e) Impairment of financial assets

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

For available-for-sale investments, the Group and the Company recognise an impairment loss when there has been a significant or prolonged decline in the market price of the investments. The Group and the Company use its judgement to decide when an impairment loss shall be recognised using past experience of similar investments, historical volatility of the prices and current market conditions. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 39(a).

(f) Measurement of income taxes

The Group and the Company operate in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Group's and the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise. The income tax expense of the Group and the Company are disclosed in Note 8.

(g) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance of the subsidiaries. The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 29.

(h) Useful lives of other intangible assets

The Group and the Company estimate the useful lives to amortise other intangible assets based on the future performance of the assets acquired and management's judgement of the period over which economic benefits will be derived from the assets. The estimated useful lives of other intangible assets are reviewed periodically. The amount and timing of recorded expenses for any period would be affected by changes in the estimates. A reduction in the estimated useful lives of the other intangible assets would increase the recorded expenses and decrease the non-current assets. The carrying amounts of the other intangible assets are disclosed in Note 13.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(i) Fair value of identifiable assets arising from acquisition of a subsidiary

The fair value of intangible assets attributable to customer contracts which has arisen from the acquisition of a subsidiary (Note14) was determined on a provisional basis as Group is unable to complete the initial accounting of the acquisition during the financial year. The Group is in the process of finalising the valuation report to assess the fair values of the identifiable assets. It may be adjusted upon the completion of the initial accounting.

(j) Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's and the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

(k) Revaluation of freehold land and warehouse buildings

The Group carries its freehold land and warehouse buildings, which are included in property, plant and equipment, at fair values. The Group engaged an independent professionally qualified valuer to determine their fair values at a regular internal of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying amount materially differ from the market value.

5. REVENUE

	Group	
	2015	**2014**
	RM	**RM**
Warehousing and related value added services	29,634,249	31,912,162
Transportation and distribution, freight forwarding and haulage services	1,846,180	10,498,648
	31,480,429	42,410,810

6. FINANCE COSTS

	Group	
	2015	**2014**
	RM	**RM**
Interest expense on:		
- Term loans	-	87,456
- Shareholder's loan	961,513	718,002
	961,513	805,458

7. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is arrived at after charging/(crediting):

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Amortisation of land use rights	392,263	345,432	-	-
Auditors' remuneration				
- auditors of the Company				
- statutory audit	88,000	76,000	73,000	73,000
- other services	22,200	22,200	22,200	22,200
- component auditors of the Group				
- statutory audit	200,135	184,780	-	-
Compensation received	(110,000)	-	-	-
Depreciation of property, plant and equipment	1,998,309	1,883,873	265,744	394,172
Deposits written off	400	10,520	-	10,520
Directors' remuneration*				
- fees	388,000	388,000	388,000	388,000
- other emoluments	2,332,811	2,375,856	916,043	1,276,672
Gain on disposal of property, plant and equipment	-	(69,460)	-	(31,999)
Gain on voluntary winding-up of subsidiaries	-	-	-	(267)
Government subsidies	(195,309)	(556,374)	-	-
Impairment loss on goodwill	41,727	-	-	-
Impairment loss on investment in associate	1,851,265	41,553,037	-	-
Income distribution from short term fund	(1,072,214)	(1,008,478)	(1,072,214)	(1,008,478)
Interest expense	961,513	805,458	-	-
Interest income				
- banks	(2,438,846)	(2,370,666)	(1)	(10)
- amounts owing by subsidiaries	-	-	(1,611,527)	(1,632,410)
- amount owing by a jointly controlled entity	(2,422,154)	(1,671,520)	(2,422,154)	(1,671,520)
Loss/(Gain) on foreign exchange				
- realised	48,277	1,320,257	48,277	1,337,562
- unrealised	(74,526)	(26,771)	(35,859,145)	(9,081,257)
Property, plant and equipment written off	4	3	4	3
Provision for employee benefits	8,428	3,587	8,428	3,587
Rental of warehouse and office buildings	9,155,991	10,389,701	823,765	982,686
Rental of equipment and store	31,000	11,000	13,000	11,000
Rental of warehouse	(1,607,700)	(1,739,513)	(1,607,700)	(1,739,513)
Staff costs				
- Contribution to defined contribution plan	128,540	73,027	75,337	73,027
- Salaries and others	11,398,242	9,644,255	915,366	854,761

7. (LOSS)/PROFIT BEFORE TAX (cont'd)

* Included in directors' remuneration are aggregate amounts of remuneration received and receivable by the directors of the Company during the financial year, as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Executive directors				
- other emoluments	2,332,811	2,375,856	916,043	1,276,672
Non-executive directors				
- fees	388,000	388,000	388,000	388,000
Total directors' remuneration	2,720,811	2,763,856	1,304,043	1,664,672

The monetary value of benefits-in-kind of the Group and of the Company provided to certain directors of the Company amounted to RM89,700 (2014: RM102,200) and RM89,700 (2014: RM102,200) respectively.

8. TAX EXPENSE/(CREDIT)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current income tax:				
Taxation in Malaysia				
- Current income tax charge	65,996	-	32,796	-
- Adjustment in respect of prior years	(42,843)	(638)	-	(638)
	23,153	(638)	32,796	(638)
Taxation outside Malaysia				
- Current income tax charge	679,270	455,765	-	-
Total current income tax	702,423	455,127	32,796	(638)
Deferred tax (Note 29)				
- Origination and reversal of temporary differences	68,413	88,090	-	-
Tax expense/(credit)	770,836	543,217	32,796	(638)

8. TAX EXPENSE/(CREDIT) (cont'd)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense/(credit) are as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
(Loss)/Profit before tax	(12,445,655)	(53,262,999)	37,379,294	6,533,042
Tax at Malaysian statutory income tax rate of 25%	(3,111,400)	(13,315,700)	9,344,800	1,633,300
Effect of different tax rates in other jurisdictions	1,129,400	3,916,800	-	-
Share of results of associates	(575,400)	(18,800)	-	-
Share of results of a jointly controlled entity	2,733,600	2,034,500	-	-
Effect of changes in tax rates	4,600	1,700	35	1,700
Tax effect of non-taxable income	(957,200)	(761,700)	(10,241,260)	(3,348,400)
Tax effect of non-deductible expenses	1,383,679	8,903,255	928,391	1,662,500
Tax effect of withholding tax in foreign subsidiaries	81,800	102,000	-	-
Utilisation of deferred tax assets not recognised in prior financial years	(187,400)	(409,400)	-	-
Deferred tax assets not recognised during the financial year	312,000	91,200	830	50,900
Over provision in prior financial years				
- current income tax	(42,843)	(638)	-	(638)
Total income tax expense/(credit) recognised in profit or loss	770,836	543,217	32,796	(638)

8. TAX EXPENSE/(CREDIT) (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016. The computation of deferred tax as at 31 December 2015 and 31 December 2014 has reflected these changes.

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

The Group has unutilised tax losses and unabsorbed capital allowances of RM7,695,118 (2014: RM5,614,679) and RM22,592 (2014: RM260) respectively, available for set-off against future taxable profits.

9. LOSS PER SHARE

Basic loss per share of the Group is calculated by dividing loss for the financial year attributable to owners of Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2015 RM	2014 RM
Loss for the financial year attributable to owners of the Company	(11,942,581)	(41,133,822)
Weighted average number of ordinary shares for basic loss per share computation	174,721,210	176,767,239
Basic loss per ordinary share (sen)	(6.835)	(23.270)

The diluted loss per ordinary share of the Group for the financial years ended 31 December 2015 and 31 December 2014 are same as the basic loss per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM	Warehouse Buildings RM	Warehouse Renovation RM	Machinery, Equipment, Furniture and Fittings RM	Motor Vehicles RM	Capital Work-in-Progress (Note 11) RM	Total RM
Group							
Cost/Valuation							
At 1.1.2015							
At cost	-	-	175,975	4,373,428	2,587,486	-	7,136,889
At valuation	-	58,976,650	-	-	-	-	58,976,650
	-	58,976,650	175,975	4,373,428	2,587,486	-	66,113,539
Translation differences	-	9,377,884	27,643	661,893	156,796	-	10,224,216
Additions	-	-	99,065	196,476	-	58,423,940	58,719,481
Adjustment on revaluation	-	790,108	-	-	-	-	790,108
Elimination of accumulated depreciation on revaluation	-	(1,564,442)	-	-	-	-	(1,564,442)
Acquisition of subsidiaries (Note 14)	800,000	-	-	11,063	-	180,673	991,736
Disposals	-	-	-	(17,234)	-	-	(17,234)
Written off	-	-	-	(1,787)	-	-	(1,787)
At 31.12.2015	800,000	67,580,200	302,683	5,223,839	2,744,282	58,604,613	135,255,617
Representing							
At cost	-	-	302,683	5,223,839	2,744,282	58,604,613	66,875,417
At valuation	800,000	67,580,200	-	-	-	-	68,380,200
	800,000	67,580,200	302,683	5,223,839	2,744,282	58,604,613	135,255,617

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

	Freehold Land RM	Warehouse Buildings RM	Warehouse Renovation RM	Machinery, Equipment, Furniture and Fittings RM	Motor Vehicles RM	Capital Work-in-Progress (Note 11) RM	Total RM
Group							
Accumulated Depreciation							
At 1.1.2015	-	-	147,672	4,026,517	2,063,592	-	6,237,781
Translation differences	-	86,070	23,851	608,653	147,711	-	866,285
Charge for the financial year	-	1,478,372	31,289	202,402	286,246	-	1,998,309
Elimination of accumulated depreciation on revaluation	-	(1,564,442)	-	-	-	-	(1,564,442)
Acquisition of subsidiaries (Note 14)	-	-	-	1,942	-	-	1,942
Disposals	-	-	-	(17,234)	-	-	(17,234)
Written off	-	-	-	(1,783)	-	-	(1,783)
At 31.12.2015	-	-	202,812	4,820,497	2,497,549	-	7,520,858
Net Carrying Amount							
At cost	-	-	99,871	403,342	246,733	58,604,613	59,354,559
At valuation	800,000	67,580,200	-	-	-	-	68,380,200
At 31.12.2015	800,000	67,580,200	99,871	403,342	246,733	58,604,613	127,734,759

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

	Warehouse Buildings RM	Warehouse Renovation RM	Machinery, Equipment, Furniture and Fittings RM	Motor Vehicles RM	Total RM
Group					
Cost/Valuation					
At 1.1.2014					
At cost	-	165,435	4,049,367	2,874,756	7,089,558
At valuation	55,336,806	-	-	-	55,336,806
	55,336,806	165,435	4,049,367	2,874,756	62,426,364
Translation differences	3,526,028	10,540	240,113	66,029	3,842,710
Additions	-	-	196,644	-	196,644
Adjustment on revaluation	1,432,018	-	-	-	1,432,018
Elimination of accumulated depreciation on revaluation	(1,318,202)	-	-	-	(1,318,202)
Disposals	-	-	(107,258)	(353,299)	(460,557)
Written off	-	-	(5,438)	-	(5,438)
At 31.12.2014	58,976,650	175,975	4,373,428	2,587,486	66,113,539
Representing					
At cost	-	175,975	4,373,428	2,587,486	7,136,889
At valuation	58,976,650	-	-	-	58,976,650
	58,976,650	175,975	4,373,428	2,587,486	66,113,539

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

	Warehouse Buildings RM	Warehouse Renovation RM	Machinery, Equipment, Furniture and Fittings RM	Motor Vehicles RM	Total RM
Group					
Accumulated Depreciation					
At 1.1.2014	-	109,700	3,727,342	1,955,918	5,792,960
Translation differences	47,449	8,106	229,857	59,729	345,141
Charge for the financial year	1,270,753	29,866	182,011	401,243	1,883,873
Elimination of accumulated depreciation on revaluation	(1,318,202)	-	-	-	(1,318,202)
Disposals	-	-	(107,258)	(353,298)	(460,556)
Written off	-	-	(5,435)	-	(5,435)
At 31.12.2014	-	147,672	4,026,517	2,063,592	6,237,781
Net Carrying Amount					
At cost	-	28,303	346,911	523,894	899,108
At valuation	58,976,650	-	-	-	58,976,650
At 31.12.2014	58,976,650	28,303	346,911	523,894	59,875,758

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

	Equipment, Furniture and Fittings RM	Motor vehicles RM	Capital Work-in-Progress (Note 11) RM	Total RM
Company				
Cost				
At 1.1.2015	323,324	1,687,246	-	2,010,570
Additions	2,000	-	2,871,000	2,873,000
Written off	(1,787)	-	-	(1,787)
At 31.12.2015	323,537	1,687,246	2,871,000	4,881,783
Accumulated Depreciation				
At 1.1.2015	249,411	1,234,944	-	1,484,355
Charge for the financial year	30,489	235,255	-	265,744
Written off	(1,783)	-	-	(1,783)
At 31.12.2015	278,117	1,470,199	-	1,748,316
Net Carrying Amount				
At 31.12.2015	45,420	217,047	2,871,000	3,133,467
Cost				
At 1.1.2014	285,971	1,849,446	-	2,135,417
Additions	42,791	-	-	42,791
Disposal	-	(162,200)	-	(162,200)
Written off	(5,438)	-	-	(5,438)
At 31.12.2014	323,324	1,687,246	-	2,010,570
Accumulated Depreciation				
At 1.1.2014	198,123	1,059,694	-	1,257,817
Charge for the financial year	56,723	337,449	-	394,172
Disposal	-	(162,199)	-	(162,199)
Written off	(5,435)	-	-	(5,435)
At 31.12.2014	249,411	1,234,944	-	1,484,355
Net Carrying Amount				
At 31.12.2014	73,913	452,302	-	526,215

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

(a) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM58,719,481 (2014: RM196,644) which are satisfied by the following:

	Group 2015 RM	Group 2014 RM
Additions of property, plant and equipment	58,719,481	196,644
Less: Payable	(10,004,313)	-
Cash payments on purchase of property, plant and equipment	48,715,168	196,644

(b) During the financial year, the warehouse buildings and freehold land of the Group were revalued on 31 December 2015 and 18 May 2015 respectively by external independent valuers, having appropriate recognised professional qualification. The valuations are based on replacement cost method and comparison method respectively.

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

	Group 2015 RM	Group 2014 RM
Warehouse buildings	64,898,589	57,402,456
Freehold land	328,734	-

(c) The net carrying amount of property, plant and equipment pledged to the financial institutions as security for term loan facilities (Note 27) are as follows:-

	Group 2015 RM	Group 2014 RM
Warehouse buildings	67,580,200	-

(d) The fair value of warehouse buildings and freehold land of the Group are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
31.12.2015				
Warehouse buildings	-	-	67,580,200	67,580,200
Freehold land	-	800,000	-	800,000
31.12.2014				
Warehouse buildings	-	-	58,976,650	58,976,650

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

(d) (i) The valuation of warehouse buildings as at 31 December 2015 is determined using replacement cost approach which determines the cost to replace an asset at current prices. In the view of the lack of comparable market data of similar buildings in the vicinity where the Group's warehouse buildings are situated, the valuation was based on significant unobservable inputs and is therefore recognised under level 3 of the fair value hierarchy.

The directors and the professional valuer consider that it is appropriate to use the replacement cost approach since the directors will use the warehouse buildings for long–term yield from production of logistics services for best utilisation of the buildings for maximisation of returns rather than primarily for rental income and will not dispose the warehouse buildings in the short run.

The key unobservable inputs of the valuation include average construction cost per square meter of RM1,521 (equivalent to RMB2,300), direct administrative cost of approximately 3%, interest rate on financing of approximately 2% and depreciated rates of 13% and 5%. These assumptions are estimated by the professional valuer based on the risk profile of the warehouse buildings being value.

(ii) The valuation of freehold land as at 18 May 2015 is determined using the Comparison Method of Valuation which compares the land with similar land that have been sold recently and those that are currently being offered for sale in the vicinity or other comparable localities. The characteristics, merits and demerits of these lands are noted and appropriate adjustment thereof are then made to arrive at the value of the land.

In the view of there is comparable market data of similar lands in the vicinity where the Group's freehold land is situated, the valuation was based on significant observable inputs and is therefore recognised under level 2 of the fair value hierarchy.

There were no transfers between level 1, level 2 and level 3 during the financial years ended 31 December 2015 and 31 December 2014.

11. CAPITAL WORK-IN-PROGRESS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1 January	-	-	-	-
Additions	58,423,940	-	2,871,000	-
Acquisition of subsidiaries (Note 14)	180,673	-	-	-
At 31 December	58,604,613	-	2,871,000	-

Upon completion of the capital work-in-progress of the warehouse buildings with a carrying amont of RM55,552,940 as at 31 December 2015, the warehouse buildings will be pledged to the financial institutions as security for term loan facilities as disclosed in Note 27.

12. LAND USE RIGHTS

	Group 2015 RM	Group 2014 RM
At 1 January	15,783,542	15,175,063
Amortisation for the financial year	(392,263)	(345,432)
Translation differences	2,457,116	953,911
At 31 December	17,848,395	15,783,542

At the end of the financial year, the Group has land use rights located in 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.

The land use rights is pledged to the financial institutions as security for term loan facilities as disclosed in Note 27.

13. INTANGIBLE ASSETS

Group	Goodwill RM	Customer Contract RM	Total RM
Cost			
At 1 January 2015	-	-	-
Acquisition of subsidiaries (Note 14)	41,727	2,724,904	2,766,631
At 31 December 2015	41,727	2,724,904	2,766,631
Accumulated amortisation and impairment			
At 1 January 2015	-	-	-
Impairment loss	(41,727)	-	-
At 31 December 2015	(41,727)	-	-
Carrying amount			
At 31 December 2014	-	-	-
At 31 December 2015	-	2,724,904	2,724,904

The intangible assets including goodwill and customer contract which has arisen from the acquisition of subsidiaries during the financial year ended 31 December 2015 is set out in Note 14.

13. INTANGIBLE ASSETS (cont'd)

(a) Impairment of goodwill

During the financial year, an impairment loss of RM41,727 was recognised in profit or loss of the Group as other expenses.

(b) Customer contract

The fair value of intangible assets attributable to customer contracts which has arisen from the acquisition of a subsidiary was determined on a provisional basis as Group is unable to complete the initial accounting of the acquisition during the financial year. The Group is in the process of finalising the valuation report to assess the fair values of the identifiable assets. It may be adjusted upon the completion of the initial accounting as disclosed in Note 14.

The acquired subsidiary was granted a feed-in approval by Sustainable Energy Development Authority Malaysia ("SEDA") pursuant to the Renewable Energy Act 2011.

A Renewable Energy Power Purchase Agreement ("REPPA") was entered into with Tenaga Nasional Berhad ("TNB") with effective period of 21 years commencing from the Feed-in Tariff ("FiT") commencement.

The solar power plant is currently under construction and there is no sales and cost of sales recognised in profit or loss for the financial year.

14. SUBSIDIARIES

	Company	
	2015	**2014**
	RM	**RM**
Unquoted shares, at cost		
At 1 January	32,316,195	43,806,195
Additions	2,000,000	-
Voluntary winding-up	-	(11,490,000)
At 31 December	34,316,195	32,316,195
Less: Accumulated impairment loss		
At 1 January	(11,475,000)	(22,965,000)
Written off	-	11,490,000
At 31 December	(11,475,000)	(11,475,000)
	22,841,195	20,841,195

14. SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2015	Effective Equity Interest 2014
	Integrated Forwarding & Shipping Berhad	Malaysia	Ceased operations	100%	100%
^	Integrated Freight Services Sdn. Bhd.	Malaysia	Ceased operations	100%	100%
	IL Energy Sdn. Bhd.	Malaysia	Investment holding	100%	-
@	ILB International (BVI) Limited	British Virgin Islands	Investment holding	100%	100%
	Subsidiaries of IL Energy Sdn. Bhd.				
	EVN Vision Sdn. Bhd.	Malaysia	Solar power plant	100%	-
	Feel Solar Sdn. Bhd.	Malaysia	Trading of solar related goods and designing, installation and commissioning of solar photovoltaic systems and other renewable energy related system	100%	-
	IL Solar Sdn. Bhd.	Malaysia	Dormant	100%	-
	Subsidiary of ILB International (BVI) Limited				
@	ISH Logistics Group Limited	Grand Cayman Island	Investment holding	70%	70%
	Subsidiary of ISH Logistics Group Limited				
@	ISH Group (BVI) Limited	British Virgin Islands	Investment holding	70%	70%

14. SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2015	Effective Equity Interest 2014
	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.) Limited				
@	ISH Logistics (Shanghai) Limited	Hong Kong	Investment holding	70%	70%
@	Integrated Logistics (China) Company Limited	The People's Republic of China	Warehousing and related value added services and transportation	70%	70%
@	Integrated Etern Logistics (Suzhou) Company Limited	The People's Republic of China	Warehousing and related value added services and transportation	45.5%	45.5%
@	ISH Cargo Services (H.K.) Company Limited	Hong Kong	Investment holding	70%	70%
#	Changchun ISH Logistics (H.K.) Limited	Hong Kong	Dormant	-	70%
	Subsidiary of ISH Logistics (Shanghai) Limited				
@	Integrated Shun Hing Logistics (Shanghai) Company Limited	The People's Republic of China	Warehousing and related value added services and transportation	70%	70%

14. SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2015	Effective Equity Interest 2014
	Subsidiary of ISH Cargo Services (H.K.) Company Limited				
@	Integrated Shun Hing Logistics (Shenzhen) Company Limited	The People's Republic of China	Warehousing and related value added services and transportation	70%	70%

@ Not audited by Baker Tilly AC. Audited by an independent member firm of Baker Tilly International.

^ The subsidiary is consolidated using unaudited management financial statements as it has been placed under Member's Voluntary Winding-up pursuant to Section 254(1) of the Companies Act, 1965 in Malaysia.

On 29 July 2015, the subsidiary has been deregistered pursuant to Section 751 of the Companies Ordinance of Hong Kong.

(a) Acquisition of subsidiaries

(i) On 16 June 2015, the Company had acquired 2 ordinary shares of RM1.00 each in IL Energy Sdn. Bhd. ("IL Energy"), representing 100% of the issued and paid up share capital of IL Energy for a total cash consideration of RM2.00.

The fair value of identifiable net assets and effect of the acquisition on cash flows is as follows:

	RM
Cash and cash equivalent acquired	2
Consideration paid in cash	(2)
Net cash outflow on acquisition	-

14. SUBSIDIARIES (cont'd)

(a) Acquisition of subsidiaries (cont'd)

(ii) On 8 July 2015, IL Energy Sdn. Bhd., a wholly-owned subsidiary of the Company, had acquired 2 ordinary shares of RM1.00 each in IL Solar Sdn. Bhd. ("IL Solar"), representing 100% of the issued and paid up share capital of IL Solar for a total cash consideration of RM2.00.

The fair value of identifiable net assets and effect of the acquisition on cash flows is as follows:

	RM
Cash and cash equivalent acquired	2
Consideration paid in cash	(2)
Net cash outflow on acquisition	-

(iii) On 14 July 2015, IL Energy Sdn. Bhd., a wholly-owned subsidiary of the Company, had acquired 100,000 ordinary shares of RM1.00 each in EVN Vision Sdn. Bhd. ("EVN"), representing 100% of the issued and paid up share capital of EVN for a total cash consideration of RM2,524,000.

Fair value of the identifiable assets acquired and liabilities recognised

	RM
Assets	
Property, plant and equipment (Note 10)	800,000
Capital work-in-progress (Note 11)	180,673
Intangible assets (Note 13)	2,724,904
Cash and bank balances	14,291
Pledged bank deposit	200,000
	3,919,868
Liabilities	
Trade and other payables	(718,328)
Deferred tax liabilities (Note 29)	(677,540)
Total identifiable net assets acquired	2,524,000
Fair value of consideration transferred	(2,524,000)
Goodwill arising on acquisition	-

The fair value of Intangible assets attributable to customer contracts which has arisen from the above acquisition was determined on a provisional basis as Group is unable to complete the initial accounting of the acquisition during the financial year. The Group is in the process of finalising the valuation report to assess the fair values of the identifiable assets. It may be adjusted upon the completion of the initial accounting.

14. SUBSIDIARIES (cont'd)

(a) Acquisition of subsidiaries (cont'd)

(iii) Effects of acquisition on cash flows

	RM
Fair value of consideration transferred	2,524,000
Less: Non-cash consideration	-
	2,524,000
Less: Cash and cash equivalents of the subsidiary acquired	(14,291)
Net cash outflow on acquisition	2,509,709

Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	RM
Revenue	-
Loss for the financial period	(96,248)

If the acquisition had occurred on 1 January 2015, the consolidated results for the financial year ended 31 December 2015 would have been as follows:

	RM
Revenue	-
Loss for the financial year	(159,778)

14. SUBSIDIARIES (cont'd)

(a) Acquisition of subsidiaries (cont'd)

(iv) On 31 July 2015, IL Energy Sdn. Bhd., a wholly-owned subsidiary of the Company, had acquired 100,000 ordinary shares of RM1.00 each in Feel Solar Sdn. Bhd. ("Feel Solar") representing 100% of the issued share capital of Feel Solar for a total cash consideration of RM115,388.

Fair value of the identifiable assets acquired and liabilities recognised

	RM
Assets	
Property, plant and equipment (Note 10)	9,121
Deposits	3,148
Cash and cash equivalents	99,743
	112,012
Liabilities	
Trade and other payables	(9,373)
Total identifiable net assets acquired	102,639
Fair value of consideration transferred	(144,366)
Goodwill arising on acquisition (Note 13)	(41,727)

Effects of acquisition on cash flows

	RM
Fair value of consideration transferred	144,366
Less: Non-cash consideration	-
	144,366
Less: Cash and cash equivalents of the subsidiary acquired	(99,743)
Net cash outflow on acquisition	44,623

Effects of acquisition in statements of comprehensive income
From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	RM
Revenue	96,810
Loss for the financial period	(358,279)

14. SUBSIDIARIES (cont'd)

(a) Acquisition of subsidiaries (cont'd)

(iv) (cont'd)

Effects of acquisition in statements of comprehensive income (cont'd)

If the acquisition had occurred on 1 January 2015, the consolidated results for the financial year ended 31 December 2015 would have been as follows:

	RM
Revenue	123,459
Loss for the financial year	(360,546)

(b) Acquisition of additional interest

(i) On 16 December 2015, the Company had subscribed additional 1,999,998 ordinary shares of RM1.00 each in IL Energy Sdn. Bhd. for a total cash consideration of RM1,999,998.

(ii) On 16 December 2015, IL Energy Sdn. Bhd., a wholly-owned subsidiary of the Company, had subscribed additional 1,900,000 ordinary shares of RM1.00 each in EVN Vision Sdn. Bhd. for a total cash consideration of RM1,900,000.

14. **SUBSIDIARIES** (cont'd)

(c) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows:-

	Integrated Logistics (H.K.) Limited RM	Integrated Shun Hing Logistics (Shanghai) Co. Limited RM	Integrated Logistics (China) Co. Limited RM	Integrated Etern Logistics (Suzhou) Co. Limited RM	ISH Logistics Group Limited RM	Integrated Shun Hing Logistics (Shenzhen) Co. Limited RM	Other immaterial individual subsidiaries RM	Total RM
2015								
NCI percentage of ownership interest and voting interest	30%	30%	30%	54.5%	30%	30%		
Carrying amount of NCI	9,180,023	9,756,433	11,236,373	37,049,681	(27,594,732)	15,258,852	122,913	55,009,543
(Loss)/Profit allocated to NCI	(1,430,610)	298,207	130,714	173,664	(680,430)	216,389	18,156	(1,273,910)
2014								
NCI percentage of ownership interest and voting interest	30%	30%	30%	54.5%	30%	30%		
Carrying amount of NCI	16,423,550	8,163,467	6,424,300	31,542,836	(25,160,130)	13,008,569	98,277	50,500,869
(Loss)/Profit allocated to NCI	(12,904,333)	218,397	142,931	294,757	(731,194)	270,344	36,704	(12,672,394)

14. SUBSIDIARIES (cont'd)

(d) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:-

2015	Integrated Logistics (H.K.) Limited RM	Integrated Shun Hing Logistics (Shanghai) Co. Limited RM	Integrated Logistics (China) Co. Limited RM	Integrated Etern Logistics (Suzhou) Co. Limited RM	ISH Logistics Group Limited RM	Integrated Shun Hing Logistics (Shenzhen) Co. Limited RM
Assets and liabilities						
Non-current assets	130,673,174	602,710	19,946	135,639,847	432	903,807
Current assets	54,225,398	34,362,988	37,486,871	16,164,233	145,399,766	52,388,278
Non-current liabilities	(87,856,291)	-	-	(62,164,433)	(91,380,097)	-
Current liabilities	(42,464,081)	(2,403,076)	(52,539)	(21,658,581)	(641,049)	(283,712)
Net assets	54,578,200	32,562,622	37,454,278	67,981,066	53,379,052	53,008,373
Results						
Revenue	2,547,453	19,860,434	696,054	8,202,032	-	-
Profit for the financial year	(1,161,075)	1,034,132	435,712	318,650	(2,268,100)	751,420
Total comprehensive income	(1,161,075)	1,034,132	435,712	318,650	(2,268,100)	751,420
Cash flows from operating activities	(921,698)	(486,849)	(1,562,016)	(11,839,373)	10,047,244	647,093
Cash flows from investing activities	13,132,205	627,360	923,368	(36,440,620)	-	1,001,899
Cash flows from financing activities	(12,319,256)	-	-	57,702,875	(10,048,000)	-
Effects of exchange rate changes on cash and cash equivalents	-	(1,748,898)	(2,099,401)	983,494	-	(2,925,009)
Net change in cash and cash equivalents	(108,749)	(1,608,387)	(2,738,049)	10,406,376	(756)	(1,276,017)
Dividends paid to NCI	-	-	-	-	-	-

14. SUBSIDIARIES (cont'd)

(d) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:- (cont'd)

2014	Integrated Logistics (H.K.) Limited RM	Integrated Shun Hing Logistics (Shanghai) Co. Limited RM	Integrated Logistics (China) Co. Limited RM	Integrated Etern Logistics (Suzhou) Co. Limited RM	ISH Logistics Group Limited RM	Integrated Shun Hing Logistics (Shenzhen) Co. Limited RM
Assets and liabilities						
Non-current assets	106,367,110	479,989	51,441	74,763,077	352	782,711
Current assets	59,965,813	29,250,475	32,144,303	3,051,715	129,369,127	44,625,515
Non-current liabilities	(82,544,264)	-	-	(394,225)	(83,373,667)	-
Current liabilities	(38,335,548)	(2,533,395)	(224,474)	(19,543,859)	(525,144)	(282,965)
Net assets	45,453,111	27,197,069	31,971,270	57,876,708	45,470,668	45,125,261
Results						
Revenue	15,747,973	19,476,481	2,428,250	4,420,502	-	4,845
Profit for the financial year	(29,253,355)	854,211	476,437	976,074	(2,437,314)	1,054,809
Total comprehensive income	(29,253,355)	854,211	476,437	976,074	(2,437,314)	1,054,809
Cash flows from operating activities	(1,110,471)	1,500,984	(10,290,549)	6,848,728	(2,455,557)	7,371,996
Cash flows from investing activities	32,423,803	16,874,489	29,641,377	163	-	31,937,305
Cash flows from financing activities	(46,417,755)	-	-	(4,824,592)	2,423,057	-
Effects of exchange rate changes on cash and cash equivalents	-	(78,117)	(98,195)	65,960	-	(133,825)
Net change in cash and cash equivalents	(15,104,423)	18,297,356	19,252,633	2,090,259	(32,500)	39,175,476
Dividends paid to NCI	-	-	-	-	-	-

15. INTEREST IN ASSOCIATES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unquoted shares, at cost				
At 1 January	16,381,181	16,381,181	11,007,500	11,007,500
Disposal during the financial year	(5,392,881)	-	-	-
At 31 December	10,988,300	16,381,181	11,007,500	11,007,500
Quoted shares outside Malaysia, at cost				
At 1 January/ 31 December	66,096,686	66,096,686	-	-
Less: Accumulated impairment loss				
At 1 January	(47,082,160)	(5,529,123)	-	-
Additions	(1,851,265)	(41,553,037)	-	-
Disposal during the financial year	5,392,881	-	-	-
At 31 December	(43,540,544)	(47,082,160)	-	-
Share of results:				
At 1 January	2,118,173	3,372,457	-	-
Additions	656,291	(1,254,284)	-	-
At 31 December	2,774,464	2,118,173	-	-
Add: Share of other reserves	190,022	-	-	-
Exchange differences	6,764,217	5,438,347	-	-
	43,273,145	42,952,227	11,007,500	11,007,500
Market value:				
Quoted shares outside Malaysia	27,889,468	29,869,955		

15. INTEREST IN ASSOCIATES (cont'd)

Details of the associates are as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2015	Effective Equity Interest 2014
Integrated Mits Sdn. Bhd.	Malaysia	Warehousing and related value added services	50%	50%
Interest held through Integrated Logistics (H.K.) Limited				
^ Shanghai Puhwa Logistics Company Limited	The People's Republic of China	Warehousing and transportation	-	24.5%
* Hengyang Petrochemical Logistics Limited	Singapore	Investment holding	18.1%	18.1%

* Audited by auditors other than Baker Tilly AC.

^ The audited financial statements and auditors' report for the financial year were not available. The Group has not recognised losses relating to Shanghai Puhwa Logistics Company Limited where it had been fully impaired in the previous financial years and its share of losses exceeds the Group's interest in this associate.

On 21 July 2015, Integrated Logistics (H.K.) Limited, in which ILB has 70% effective equity interest had completed the disposal of the entire 35% equity interest in the associate to Shanghai Pu Ying Logistics Co. Ltd. for a total cash consideration of RMB1.00.

(a) Fair value information

As at 31 December 2015, the fair value of Hengyang Petrochemical Logistics Limited, which is listed on Singapore Exchange Limited, was RM27,889,468 (2014: RM29,869,955) based on the quoted market price available on the stock exchange, which has been categorised within level 1 fair value hierarchy.

15. INTEREST IN ASSOCIATES (cont'd)

(b) The following table illustrates the summarised financial information of the associates.

	Hengyang Petrochemical Logistics Limited RM	Integrated Mits Sdn. Bhd. RM	Total RM
2015			
Assets and liabilities			
Non-current assets	1,143,801,492	20,196,374	1,163,997,866
Current assets	75,625,021	14,304,882	89,929,903
Non-current liabilities	(360,548,962)	(2,727,675)	(363,276,637)
Current liabilities	(438,545,240)	(1,005,115)	(439,550,355)
Net assets	420,332,311	30,768,466	451,100,777
Results			
Revenue	132,849,344	1,526,197	134,375,541
(Loss)/Profit for the financial year	(8,389,142)	4,602,809	(3,786,333)
Total comprehensive (loss)/income	(8,389,142)	4,602,809	(3,786,333)
2014			
Assets and liabilities			
Non-current assets	954,861,563	20,726,565	975,588,128
Current assets	79,639,777	9,355,191	88,994,968
Non-current liabilities	(407,570,759)	(3,860,100)	(411,430,859)
Current liabilities	(262,652,458)	(55,998)	(262,708,456)
Net assets	364,278,123	26,165,658	390,443,781
Results			
Revenue	102,124,386	1,753,371	103,877,757
(Loss)/Profit for the financial year	(6,865,592)	150,531	(6,715,061)
Total comprehensive (loss)/income	(7,092,495)	150,531	(6,941,964)

(c) The reconciliation of net assets of the associates to the carrying amount of the investment in associates are as follows:

	Hengyang Petrochemical Logistics Limited RM	Integrated Mits Sdn. Bhd. RM	Total RM
2015			
Group's share of net assets	53,183,606	14,149,915	67,333,521
Goodwill	11,292,167	1,233,762	12,525,929
Exchange differences	6,764,217	-	6,764,217
Less: Accumulated impairment losses	(43,540,544)	-	(43,540,544)
Carrying amount in the consolidated statement of financial position	27,699,446	15,383,677	43,083,123
Group's share of results	(1,645,114)	2,301,405	656,291

15. INTEREST IN ASSOCIATES (cont'd)

(c) The reconciliation of net assets of the associates to the carrying amount of the investment in associates are as follows: (cont'd)

	Hengyang Petrochemical Logistics Limited RM	Integrated Mits Sdn. Bhd. RM	Total RM
2014			
Group's share of net assets	54,828,720	11,848,510	66,677,230
Goodwill	11,292,167	1,233,762	12,525,929
Exchange differences	5,438,347	-	5,438,347
Less: Accumulated impairment losses	(41,689,279)	-	(41,689,279)
Carrying amount in the consolidated statement of financial position	29,869,955	13,082,272	42,952,227
Group's share of results	(1,329,550)	75,266	(1,254,284)

(d) The results of Hengyang Petrochemical Logistics Limited ("Hengyang") have been accounted for based on the public announcement of Hengyang for the financial years ended 31 December 2015 and 31 December 2014.

16. INTEREST IN A JOINTLY CONTROLLED ENTITY

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Unquoted shares, at cost				
At 1 January/ 31 December	35,066,081	35,066,081	34,716,902	34,716,902
Share of results:				
At 1 January	(30,175,050)	(22,037,195)	-	-
Additions	(10,934,334)	(8,137,855)	-	-
At 31 December	(41,109,384)	(30,175,050)	-	-
Exchange differences	949,761	(135,356)	-	-
	(5,093,542)	4,755,675	34,716,902	34,716,902
Amount owing by a jointly controlled entity	28,864,567	23,506,015	28,864,567	23,506,015
	23,771,025	28,261,690	63,581,469	58,222,917
The Group's investment in a jointly controlled entity is represented by:-				
Group's share of net assets	23,771,025	28,261,690		

16. INTEREST IN A JOINTLY CONTROLLED ENTITY (cont'd)

The amount owing by a jointly controlled entity is solely due from Integrated National Logistics DWC-LLC ("INL") which is non-trade in nature, unsecured and interest free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. The Group's intention is to provide adequate funds to the jointly controlled entity to meet its liabilities as and when they fall due. As this amount is, in substance, part of the Group's net investment in the jointly controlled entity, it is stated at cost less accumulated impairment losses.

The amount owing by a jointly controlled entity is denominated in United Arab Emirates Dirham.

(a) The details of jointly controlled entity are as follows:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2015	Effective Equity Interest 2014
* Integrated National Logistics DWC-LLC	United Arab Emirates	Warehousing and related value added services	50%	50%

* Audited by auditors other than Baker Tilly AC.

(b) The summarised financial information of INL are as follows:-

	Group 2015 RM	Group 2014 RM
Assets and liabilities		
Non-current assets	347,153,186	288,609,557
Current assets	17,900,018	19,603,898
Non-current liabilities	(219,357,933)	(194,611,399)
Current liabilities	(97,719,092)	(56,723,531)
Net assets	47,976,179	56,878,525
Proportion of the ownership of the Group	50%	50%
Carrying amount of the investment in jointly controlled entities	23,771,025	28,261,690

16. INTEREST IN A JOINTLY CONTROLLED ENTITY (cont'd)

(b) The summarised financial information of INL are as follows:- (cont'd)

	Group	
	2015	2014
	RM	RM
Results		
Revenue	41,436,126	32,442,696
Cost of sales	(36,115,018)	(27,280,356)
Gross profit	5,321,108	5,162,340
Other income	189,797	198,549
Administrative expenses	(18,902,620)	(14,037,216)
Finance costs	(8,476,952)	(7,599,382)
Loss before tax	(21,868,667)	(16,275,709)
Tax expense	-	-
Loss for the financial year	(21,868,667)	(16,275,709)
Group's share of results	(10,934,334)	(8,137,855)

17. OTHER INVESTMENTS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Non-current				
Available-for-sale financial assets				
Golf club memberships				
At 1 January	1,446,936	1,816,062	494,256	635,168
Translation differences	229,204	68,574	33,024	9,088
Change in fair value	(41,924)	(437,700)	-	(150,000)
At 31 December	1,634,216	1,446,936	527,280	494,256
Current				
Held for trading investment				
Short term fund	31,569,015	42,083,348	31,569,015	42,083,348
Market value of quoted investments	31,569,015	42,083,348	31,569,015	42,083,348

Short term fund represents investments in highly liquid market, which are readily convertible to a known amounts of cash and subject to an insignificant risk of changes in value.

18. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing by subsidiaries are denominated in Hong Kong Dollar, is non-trade in nature, unsecured and bears effective interest at rates ranging from 2.39% to 2.40% (2014: 2.37% to 2.39%) per annum and is repayable commencing from year 2017.

The amounts owing to subsidiaries are non-trade in nature, interest-free and is repayable in the next 12 month. Included in the amounts owing to subsidiaries is an amount of RM11,080,000 (2014: RM Nil) denominated in Hong Kong Dollar.

19. AMOUNTS OWING BY A JOINTLY CONTROLLED ENTITY

The amounts owing by a jointly controlled entity, INL, which are denominated in United Arab Emirates Dirham, are non-trade in nature, unsecured, interest-free except for an amount of RM64,289,500 (2014: RM52,354,500) which bears effective interest at a rate of 4.0% (2014: 4.0%) per annum and is repayable commencing from year 2021.

20. RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade receivables				
- external parties	7,114,539	9,585,803	-	-
Other receivables, deposits and prepayments (Note 21)	13,951,916	8,142,475	17,375,206	4,224,430
	21,066,455	17,728,278	17,375,206	4,224,430

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2014: 30 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

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

	Hong Kong Dollar RM	United States Dollar RM	Total RM
Functional currency of the Group entities			
2015			
Chinese Renminbi	73,345	287,126	360,471
2014			
Chinese Renminbi	3,189,287	956,875	4,146,162

20. RECEIVABLES (cont'd)

Ageing analysis of trade receivables

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

	Group	
	2015	2014
	RM	RM
Neither past due nor impaired	4,052,655	6,359,422
1 to 30 days past due not impaired	2,377,885	3,051,403
31 to 60 days past due not impaired	683,049	174,978
61 to 90 days past due not impaired	950	-
	3,061,884	3,226,381
Impaired	-	-
	7,114,539	9,585,803

Receivables that are neither past due nor impaired

Trade 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 RM3,061,884 (2014: RM3,226,381) 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.

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables				
- external parties	2,935,775	1,850,969	1,741,170	306,538
- subsidiaries	-	-	8,494,547	417,014
- associate	-	198	-	198
- a jointly controlled entity	7,129,549	3,498,380	7,129,549	3,498,380
	10,065,324	5,349,547	17,365,266	4,222,130
Deposits	3,091,506	2,132,477	9,940	2,300
Prepayments	795,086	660,451	-	-
	13,951,916	8,142,475	17,375,206	4,224,430

Other receivables from subsidiaries, associate and a jointly controlled entity are non-trade in nature, unsecured, interest-free and are repayable on demand by cash.

The foreign currency exposure profile of other receivables, deposits and prepayments for the Group is as follows:-

Functional currency of the Group entities	Hong Kong Dollar RM	United Arab Emirates Dirham RM	Total RM
2015			
Ringgit Malaysia	-	6,985,080	6,985,080
Chinese Renminbi	120,351	-	120,351
	120,351	6,985,080	7,105,431
2014			
Ringgit Malaysia	351,576	3,336,793	3,688,369
Chinese Renminbi	131,351	-	131,351
	482,927	3,336,793	3,819,720

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Deposits with licensed banks (Note (a))	437,048	78,412,417	-	-
Time deposits (Note (b))	-	22,990,800	-	-
Cash at banks and on hand	120,344,360	12,878,728	1,136,608	276,570
Cash and cash equivalents as reported in the statements of financial position	120,781,408	114,281,945	1,136,608	276,570
Less: Time deposits (Note (b))	-	(22,990,800)	-	-
Pledged bank deposits (Note (a))	(337,048)	(4,056,745)	-	-
Cash and cash equivalents as reported in the statements of cash flows	120,444,360	87,234,400	1,136,608	276,570

(a) Deposits with licensed bank are placement made a period of three months or less, depending on the immediate cash requirements of the Group and bear interest rates ranging from 0.22% to 3.50% (2014: 0.37% to 2.60%) per annum.

Included in the deposits with licensed banks of the Group is an amount of RM337,048 (2014: RM4,056,745) pledged to banks as performance security in relation to custom duty costs arising from the Group's transportation service.

(b) Time deposits were deposits placed with licensed bank for periods more than 3 months in the previous financial year and bore effective interest rates ranging from 0.52% to 1.00% per annum.

(c) At the end of the financial year, the deposits with licensed banks and bank balances of the Group denominated in Renminbi ("RMB"), which are held in People Republic of China amounted to RM98,021,408 (2014: RM81,798,527). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

22. CASH AND CASH EQUIVALENTS (cont'd)

(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 the Group entities					
2015					
Ringgit Malaysia	-	21,468	-	-	21,468
Chinese Renminbi	6,885,197	14,123,885	1,881	31,032	21,041,995
	6,885,197	14,145,353	1,881	31,032	21,063,463
2014					
Chinese Renminbi	25,976,427	2,101,691	1,551	27,244	28,106,913

23. SHARE CAPITAL

	Number of ordinary shares of RM1 each		<-----------Amount------------>	
	2015 UNIT	2014 UNIT	2015 RM	2014 RM
Authorised:				
At 1 January/31 December	250,000,000	250,000,000	250,000,000	250,000,000
Issued and fully paid up:				
At 1 January/31 December	178,025,503	178,025,503	178,025,503	178,025,503

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

24. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par values of the shares. The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

25. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 15 April 2015, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company believe that the repurchase plan are applied in the best interests of the Company and its shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

During the financial year, the Company repurchased 3,978,900 (2014: 833,200) ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.787 (2014: RM0.745) per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM3,131,527 (2014: RM620,559).

As at 31 December 2015, the Company held a total of 5,288,275 (2014: 1,309,375) treasury shares out of its 178,025,503 (2014: 178,025,503) issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM4,383,954 (2014: RM1,252,427).

The details of repurchase of treasury shares during the financial year are as follows:

Month	No. of shares repurchased UNIT	<------- Price per share --------> Highest RM	Lowest RM	Average RM	Total consideration RM
2015					
March 2015	413,600	0.710	0.690	0.711	293,917
April 2015	223,400	0.710	0.690	0.713	159,264
May 2015	758,000	0.825	0.770	0.811	614,506
June 2015	683,800	0.825	0.780	0.811	554,772
July 2015	138,000	0.850	0.845	0.853	117,763
August 2015	1,354,000	0.795	0.715	0.772	1,044,968
September 2015	408,100	0.850	0.825	0.849	346,337
	3,978,900				3,131,527
2014					
January 2014	833,200	0.750	0.730	0.745	620,559

26. RESERVES

(a) Asset revaluation reserve

The asset revaluation reserve represents increase in the fair value of warehouse buildings and freehold land, net of tax, and decrease to the extent that such decrease relates 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 subsidiaries in The People's Republic of China ("PRC"), the subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory income 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 currency.

(d) Fair value reserve

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

(e) Other reserve

Other reserve represents the surplus arising from the change in ownership interest of a subsidiary of an associate, Hengyang Petrochemical Logistics Limited in the previous financial year. It is not distributable and the balance in other reserve will be recycled to the profit or loss when the associate is disposed.

(f) Capital reserve

Capital reserve comprises mainly reserve arising from the cancellation of treasury shares.

27. TERM LOAN

The foreign currency exposure profile of term loan for the Group is as follows:

	Group	
	2015	2014
	RM	RM
Non-current liabilities		
Secured term loan	42,977,861	-
Current liabilities		
Secured term loan	2,146,961	-
	45,124,822	-

Non-current liabilities		
Secured term loan		
More than 1 year but less than 2 years	10,090,716	-
More than 2 years but less than 3 years	11,593,588	-
More than 3 years but less than 4 years	11,593,588	-
More than 4 years but less than 5 years	9,699,969	-
More than 5 years	-	
	42,977,861	-
Current liabilities		
Secured term loan	2,146,961	-
	45,124,822	-

The term loan is denominated in United States Dollar, bears interest at a rate of 1.50% (2014: Nil) per annum above the Bank's cost of fund and is repayable quarterly by 3 instalments of USD500,000 followed by 20 instalments of USD675,000 each commencing from the 15th month from the first drawdown date.

The term loan is secured by pledge of the group's land use rights (Note 12), warehouse buildings included in property, plant and equipment (Note 10) and, upon completion of development, the additional warehouse buildings (Note 11), the trade receivables derived from those warehouses and corporate guarantees from immediate holding company.

28. UNSECURED LOANS FROM CORPORATE SHAREHOLDERS

(a) The unsecured loan from Shun Hing China Investments Limited, a corporate shareholder of a subsidiary, amounting to RM31,842,947 (2014: RM27,674,361) is denominated in Hong Kong Dollar, is non-trade in nature, bears interest at a rate of 2.39% (2014: 2.39%) per annum. The unsecured loan is extended for a period of 2 years upon its maturity on 31 December 2016 and is automatically rolled over for another period of 2 years subsequent to each maturity unless otherwise informed by the corporate shareholder.

(b) The unsecured loan from Jiangsu Etern Logistic Development Co., Limited, a corporate shareholder of a subsidiary, amounting to RM6,265,385 (2014: Nil) is denominated in Renminbi, is non-trade in nature, bears interest at a rate of 5% (2014: Nil) per annum. The loan period shall from 1 January 2015 to 31 December 2017 without fixed repayment term.

29. DEFERRED TAX LIABILITIES

	Group	
	2015	**2014**
	RM	**RM**
At 1 January	498,291	46,204
Translation differences	121,098	5,972
Recognised in profit or loss (Note 8)	68,413	88,090
Provision on revaluation surplus	197,556	358,025
Acquisition of subsidiaries (Note 14)	677,540	-
At 31 December	1,562,898	498,291

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

	Group	
	2015	**2014**
	RM	**RM**
Deferred tax liabilities		
PRC distributable profits	203,330	104,067
Surplus arising from revaluation of warehouse buildings	705,591	394,224
Customer contract	653,977	-
	1,562,898	498,291

29. DEFERRED TAX LIABILITIES (cont'd)

Pursuant to the China Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. 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 the PRC in respect of earnings generated since 1 January 2009.

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unutilised tax losses	7,695,118	5,614,679	-	-
Deductible temporary differences in respect of expenses	64,293	60,833	64,293	60,833
Unabsorbed capital allowances claimed on property, plant and equipment	22,592	260	-	-
	7,782,003	5,675,772	64,293	60,833

30. PAYABLES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade payables	604,801	2,482,268	-	-
Other payables, deposits and accruals (Note 31)	19,347,865	14,858,044	878,957	1,603,632
Provisions (Note 32)	29,127	20,699	29,127	20,699
	19,981,793	17,361,011	908,084	1,624,331

The normal trade credit terms granted to the Group and the Company ranges from 45 to 60 days (2014: 45 to 60 days).

30. PAYABLES (cont'd)

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

	Hong Kong Dollar RM	United States Dollar RM	Total RM
Functional currency of the Group entities			
2015			
Chinese Renminbi	34,849	11,630	46,479
2014			
Chinese Renminbi	1,363,254	-	1,363,254

31. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other payables				
- external parties	10,893,612	9,556,199	244	17,945
- corporate shareholder	183,210	150,676	-	-
- associate	115,936	217,421	115,936	217,421
	11,192,758	9,924,296	116,180	235,366
Rental and utilities deposits	5,005,791	2,262,411	-	-
Accruals	3,149,316	2,671,337	762,777	1,368,266
	19,347,865	14,858,044	878,957	1,603,632

The foreign currency exposure profile of other payables, deposits and accruals for the Group is as follows:-

	Hong Kong Dollar RM	United States Dollar RM	Total RM
Functional currency of the Group entities			
2015			
Chinese Renminbi	600,935	10,950	611,885
2014			
Chinese Renminbi	1,535,159	-	1,535,159

32. PROVISIONS

	Group/Company	
	2015	2014
	RM	RM
Employee benefits		
At 1 January	20,699	17,112
Provision made during the financial year	8,428	3,587
At 31 December	29,127	20,699

Employee benefits are in respect of short term accumulating compensated absences for employees of the Group and of the Company.

The provision is made based on the number of days of outstanding compensated absences of each employee multiplied by their respective salary/wages as at the end of the financial year.

33. DIVIDENDS

	Group/Company	
	2015	2014
	RM	RM
Recognised during the financial year:		
Dividends on ordinary shares		
- Single tier interim dividend of 3.5% per ordinary share in respect of financial year ended 31 December 2014	6,185,069	-
- Special share dividend on the basis of eight treasury shares for every hundred existing ordinary shares in respect of financial year ended 31 December 2013	-	12,513,395
	6,185,069	12,513,395

The directors declared a single tier interim dividend of 2.5 sen per ordinary share, amounting to RM4,318,431 in respect of the current financial year and payable to the shareholders on 8 April 2016 whose names appeared on the Record of Depositors on 14 March 2016. The financial statements of the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

34. SEGMENT INFORMATION

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	- sea and air freight forwarding and shipping agent
(iii)	Transportation and distribution	- trucking and container haulage

Other non-reportable segments comprise of investment holding, renewable energy and dormant companies, which are below the quantitative thresholds for determining reportable segments.

Inter-segment pricing is determined on negotiated terms.

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.

34. SEGMENT INFORMATION (cont'd)

(a) Operating Segments

	Warehousing and Related Value Added Services		Freight Forwarding		Transportation and Distribution		Others		Adjustments and Eliminations		Notes	Total	
	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM		2015 RM	2014 RM
Revenue													
External revenue	29,634,249	31,912,162	240,786	428,281	1,605,394	10,070,367	-	-	-	-		31,480,429	42,410,810
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	A	-	-
Total revenue	29,634,249	31,912,162	240,786	428,281	1,605,394	10,070,367	-	-	-	-		31,480,429	42,410,810
Results													
Interest income	2,354,282	2,370,656	-	-	-	-	5,190,459	4,312,418	(1,611,527)	(1,632,410)		5,933,214	5,050,664
Interest expense	(2,387,831)	(2,108,674)	-	-	(125,675)	(372,119)	-	-	1,551,993	1,675,335		(961,513)	(805,458)
Depreciation of property, plant and equipment	1,709,956	1,489,701	-	-	-	-	288,353	394,172	-	-		1,998,309	1,883,873
Amortisation of land use rights	392,263	345,432	-	-	-	-	-	-	-	-		392,263	345,432
Non-cash expenses (other than depreciation and amortisation)	1,851,265	41,553,037	-	-	-	-	50,559	14,110	-	-	B	1,901,824	41,567,147
Segment profit	(1,475,012)	(33,924,709)	135,172	91,431	(61,272)	(5,875,310)	(766,500)	(4,162,272)	(10,278,043)	(9,392,139)	C	(12,445,655)	(53,262,999)

34. SEGMENT INFORMATION (cont'd)

(a) Operating Segments (cont'd)

A There is no inter-segment revenues.

B Other non-cash expenses consist of the following:-

	2015 RM	2014 RM
Deposits written off	400	10,520
Impairment loss on goodwill	41,727	-
Impairment loss on investment in associate	1,851,265	41,553,037
Property, plant and equipment written off	4	3
Provision for employee benefits	8,428	3,587
	1,901,824	41,567,147

C The following items are added to/(deducted from) segment profit to arrive at "(Loss)/Profit before tax" presented in the statements of profit or loss and other comprehensive income:

	Group	
	2015 RM	2014 RM
Share of results of associates	656,291	(1,254,284)
Share of results of a jointly controlled entity	(10,934,334)	(8,137,855)
	(10,278,043)	(9,392,139)

(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 interests in associates and a jointly controlled entity) and deferred tax assets.

34. SEGMENT INFORMATION (cont'd)

(b) Geographical Segments (cont'd)

	Revenue	
	2015	2014
	RM	RM
Malaysia	160,000	-
The People's Republic of China (including Hong Kong)	31,320,429	42,410,810
	31,480,429	42,410,810

	Non-current assets	
	2015	2014
	RM	RM
Malaysia	12,275,773	526,215
The People's Republic of China (including Hong Kong)	136,032,285	75,133,085
	148,308,058	75,659,300

Non-current assets information presented above consist of the following items as presented in the statements of financial position:

	2015	2014
	RM	RM
Property, plant and equipment	69,130,146	59,875,758
Land use rights	17,848,395	15,783,542
Capital work-in-progress	58,604,613	-
Intangible assets	2,724,904	-
	148,308,058	75,659,300

(c) Major Customers

Revenue from two major individual customers of the Group's warehousing and related value added services segment of approximately RM7.8 million each individually, represent more than 10% of the Group's total revenue in The People's Republic of China (2014: RM7 million each individually).

35. CAPITAL AND OTHER COMMITMENTS

(a) Capital commitments

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Approved and contracted for:				
- share of jointly controlled entity's capital commitments in relation to enhancement of logistics warehouse facility	-	5,431,338	-	-
Approved and contracted for, but not provided for:				
- construction of warehouse buildings	16,069,878	-	-	-
- construction of office building	3,129,000	-	3,129,000	-
- construction of solar power plant	3,402,080	-	-	-
	22,600,958	-	3,129,000	-

(b) Operating lease commitments – as lessor

The Group had contracted with lessees under non-cancellable operating leases in respect of the Group's warehouse buildings. As at the end of the financial year, the future minimum lease payments receivable by the Group under the non-cancellable operating leases with its tenants are as follows:-

	Group	
	2015	2014
	RM	RM
Within one year	9,356,160	4,710,041
Between two to five years	99,426,606	7,180,324
	108,782,766	11,890,365

35. CAPITAL AND OTHER COMMITMENTS (cont'd)

(c) Operating lease commitments – as lessee

The Group leases certain of its office properties under operating lease arrangements.

As at the end of the financial year, the Group had future minimum outstanding commitments payable under non-cancellable operating leases in respect of buildings and equipments, which fall due as follows:-

	Group	
	2015	2014
	RM	RM
Within one year	6,665,599	7,223,547
Between two to five years	-	5,718,587
	6,665,599	12,942,134

36. CONTINGENT LIABILITY

The Company is contingently liable for corporate guarantees granted to financial institutions to secure credit facilities granted to subsidiaries and a jointly controlled entity amounting to RM45,124,821 (2014: RM Nil) and RM54,698,676 (2014: RM49,489,281) respectively.

37. RELATED PARTIES

(a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have 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, director related companies and key management personnel. Director related companies refer to companies in which directors of the Company have substantial financial interests.

37. RELATED PARTIES (cont'd)

(b) Significant related party transactions

Significant related party transactions are as follows:-

	Company	
	2015 RM	2014 RM
(Received or receivable from)/Paid or payable to subsidiaries		
Non-trade		
- Interest	(1,611,527)	(1,632,410)
- Gain on voluntary winding up of subsidiaries	-	(267)
(Received or receivable from)/Paid or payable to a jointly controlled entity and an associate		
Non-trade		
- Interest	(2,422,154)	(1,671,521)
- Rental of premises	703,765	862,686

(c) Compensation of the key management personnel

Key management personnel include 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 personnel other than those as disclosed in Note 7 is as follow:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other key management personnel:				
Short-term employee benefits	450,417	508,966	450,417	376,859
Post-employment benefits	38,300	34,574	38,300	34,574
	488,717	543,540	488,717	411,433

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the 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:-

(a) 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's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales, purchases and borrowings) that are denominated in a foreign currency and the Group's net investments in foreign subsidiaries.

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 Chinese Renmimbi ("RMB") had strengthened or weakened 100 basis points against Hong Kong Dollar ("HKD") and United States Dollar ("USD") with all other variables held constant, the Group's profit after tax for the financial year would increase/(decrease) by the following amounts.

	Group	
	2015	2014
	RM	RM
RMB/HKD - strengthen	237,489	9,568
- weaken	(237,489)	(9,568)
RMB/USD - strengthen	230,523	(22,939)
- weaken	(230,523)	22,939

As at the end of the financial year, if Ringgit Malaysia ("RM") had strengthened or weakened 100 basis points against United Arab Emirates Dirham ("UAE") and HKD with all other variables held constant, the Company's profit after tax for the financial year would increase/(decrease) by the following amounts.

	Company	
	2015	2014
	RM	RM
RM/UAE - strengthen	718,661	546,191
- weaken	(718,661)	(546,191)
RM/HKD - strengthen	562,846	440,349
- weaken	(562,846)	(440,349)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Foreign Currency Risk (cont'd)

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 Notes 17, 18, 19, 20, 21, 22, 27, 28, 30 and 31.

(b) 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 deposits placed 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 interest rate 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 100 basis points in interest rates, with all other variables held constant, would decrease or increase the equity and profit after tax by approximately RM338,436 (2014: RM Nil) 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.

(c) 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.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Credit Risk (cont'd)

Receivables (cont'd)

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

	Group			
	2015		2014	
	RM	% of total	RM	% of total
The People's Republic of China	7,114,539	100%	9,585,803	100%

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 20.

Financial Guarantees

The Company provides unsecured corporate guarantees to banks in respect of banking facilities granted to certain subsidiaries and a jointly controlled entity.

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

The maximum exposure to credit risk amounts to RM45,124,822 (2014: RM Nil) and RM54,698,676 (2014: RM49,489,281) representing the outstanding banking facilities of the subsidiaries and a jointly controlled entity respectively as at the end of the financial year.

As at the end of the financial year, there was no indication that any of these subsidiaries and a jointly controlled entity would default on repayment.

The financial guarantee has not been recognised in the financial statements of the Company since the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' and of the jointly controlled entity's borrowings in view of the security pledged by the subsidiaries and a jointly controlled entity and it is unlikely that the subsidiaries and the jointly controlled entity 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.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) 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 by monitoring the working capital of the Group to ensure that all liabilities due and known funding requirements could be met.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Liquidity Risk (cont'd)

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:

		<----- Contractual Undiscounted Cash Flows ---->		
	Carrying amount RM	**On demand or within 1 year RM**	**2 to 5 years RM**	**Total RM**
2015				
Group				
Financial liabilities:				
Trade and other payables	19,952,666	19,952,666	-	19,952,666
Unsecured loans from corporate shareholders	38,108,332	32,533,109	6,549,477	39,082,585
Term loans	45,124,822	2,218,991	44,419,768	46,638,759
	103,185,820	54,704,766	50,969,245	105,674,010
Company				
Financial liabilities:				
Other payables	878,957	878,957	-	878,957
2014				
Group				
Financial liabilities:				
Trade and other payables	17,340,312	17,340,312	-	17,340,312
Unsecured loan from a corporate shareholder	27,674,361	-	28,335,778	28,335,778
	45,014,673	17,340,312	28,335,778	45,676,090
Company				
Financial liabilities:				
Other payables	1,603,632	1,603,632	-	1,603,632

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015 RM	2014 RM
Group		
Financial assets		
Loans and receivables		
- Receivables, net of prepayments	20,271,369	17,067,827
- Amounts owing by a jointly controlled entity	88,836,400	69,488,700
- Cash and cash equivalents	120,781,408	114,281,945
	229,889,177	200,838,472
Available-for-sale financial assets		
- Other investments	1,634,216	1,446,936
	231,523,393	202,285,408
Financial liabilities		
Other financial liabilities		
- Payables, net of provisions	19,952,666	17,340,312
- Term loan	45,124,822	-
- Unsecured loans from corporate shareholders	38,108,332	27,674,361
	103,185,820	45,014,673
Company		
Financial assets		
Loans and receivables		
- Receivables, net of prepayments	17,375,206	4,224,430
- Amounts owing by subsidiaries	63,966,068	58,361,567
- Amount owing by a jointly controlled entity	88,836,400	69,488,700
- Cash and cash equivalents	1,136,608	276,570
	171,314,282	132,351,267
Available-for-sale financial assets		
- Other investments	527,280	494,256
Financial liabilities		
Other financial liabilities		
- Payables, net of provisions	878,957	1,603,632
- Amount owing to subsidiaries	11,155,245	-
	12,034,202	1,603,632

39. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair values of financial instruments

The carrying amounts of financial instruments of the Group and of the Company as at the end of reporting period approximate their fair values.

(c) Methods and assumptions used to estimate fair value

The fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and cash equivalents, receivables and payables

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

(ii) Other investments

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

(iii) 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.

40. FAIR VALUE HIERARCHY

The following table provides fair value measurement of the Group's and of the Company's financial instruments.

As at 31 December 2015 and 31 December 2014, the Group held the following financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

40. FAIR VALUE HIERARCHY (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
2015										
Group										
Financial assets										
Available-for-sale financial assets										
- golf club memberships	-	1,634,216	-	1,634,216	-	-	-	-	1,634,216	1,634,216
Held for trading financial assets										
- Short term fund	31,569,015	-	-	31,569,015	-	-	-	-	31,569,015	31,569,015
	31,569,015	1,634,216	-	33,203,231	-	-	-	-	33,203,231	33,203,231
Financial liabilities										
Term loan	-	-	-	-	-	45,124,822	-	45,124,822	45,124,822	45,124,822
2014										
Group										
Financial assets										
Available-for-sale financial assets										
- golf club memberships	-	1,446,936	-	1,446,936	-	-	-	-	1,446,936	1,446,936
Held for trading financial assets										
- Short term fund	42,083,348	-	-	42,083,348	-	-	-	-	42,083,348	42,083,348
	42,083,348	1,446,936	-	43,530,284	-	-	-	-	43,530,284	43,530,284

40. FAIR VALUE HIERARCHY (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
2015										
Company										
Financial assets										
Available-for-sale financial assets										
- golf club memberships	-	527,280	-	527,280	-	-	-	-	527,280	527,280
Held for trading financial assets										
- Short term fund	31,569,015	-	-	31,569,015	-	-	-	-	31,569,015	31,569,015
	31,569,015	527,280	-	32,096,295	-	-	-	-	32,096,295	32,096,295
2014										
Company										
Financial assets										
Available-for-sale financial assets										
- golf club memberships	-	494,256	-	494,256	-	-	-	-	494,256	494,256
Held for trading financial assets										
- Short term fund	42,083,348	-	-	42,083,348	-	-	-	-	42,083,348	42,083,348
	42,083,348	494,256	-	42,577,604	-	-	-	-	42,577,604	42,577,604

During the financial years ended 31 December 2015 and 31 December 2014, there was no transfer between fair value measurement hierarchy.

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 16 June 2015, the Company had acquired 2 ordinary shares of RM1.00 each in IL Energy Sdn. Bhd. ("IL Energy"), representing 100% of the issued and paid up share capital of IL Energy for a total cash consideration of RM2.00.

(b) On 8 July 2015, IL Energy Sdn. Bhd., a wholly-owned subsidiary of the Company, had acquired 2 ordinary shares of RM1.00 each in IL Solar Sdn. Bhd. ("IL Solar"), representing 100% of the issued and paid up share capital of IL Solar for a total cash consideration of RM2.00.

(c) On 14 July 2015, IL Energy Sdn. Bhd., a wholly-owned subsidiary of the Company, had acquired 100,000 ordinary shares of RM1.00 each in EVN Vision Sdn. Bhd. ("EVN"), representing 100% of the issued and paid up share capital of EVN for a total cash consideration of RM2,524,000.

(d) On 21 July 2015, Integrated Logistics (H.K.) Limited, in which the Company has 70% effective equity interest had completed the disposal of the entire 35% equity interest in Shanghai Puhwa Logistics Co. Ltd. to Shanghai Pu Ying Logistics Co. Ltd. for a total cash consideration of RMB1.00.

(e) On 29 July 2015, Changchun ISH Logistics (HK) Limited, a wholly-owned subsidiary of Integrated Logistics (H.K.) Limited in which the Company has 70% effective equity interest, has been deregistered pursuant to Section 751 of the Companies Ordinance of Hong Kong.

(f) On 31 July 2015, IL Energy Sdn. Bhd., a wholly-owned subsidiary of the Company, had acquired 100,000 ordinary shares of RM1.00 each in Feel Solar Sdn. Bhd. ("Feel Solar"), representing 100% of the issued share capital of Feel Solar for a total cash consideration of RM115,388.

42. 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, maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

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

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 well as the issue of new debts or the redemption of existing debts.

42. CAPITAL MANAGEMENT (cont'd)

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Payables	58,060,998	45,014,673	878,957	1,603,632
Term loan	45,124,822	-	-	-
Total debts	103,185,820	45,014,673	878,957	1,603,632
Less: Cash and cash equivalents	(120,444,360)	(87,234,400)	(1,136,608)	(276,570)
Less: Short term fund	(31,569,015)	(42,083,348)	(31,569,015)	(42,083,348)
Net cash	(48,827,555)	(84,303,075)	(31,826,666)	(40,756,286)
Total equity	374,236,153	346,464,684	292,530,985	264,501,083
Debt-to-equity ratio	*	*	*	*

* Not meaningful as the Group and the Company are in net cash positions.

The Company is also required to comply with the disclosure and necessary capital requirement as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

As disclosed in Note 26(b), certain subsidiaries of the Group is required by the Foreign Enterprise Law of the PRC to contribute 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 with by the respective PRC's subsidiaries for the financial years ended 31 December 2015 and 31 December 2014.

SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 31 December 2015 and 31 December 2014 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 Profits 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 2015 and 31 December 2014 are analysed as follow:-

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Total retained earnings of the Company and its subsidiaries				
- Realised	103,182,263	74,836,289	84,686,085	53,545,552
- Unrealised	74,526	26,771	32,341	11,445
	103,256,789	74,863,060	84,718,426	53,556,997
Total share of retained earnings from associates				
- Realised	11,631,570	11,070,776	-	-
- Unrealised	(3,386,429)	(3,481,926)	-	-
	8,245,141	7,588,850	-	-
Total share of accumulated losses from jointly controlled entity				
- Realised	(37,465,503)	(26,531,169)	-	-
- Unrealised	-	-	-	-
	(37,465,503)	(26,531,169)	-	-
Less : Consolidation adjustments	(48,907,675)	(12,493,183)	-	-
Total retained earnings	25,128,752	43,427,558	84,718,426	53,556,997

The disclosure of realised and unrealised profits or losses 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.

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

We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 40 to 134 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 135 has been prepared in accordance with the 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 and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution dated 29 February 2016.

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 40 to 134 and the supplementary information set out on page 139 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 29 February 2016

TEE TUAN SEM

Before me

ZULKIFLA MOHD DAHLIM
Commissioner of Oaths (W541)
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTEGRATED LOGISTICS BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Integrated Logistics Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 134.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are 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 controls relevant to the Company'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 Company's internal controls. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTEGRATED LOGISTICS BERHAD (cont'd)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 Companies Act, 1965 in Malaysia 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 Companies Act, 1965 in Malaysia.

(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 14 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 financial statements of the Group 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 did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 135 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the 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 Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTEGRATED LOGISTICS BERHAD (cont'd)
(Incorporated in Malaysia)

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 contents of this report.

BAKER TILLY AC
AF 001826
Chartered Accountants

DATO' LOCK PENG KUAN
2819/10/16(J)
Chartered Accountant

Kuala Lumpur
29 February 2016

PROPERTIES OF ILB GROUP
As at 31 December 2015

Location	Description	Age of Building (Years)	Area (sq. ft.)		Tenure	NBV @ 31.12.2015 (RM)	Year of Acquisition Or Revaluation*
Wu Guo Yong (2007) No. 07049293 Fenhu Economic Centre, East Fenhu Road, Fenhu, Wujiang, Jiangsu The People's Republic of China	Land with Warehouse Building	6.5	Land - Built-up -	718,501 286,825	Land Use Rights expiring in 2056	8,115,280 36,038,365	2015*
Wu Guo Yong (2010) No. 07049217 Fenhu Economic Centre, East Fenhu Road, Fenhu, Wujiang, Jiangsu The People's Republic of China	Land with Warehouse building	2.5	Land - Built-up -	694,023 191,661	Land Use Rights expiring in 2060	9,733,116 31,541,835	2015*
Lot 1552, Seberang Perai Utara, Pulau Pinang	Vacant Land	0.65	Land	175,527	Freehold	800,000	2015
					Total	**86,228,596**	

ANALYSIS OF SHAREHOLDINGS
As at 15 February 2016

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	718	52	23,671	900	0.01	0.00
100 – 1,000	363	4	156,001	1,125	0.09	0.00
1,001 – 10,000	3,060	57	10,742,268	245,059	6.22	0.14
10,001 – 100,000	800	48	21,243,681	1,619.954	12.30	0.94
100,001 to less than 5% of issued shares	102	19	46,964,442	35,668,679	27.19	20.65
5% and above of issued shares	2	1	35,267,458	20,803,990	20.42	12.04
Total	5,045	181	114,397,521	58,339,707	66.23	33.77
Grand Total	**5,226**		**172,737,228**		**100.00**	

* Excluding a total of 5,288,275 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.	Makoto Takahashi	20,803,990	12.04
2.	Lembaga Tabung Haji	20,584,783	11.92
3.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - AmBank (M) Berhad for Tee Tuan Sem	14,682,675	8.50
4.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	8,136,578	4.71
5.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Win Kee (8106483)	7,898,100	4.57
6.	Affin Hwang Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Shun Hing Electronic Trading Company Limited (Gainwell Securities Co. Ltd.)	6,642,000	3.85
7.	United Asia Success Limited	5,854,846	3.39
8.	TA Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Tee Tuan Sem	5,334,776	3.09
9.	Hassan Mohammad Kazem Ahmadi	5,000,000	2.89
10.	Beh Eng Par	2,690,000	1.56
11.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore for Yeoman 3-Rights Value Asia Fund (PTSL)	2,500,000	1.45
12.	Citigroup Nominees (Asing) Sdn Bhd CBHK PBGSG for Gan Boon Hwee	2,036,426	1.18

ANALYSIS OF SHAREHOLDINGS
As at 15 February 2016

No.	Name of shareholder	No. of shares held	% of issued capital*
13.	Loh Cheng Keat	2,000,000	1.18
14.	Tan Bee Kong	1,345,000	0.78
15.	Chng Kok Leong	1,116,500	0.65
16.	CIMB Group Nominees (Tempatan) Sdn Bhd Exempte AN for DBS Bank Ltd (SFS)	1,100,000	0.64
17.	Lee Chin Chai	1,080,486	0.63
18.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Chan Han Siong (MY0893)	1,063,100	0.62
19.	Motohiko Tachibana	941,544	0.55
20.	Goh Theow Hiang	936,735	0.54
21.	Chow Chin Yann	823,800	0.48
22.	Wang Jim	793,800	0.46
23.	CIMB Group Nominees (Tempatan) Sdn Bhd Exempt AN for DBS Bank Ltd (SFS-PB)	750,000	0.43
24.	Hong Leong Assurance Berhad As Beneficial Owner (Life Par)	677,433	0.39
25.	Lim Hong Liang	668,144	0.39
26.	Tai Me Teck	570,996	0.33
27.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	560,268	0.32
28.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Yong Jee Patt	548,000	0.32
29.	Yoshinori Kobe	540,000	0.31
30.	Chin Kian Fong	525,780	0.30

The Directors shareholdings in the Company as at 15 February 2016 are as follows :-

Name of Directors	Direct No. of Shares	Note	% of issued Capital*	Indirect No. of Shares	Note	% of issued Capital *
Datuk R. Karunakaran	-	-	-	-	-	-
Tee Tuan Sem	20,017,451	1	11.59	381,931	2	0.24
Makoto Takahashi	20,803,890	3	12.04	-	-	-
Wan Azfar bin Dato' Wan Annuar	-	-	-	-	-	-
Dato' Haji Wazir bin Haji Muaz	-	-	-	-	-	-
Lee Kay Loon	-	-	-	-	-	-

Notes
1. Held through Amsec Nominees (Tempatan) Sdn Bhd and TA 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.

* Excluding a total of 5,288,275 ordinary shares of RM1-00 each bought back by the Company and retained as treasury shares

Substantial Shareholders

The substantial shareholders of the Company as at 15 Febuary 2016 are as follows :-

Name of Shareholder	Direct No. of Shares	Note	% of issued Capital*	Indirect No. of Shares	Note	% of issued Capital *
Makoto Takahashi	20,803,890	1	12.04	-	-	-
Lembaga Tabung Haji	20,584,783	1	11.92	-	-	-
Tee Tuan Sem	20,017,451	2	11.59	381,931	3	0.24

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

* Excluding a total of 5,288,275 ordinary shares of RM1-00 each bought back by the Company and retained as treasury shares

NOTICE IS HEREBY GIVEN THAT the 24th Annual General Meeting ("AGM") of Integrated Logistics Berhad ("ILB" or "Company") will be held at Selangor 3, Grand Selangor Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 30 March 2016 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 2015 and Auditors Report thereon.	Please refer to Explanatory Note 1
2. To approve the payment of Directors' Fees of RM 388,000 for the year ended 31 December 2015.	(Resolution 1)
3. To re-elect the following Directors retiring by rotation in accordance with Article 80 of the Company's Articles of Association :-	
a) Makoto Takahashi	(Resolution 2)
b) Lee Kay Loon	(Resolution 3)
4. To re-appoint Messrs Baker Tilly AC as the Company's Auditors until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.	(Resolution 4)
5. 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

6. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY **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 :-	(Resolution 5)

NOTICE OF ANNUAL GENERAL MEETING

6. 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 15 April 2015, 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 2015, the audited Retained Profits and Share Premium Account of the Company were RM84,718,426 and RM15,096,203 respectively.

iii) The Proposed Share Buy-Back to be undertaken will be in compliance with Section 67A of the Companies Act, 1965 and 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

7. 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 6)

By Order of the Board
Amarjit Singh A/L Banta Singh
Company Secretary
Selangor Darul Ehsan
Date: 8 March 2016

NOTES

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 March 2016 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 24th AGM of the Company.

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. 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. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“Omnibus Account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

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

6. The instrument appointing a proxy must reach the Business Office of the Company at Indera Subang, 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

EXPLANTORY NOTES

1. Item 1 of the Agenda

This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put forward for voting.

2. Item (6) 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.

For further information, please refer to the Share Buy-Back Statement dated 8 March 2016, which is dispatched together with the Annual Report 2015.

3. Item (7) of the Agenda

(i) 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 interests 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.

(ii) 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. The Company did not issue any new shares after the previous mandate the last AGM.

(iii) 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.

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

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) Makoto Takahashi
   b) Lee Kay Loon

   Details of the Directors seeking re-election are set out in the Directors Profiles' section and their shareholdings in the Company are set out in 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 2015. Details of attendance of the Directors at Board Meetings are set out in this Annual Report.

3. Date, Time and Place of the 24th Annual General Meeting

Date and Time	:	30 March 2016 at 10:00 a.m.
Place	:	Dorsett Grand Subang Selangor 3, Grand Selangor Ballroom Jalan SS 12/1 47500 Subang Jaya Selangor Darul Ehsan

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 24th Annual General Meeting ("AGM") of the Company to be held at Selangor 3, Grand Selangor Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 30 March, 2016 at 10.00 a.m. or any adjournment thereof and to vote as indicated below :-

AS ORDINARY BUSINESS

		FOR	AGAINST
RESOLUTION 1	To approve Directors' fee of 388,000		
RESOLUTION 2	To re-elect Mr Makoto Takahashi as Director in accordance with Article 80 of the Company's Articles of Association.		
RESOLUTION 3	To re-elect Mr Lee Kay Loon as Director in accordance with Article 80 of the Company's Articles of Association.		
RESOLUTION 4	To re-appoint Messrs Baker Tilly 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 5	Proposed Renewal of Share Buy-Back Authority.		
RESOLUTION 6	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)________________________________ ____________________

No. of shares held

Signed this ________ day of ________________, 2016

NOTE :

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 22 March 2016 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 24th AGM.
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. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. A corporation may complete the proxy form under its common seal or under the hand of an officer or attorney duly authorized.
6. 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.
7. The instrument appointing a proxy must reach the Business Office of the Company at Indera Subang, 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.

STAMP

The Company Secretary
Integrated Logistics Berhad (229690-K)

Indera Subang
Jalan USJ 6/2L
47610 UEP Subang Jaya
Selangor Darul Ehsan