Integrated Group

Annual Report

2018

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

Sam Loh Cheng Keat
Executive Director

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

Dato' Wan Hashim bin Wan Jusoh
Independent Non-Executive Director

Soh Eng Hooi *(appointed on 15-05-2018)*
Independent Non-Executive Director

Lee Kay Loon *(resigned on 31-12-2018)*
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Soh Eng Hooi - Chairman
(Designated as Chairman on 01-01-2019)

Wan Azfar bin Dato' Wan Annuar - Member

Lee Kay Loon - (formerly Chairman)
(Resigned as Chairman on 31-12-2018)

Dato' Wan Hashim bin Wan Jusoh - Member

NOMINATION AND REMUNERATION COMMITTEE

Datuk R. Karunakaran - Chairman

Wan Azfar bin Dato' Wan Annuar - Member

Dato' Wan Hashim bin Wan Jusoh - Member

Lee Kay Loon - Member *(resigned on 31-12-2018)*

COMPANY SECRETARY
Wong Youn Kim
MAICSA 7018778

REGISTERED OFFICE
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel. No.: 03-2241 5800
Fax No.: 03-2282 5022

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad

SHARE REGISTRAR
Boardroom Share Registrars Sdn Bhd
(formerly 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.: 03-7849 0777(Helpdesk)
Fax. No. 03-7841 8151 /03-7841 8152
Email: ssrhelpdesk@symphony.com.my

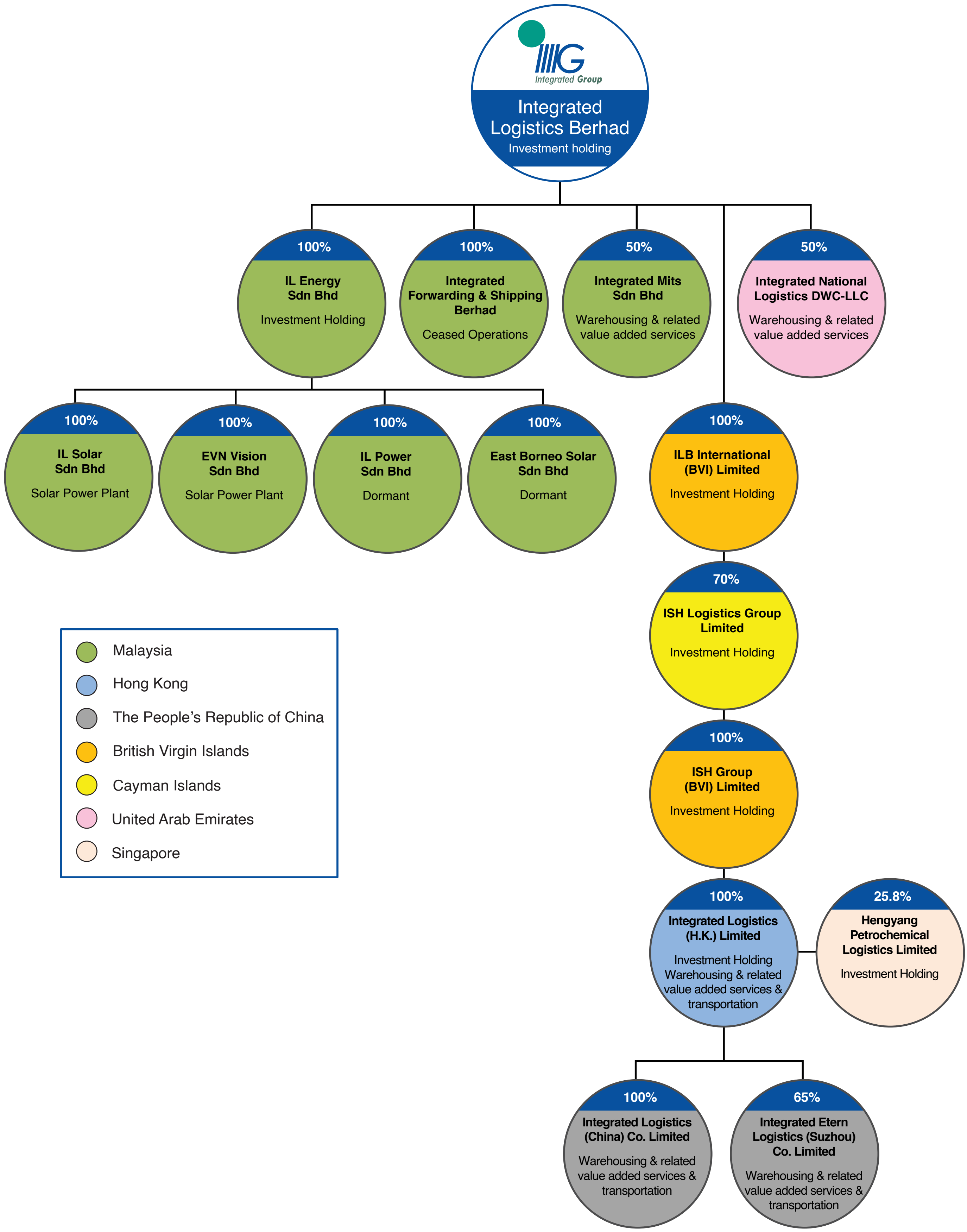
AUDITORS
Messrs Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF0117
Chartered Accountants
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

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

PRINCIPAL BANKERS
Malayan Banking Berhad
66, Jalan USJ10/1B, UEP Subang Jaya
47620 Subang Jaya
Selangor Darul Ehsan

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

CORPORATE STRUCTURE



GROUP FINANCIAL HIGHLIGHTS

	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Turnover	42,411	31,480	21,653	16,307	24,527
(Loss)/Profit Before Taxation	(53,263)	(12,446)	3,899	(810)	(102,310)
Net (Loss)/Profit Attributable to Shareholders	(41,134)	(11,943)	5,845	(9,664)	(98,298)
Paid-up Capital	178,026	178,026	178,026	225,671*	225,671
Total Assets	392,501	479,861	458,667	502,737	383,537
Shareholders Fund	295,964	319,227	302,834	291,640	191,153
Net (Loss)/Earnings Per Share (sen)	(23.3)	(6.8)	3.4	(5.2)	(51.8)
Net Assets Per Share After Non-Controlling Interests (RM)	1.67	1.85	1.75	1.54	1.01
Gross Dividend rate (%)	3.5%	2.5%	-	-	-
Share Price as at 31 Dec (RM)	0.710	0.815	0.855	0.600	0.465

Note

* Transition to no-par value regime from share premium and capital redemption reserve accounts

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it is my pleasure to present the Annual Report for the year 2018, incorporating the Audited Financial Statements of the Group and the Company for the financial year ended 31st December 2018.

BUSINESS REVIEW

The Group's strategic decision to venture into the solar energy business is now beginning to contribute positively to the Group's revenue. The Group now owns two solar plants with an installed capacity of 11MWac, through its subsidiaries, IL Solar Sdn Bhd (10MWac) and EVN Vision Sdn Bhd (1MWac).

Both solar plants achieved their revenue targets for year 2018 of RM 9.3 million. IL Solar Sdn Bhd has also been acknowledged by Suruhanjaya Tenaga (ST) of having the distinction of being the first solar plant to be commissioned in December 2017 under the Large Scale Solar 1 (LSS1) programme.

The Group's warehousing operations in Wujiang, China, continue to make a positive contribution to the Group's earnings. There is continuing demand for warehouse space in the Wujiang area and all the 9 warehouses comprising 76,000 square metres of warehouse space continue to be fully tenanted. As the rental lease with one of its customers is nearing the end of its tenure, the management has successfully renegotiated the lease agreement at a higher rental rate. The management is confident of achieving higher rental yield for the coming financial year.

In respect of Dubai warehousing operations, the Group had on 13 February 2019 announced that it had entered into a Share Sale Agreement with National Trading & Developing Establishment to dispose of ILB's 50% equity in the loss making operations of Integrated National Logistics DWC-LLC ("INL"). INL is operating in an increasingly challenging operating environment and is expected to continue reporting losses in the coming years. The proceeds from the proposed disposal will contribute towards the funding for the Group's expansion plan which may include (but not limited to) solar renewable energy projects.

Following the industrial accident at Hengyang's Deqiao operations on 22nd April 2016 which severely impacted Hengyang's operations, and the participation of a China GLC as an investor – China International Trust Investment Corporation (CITIC) in year 2017, Hengyang had secured the approval from the relevant authorities for renovation works. Repairs and reconstruction works have commenced in 2018 and are currently still continuing.

CHAIRMAN'S STATEMENT

MOVING FORWARD

During the year, the Malaysian Government announced new initiatives and measures to increase the overall energy contribution from renewable energy sources from 2% currently to 20% by year 2025. In meeting this target, the Government has recently announced that it would undertake an open tender for an estimated RM2 billion worth of projects under the third cycle of the LSS (LSS3) scheme and is targeted to deliver 500MW of electricity generation capacity. Solar power in particular accounts for about 67% of Malaysia renewable energy capacity, will be a key focus to boost the generation of electricity from renewable energy sources.

Given our track record in securing project under LSS1 and the successful completion and commencement of operations ahead of other awardees, the Group will continue to bid for additional solar renewable energy projects. If we are successful, this will further increase our involvement in solar energy projects and hence contribute to our income stream.

The most important asset to any organisation is its people and the Group will continue to strengthen its management team, especially for the solar renewable energy business.

On behalf of the Board, I convey my sincere thanks to the management, employees, business partners, shareholders & stakeholders for their dedication, commitment & strong support in facing the challenges in the past. I am confident that with their continued support & commitment, the Group will overcome the challenges that it currently faces & return to profitability in the coming years.

Datuk R. Karunakaran
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE OVERVIEW

With the divestment of part of the Group's warehousing and logistics operations in the last few years and in its effort to diversify the earnings base, the Group has ventured into solar renewable energy business and is currently operating a combine capacity of 11 MWac of solar plants in Malaysia.

FINANCIAL PERFORMANCE

For the financial year ended 2018 ("FYE 2018"), the Group recorded a revenue of RM24.5 million as compared to RM16.3 million in the financial year ended 2017 ("FYE 2017"). The increase in revenue was mainly contributed by the income generated from the 10 MWac solar plant in Bukit Kayu Hitam which commenced operation in December 2017.

The loss after tax of the Group for FYE 2018 increased significantly to RM102.0 million from RM2.6 million as recorded in FYE 2017. This was mainly due to:-

a) Impairment of shareholders loan and accrued interest on the shareholders loan, arising from the Proposed Disposal of ILB's 50% equity in Integrated National Logistics DWC-LLC ("INL"), totalling RM75.4 million; and
b) Additional impairment of RM 8.8 million made on its investment in Hengyang Petrochemical Logistics Limited reflected the drop in the market share price of Hengyang from S$0.295 per share to S$0.199 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

i) Warehousing in Wujiang, PRC

The warehousing operations in Wujiang, China comprising a total of 9 warehouses with warehouse space of 76,000 sq. meters, has been reporting a revenue of RM14.9 million in FYE 2018 compared to RM14.5 million in FYE 2017. These warehouses are fully tenanted on long term leases with built-in rental increase clauses. During the year, the management has successfully renegotiated the tenancy agreement with higher rental rate for 3 blocks of its warehouses. With that, the Group is confident of achieving higher rental yield for the coming financial year.

ii) Warehousing in Dubai, UAE

The warehouse operations of Integrated National Logistics DWC-LLC ("INL") undertaken in a joint venture with a local partner, National Trading and Developing Establishment ("NTDE") faced another difficult year as the warehouse occupancy rate remained low during the year. The market in the region still faces many challenges especially with the introduction of excise tax law on tobacco of 100%, energy drinks and carbonated soft drinks of 50%, on 1 October 2017 and Value Added Tax with effective from 1 January 2018 at standard rate of 5%.

Due to lower projection in demand of warehouse storage, various cost rationalisation exercise had been implemented and as a result of this effort, the share of losses for FYE 2018 was reduced to RM9.9 million compared to RM15.5 million in FYE 2017.

On 13 February 2019, the Group had announced that it had entered into a Share Sale Agreement with NTDE to dispose its equity interest in INL to NTDE for a cash consideration of AED45.0 million or approximately RM49.8 million based on the exchange rate of AED1.00:RM1.1075 as at 13 February 2019.

Since INL's incorporation in 2006 up to FYE 2018, INL's accumulated losses amounted to AED131.7 million or approximately RM145.9 million. The outlook of INL is not expected to improve in the near future and the Group is expected to inject additional shareholders loan to fund the repayment of INL's bank loans and operating expenditure.

In view of the above, the Group has decided to exit from INL and the proceeds from the disposal will contribute towards the funding for the Group's expansion plan which may but not limited to solar renewable energy projects.

iii) Solar Renewable Energy Projects

The Group's foray into the solar renewable energy business is beginning to yield results. The Group is pleased to note that both IL Solar Sdn Bhd's 10MWac and EVN Vision Sdn Bhd's 1MWac solar plants achieved its targeted revenue in FYE 2018. This enabled the Group to register an improved financial performance with consistent and sustainable revenues.

Through the solar plant's construction and project implementation, the Group has strengthened its management team and is on a steep learning curve in managing the plants efficiently. Apart from that, operational processes have been further enhanced and best practices recorded as the Group readies itself to participate in Large Scale Solar ("LSS") projects in the future.

MOVING FORWARD

Despite the challenging operating environment, the Group continues to practise prudence and stay focused on delivering growth. The Group remains cognisant of the emerging risks especially the operational risks on the solar renewable energy projects and adopting various measures to manage and mitigate these risks.

The Management would like to take this opportunity to thank the Board of Directors, shareholders, clients, business partners, contractors and financiers for their continuous supports.

INTRODUCTION

Our Sustainability Statement ("SS") focuses on Integrated Logistics Berhad's "ILB" sustainability practices in which we focus and highlight more on the economic, environmental, and social ("EES") impacts of our activities and initiatives. This year will be our first attempt to comply with Bursa Malaysia compliance, and we are reporting in accordance with the new GRI Standards for sustainability reporting, prioritising our focus on reviewing our material issues and mapping out our route forward to embed sustainability throughout our business operations.

We are committed to creating a positive and enduring social impact through our sustainability initiatives that support our business, the environment and the communities in which we operate.

Also, throughout this statement, we demonstrate our full commitment to integrating sustainability practices and preparing this statement on pursuant to the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"), Sustainability Reporting Guide issued by the Exchange and guided with guidelines issued by the Global Reporting Initiative (GRI).

REPORTING STANDARDS

We have based our reporting approach on the framework and guidance provided by the Global Reporting Initiative (GRI). This report has been prepared in accordance with the "core" option of the GRI Standards. This includes adhering to the GRI principles for defining the report's contents:

- Stakeholder Inclusiveness – being responsive to stakeholder expectations and interests.
- Sustainability Context – presenting performance in the wider sustainability context.
- Materiality – focusing on issues where we can have the greatest impact and that are most important to our business and stakeholders.
- Completeness – including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the company's performance.

REPORTING SCOPE AND BOUNDARIES

ILB's SS 2018 has been prepared in accordance with the GRI Standards. This SS covers the reporting period from 1 January 2018 to 31 December 2018. Our focus for this year is relating to reviewing our material sustainability topics that covers economic, environmental and social. The content of this report is based on the material topics that we have identified. Our scope and boundaries cover all our entities and operations in Malaysia.The Group will be advised by an external consultant to assist on the sustainability reporting enhancement and to support comprehensive sustainability efforts across the Group moving forward.

SUSTAINABILITY STATEMENT

ABOUT INTEGRATED LOGISTICS

Vision

We work to provide sustainable energy and warehousing excellence.

Mission

To deliver competitive and sustainable solar energy, to protect our environment and to improve quality of life through innovative integration of reliable technology.

Our Core Values

ILB's Codes of Ethics for Company Directors govern the standards of conduct and behavior based on principles in relation to sincerity, integrity, responsibility and corporate social responsibility. The code was formulated to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the ethical behaviour for directors based on trustworthiness and values that are commonly acceptable. It is also to uphold the spirit of responsibility and social responsibility in line with prevailing legislation & regulations.

WHO WE ARE

ILB has been providing logistics services since 1973. Today, ILB is listed on the Main Market of Bursa Malaysia Securities Berhad. The Group currently had two established warehousing operations in Wujiang, China and Dubai, UAE. Though logistics was the Group's forte, with the proposed disposal of Dubai operations in early 2019, the Group has diminished presence in the logistic industry and embarked to diversify its operations to solar energy.

As part of the Board's efforts to diversify the Group's sources of revenue, the Group emphasised its effort into the solar energy business. During the year, the Group successfully completed the installation and commissioning of the Bukit Kayu Hitam 10 MW a.c solar power project and was the first Large Scale Solar program to be completed under Suruhajaya Tenaga's bidding cycle 1. The plant has been successfully energised in December 2017.

LOCATION OF REGISTERED OFFICE

Level 2, Tower 1, Avenue 5, Bangsar South City
59200, Kuala Lumpur, Wilayah Persekutuan, Malaysia

LOCATION OF BUSINESS OFFICE

No. 6, Jalan Sungai Buloh 27/101A, Seksyen 27
40400 Shah Alam, Selangor Darul Ehsan

REVIEW OF OPERATIONS

The Group's review of operations are elaborated in "Management Discussion and Analysis" section of this Annual report.

OUR APPROACH TO DRIVING SUSTAINABILITY

Our approach to sustainability is based on our core values of excellence, united we achieve, integrity, humility and building relationship, supported by policies and procedures at Group level. We consistently embed sustainability into the core of our business. The following value-added sustainability framework forms the basis of ILB's steps to strengthen our approach to sustainability.

SUSTAINABILITY STRATEGY

1. As a Public Listed Company

- We are pre-emptive of the sustainability matters mainly on the Economic value creation for the shareholder and stakeholder
- We plan to elevate sustainability in company governance, through engaging in direct board oversight and accountability over environmental and social issues, more diversity and special expertise on boards, and linking executive and other employee compensation to sustainability goals;
- We want to robust regular dialogues with key company stakeholders on sustainability challenges, including clients, employees, investors and suppliers;
- We are in progress to develop systematic performance improvements to achieve environmental neutrality and other sustainability goals across the entire value chain, including operations, supply chains and products.

2. As a service provider

- We plan to give a quality service to all of the clients as they are part of our valued stakeholders.

GOVERNANCE OF THE SUSTAINABILITY

Being a Public Listed Company, ILB complies with the high standards of corporate governance (CG) practices and being closely monitored under the leadership of our Board of Directors, as guided by the Malaysian Code on CG 2017.

In line with sustainability, the Board has the ultimate responsibility to ensure that the sustainability efforts are embedded in the strategic direction of the company. We are in the midst of establishing the Sustainability Steering Committee "SSC", to oversee the formulation, implementation and effective management of our sustainability matters in line with the strategies. Currently the plans for the sustainability direction is being spearheaded by the key management people, however the Group intends to formalise this process. The committee will be supported by various working groups responsible for implementing the initiatives within the organisation.

Our sustainability strategy will be led by the Board of Directors and will be implemented and monitored within the following governance structure. The below structure will be enhanced accordingly.

SUSTAINABILITY STRUCTURE	
Board of Directors	The Board oversees the overall sustainability initiatives and sets policies to drive sustainability practices in the Group.
Sustainability Steering Committee	The Group is in the process of setting a Sustainability Steering Committee which interfaces to formulate sustainability policies and drive the sustainability efforts and initiatives while ensuring consistency with the Group's sustainability strategy and business strategy.
Sustainability Sub-Working Groups	Sustainability Sub-Working Groups will be established to carry out the following:- • Set sustainability priorities and goals • Develop and implement a sustainability programmes • Advise on sustainability opportunities and innovations • Track, monitor and analyse sustainability metrics and measures • Address and manage challenges and constraints to the sustainability initiatives • Work on Quality, Health, Safety, and Environmental issues of the Group

STRATEGIES AND DIRECTIONS

Despite the challenging operating environment, ILB continues to practice prudence and stay focused on delivering quality growth, while being watchful of emerging risks. The Group is fully committed to uphold responsible business operation which is reflected through its prudent infrastructure transformation as well as sustainability in its supply chain.

OUR MATERIALITY ASSESSMENT PROCESS

1. OBJECTIVES & SCOPE

ILB undertook a materiality study within the top and middle management to determine the objectives and scope of the sustainability reporting. Our scope and boundaries covers all our entities and operations in Malaysia.

2. IDENTIFICATION OF RELEVANT SUSTAINABILITY MATTERS

The process initiated with sustainability issues relevant to ILB and its stakeholders. In generating the list, the Group assesses the operating environment and emerging trends affecting our sector and conducted studies across a broad range of references to identify the relevant sustainability issues. The references include Bursa Malaysia's Sustainability Reporting Guide and Toolkits, and international standards such as the Global Reporting Initiative Standards.

We have undertaken a review of material factors and sustainability matters in order to ensure that our understanding of both the current and future risks and opportunities facing our markets is adequately addressed, as well as to gather stakeholder perspectives and ensure we are responding to their needs. As we update our material factors, we will continue to evolve our management approach to ensure that we are addressing them in a holistic and integrated manner. This may involve developing new policies and procedures, implementing various initiatives, measures and action plans, setting indicators as well as to establish a proper mechanism to capture, analyse and report sustainability data and information.

Significant Material Factors

As we monitor, manage and report on a wide variety of issues, key to our approach is focusing our resources on material sustainability risks and opportunities that are associated with each material factors. Understanding our key priority allows us to set our time, resources and investment to the best use.

Combining the views from stakeholders and ILB's Management from the preliminary materiality process, the materiality table has been derived to show the different levels of importance of the sustainability matters. The below factors will be further enhanced in the coming years.

SUSTAINABILITY STATEMENT

Materiality	Factors	Why Material
Very Important	Optimisation/ Resources	To help the company become efficient and effective.
	Market Condition	Market condition affects all businesses in every industry.
	Compliance	Compliance with laws and regulations is one of our main requirements.
	Capital Injection of Funds	To take the business further.
	Business Model	Business model plays a vital role in challenging market condition of the market and business.
	Customer Satisfaction	It is important for us to benchmark ourselves and to collaborate closely with Tenaga Nasional Berhad "TNB" to achieve mutual success.
	Local Environmental Impact	It safeguards the environmental impact.
	Corporate Governance	To ensure that the company protects its members, officers and management.
	Risk Assessment	It gives the initial view of the risk appetitive and mitigation.
	Climate Change	Climate change would have a significant impact on business.
	Innovation	In order to be competitive in the industry.
Important	Business Ethics/Code	Maintaining business ethics is our core values.
	Business Mix	Diversification is part of our business model to stay sustainable.
	Political Stability	It has a wide impact on the economy.
	Economic & Local Economic Impact	To balance the economic & local impact
	Conducive work environment	Working environment is crucial to retain and develop staff force.

The materiality process involved steps including identification of potential material topics by reviewing GRI aspects, benchmarking against key corporate peers and analysing past reports, which reflects the feedback from customers, community representatives and employees generally.

The materiality factors above are based on the priority of the organisation.

3. STAKEHOLDERS ENGAGEMENT

Our interaction involves different stakeholder groups and this engagement is important to ensure we can identify, prioritise and address material matters and be adopted in our business strategies. The business and functional units are empowered to interact with their respective stakeholders on their chosen platforms. All issues raised by stakeholders are brought to the attention of the Management Committee or Management Meetings by the respective business and functional units. Ongoing engagements where applicable are carried out on a regular basis as they are integral to our business development, relationships with stakeholders and commitment to sustainability.

Our key stakeholders are outlines on the below table, along with the forms of engagement and key topics of interest that we seek to address.

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives
Customers	1. Project completed in compliance with standards and on time delivery. 2. Energy generation is in line with annual quantity generation forecast (MWh). 3. Scheduled site visits to ensure the farm's energy generation is at its optimal performance.	1. Quality assessment during construction. 2. Solar plant performance assessment and close monitoring to ensure the plant is running at optimal level. 3. Progress meeting and updates. 4. Customer relationship management. 5. Customer loyalty – long term tenancy agreement for warehouse operations. 6. Client Satisfaction.
Employees	1. Weekly team discussion session and monthly management meeting. 2. Mentorship and on-site job training. 3. Knowledge and skill enhancement through on-site trainings by specialise contractors. 4. Training courses and seminars to enhance knowledge and develop a good personality trait.	1. Ensure all employees are constantly updated and informed of the Group's business and performance. 2. Discuss operational performance and procedures. 3. Dialogue and engagement. 4. Performance evaluation and management. 5. Knowledge and skills enhancement. 6. Safety at workplace.
Vendors/ Suppliers (including Contractors)	1. Contractor evaluation and selection. 2. Request for Proposal and Quotation. 3. Contractor Management. 4. At the end of the process, a fair, mutually beneficial contract is negotiated and drafted. 5. Progress payment is made timely upon work progress certification by independent consultant. 6. Collaborate and to study the feasibility of bringing in overseas knowhow into Malaysia.	1. Regular engagement with contractors. 2. Maintains consistent one-to-one engagement and communication. 3. Maintain good rapport with contractor and exchanging of information and knowledge. 4. Strategic partnerships. 5. Working alliance. 6. Supply chain management. 7. Supplier assessment review.

SUSTAINABILITY STATEMENT

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives
Regulators	1. Compliance of policies, regulations and rulings. 2. Complies with local authorities, governmental bodies/agencies and certification bodies requirements. 3. Authorisation and license to operate. 4. Scheduled reporting on energy generation and plant performance, duly certified by qualified engineer. 5. Trainings, seminars, briefings and workshops. 6. Engaging external legal advisor, company secretary and independent engineer to ensure full compliance of policies and regulations.	1. Complying with all the policies and requirements. 2. Regular engagement and invitation for site visits. 3. Interpretation of law and guidelines. 4. Best practices and make reference to other similar players in the same industry.
Investors / Shareholders	1. Company announcement. 2. Financial results announcement. 3. Annual General Meeting (AGM). 4. Annual Report.	1. Engagement with the shareholders through channels such as statutory announcement and AGM. 2. Sustainable investing – solar renewable energy project. 3. Sustainable revenue and profitability. 4. Business continuity.
Community & NGOs	1. Sponsorship and donations. 2. Established partnership and research collaboration with learning institutions on renewable energy projects. 3. Responsible for the livelihood of the surrounding community of project sites. 4. Exchanging of technical information and dialogue session with university professor.	1. Community development. 2. Awareness and understanding of social and environmental responsibility and impacts.

4. PRIORITISATION OF MATERIAL SUSTAINABILITY MATTERS

ILB has undertaken a stakeholder prioritisation and engagement process to engage with its stakeholders. These include ongoing efforts to engage with stakeholders in the usual course of business through the day-to-day operations, as well as specific engagements carried out to seek stakeholders' feedback. The outcome of these engagements was considered in the course of the Group's materiality assessment.

As part of the process in conducting the materiality assessment of sustainability matters, the Group has conducted the specific engagement process as follows:

- To determine the key stakeholders with whom the Group should engage, the Group carried out assessments to identify key stakeholders based on each stakeholder's influence and dependence on the Group.

- To gain an insight into these key stakeholders' concerns, interests and expectations, the Group conducted discussions including on-going sessions throughout the year to gauge stakeholders' concerns pertaining to the list of sustainability matters identified.

- Where applicable, ILB also took into account feedbacks from other stakeholder groups, gathered through various channels and through the ongoing engagements during the course of conducting its business operation.

5. PROCESS REVIEW

The materiality process is undertaken as a key component of ILB's journey towards identifying the material sustainability matters. The key management team has reviewed and implemented the processes and outcome of the materiality process including the Group's materiality which guides the Group in addressing and managing its material sustainability matters in its business operations.

KEYS OF SUSTAINABILITY

This section aims to provide insights on the Group's sustainability commitments and practices across the three key areas of economic, environmental and social undertaken by our key business divisions.

ECONOMIC

The Group's financial review and outlook are elaborated in the Management Discussion and Analysis section of this Annual Report.

Our commitment to business is focus on strong corporate governance and prudent management in view of challenging internal and external environment. We strive to achieve by enforcing on the following aspects:

- **WHISTLE – BLOWING 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 and to provide protection to employees or external parties who report allegations of such practices.

SUSTAINABILITY STATEMENT

- **CODE OF ETHICS FOR COMPANY DIRECTORS**

  The Group is committed to conduct its businesses and operations with integrity, openness and accountability and to also conduct its affairs in an ethical responsible and transparent manner. The Group has a Code of Ethics and Conduct that set out the standards and ethical conduct expected of all Directors of the Group.

  The Code of Ethics provides commitment to ethical values through key requirements relating to conflict of interest, confidential information, insider information, protection of the Group's assets and compliance with law and regulations.

- **CORPORATE GOVERNANCE AND COMPLIANCE**

  ILB, guided by the Malaysian Code on Corporate Governance, has been proactive in promoting good corporate governance and ensures that the principles and best practices of good governance are applied throughout the Group. Details of our corporate governance framework and practices of the Group are elaborated in the Corporate Governance Statement of this Annual Report.

- **RISK MANAGEMENT**

  An integral part of good corporate governance, a comprehensive risk management framework enables ILB to identify and manage risks in a systematic and consistent manner. In driving risk awareness, decision-making and business processes are put through prudent risk assessment. Fraud, corruption and economic value-added risks have been identified as material to ensure business sustainability.

- **OUR SUPPLY CHAIN**

  Supply Chain management is an integral part of all businesses and key to optimum performance. Accordingly, ILB places great emphasis on our suppliers' economic, environmental and social ("EES") credentials in the lifecycle of supply chain when making responsible sourcing decisions.

  ILB is cognisant that there is still much to improve on managing sustainability in supply chain, and will continue to collaborate with its suppliers and vendors to work towards enhanced sustainability practices with respect to EES matters.

- **COMMITMENT TO QUALITY**

  ILB has the policies, procedures and best practices in place to deliver services of outstanding quality. Furthermore, regular reviews, process improvements and quality control assessments are conducted to ensure that our processes remain in compliance and are continually enhanced.

- **CUSTOMER SATISFACTION**

  Customer satisfaction and engagement was identified as one of the most important material issues in the marketplace dimension across the Group. Knowing exactly what customers expect from us improves our bottom line and strengthens our brands and reputation in the long term. We focus on customers expectation and ensure that our services are always in line with our agreements.

- **BUSINESS CONDUCT**

  We strive to be environmentally responsible and encourage all our stakeholders to do the same. Consequently, they need to use sustainable materials whenever they are cost-effective.

- **SAFETY AND HEALTH**

  It is one of our key priorities to maintain a safe and healthy work environment for our workforce to ensure that our talent work under safe conditions. We also believe in providing a comfortable and conducive working environment for our employees.

  The Board fully acknowledges that employees are the backbone of the operations and central to the success and continued viability of the Group. To this end, the Group strives to provide a healthy, comfortable and safe working environment for its diverse workforce and offers its employees fair compensation for their contributions and efforts.

ENVIRONMENTAL

We are mindful of the environmental impact of our activities and maintain full compliance with all the environmental regulation. We take responsibility to managing our environmental impacts seriously. ILB will continue to develop effective environment initiatives to protect the environment.

The industries we are in have extensive direct and indirect impacts on the environment and aligning ourselves with the goals of sustainable of sustainable development.

The Group is cognisant of the depletion in earth's natural resources and the effects of fossil fuels on global climate change. As a responsible corporate citizen, the Group is contributing to a cleaner environment with the greater use of clean renewable energy and reduced dependence on fossil fuels in line with the government's initiatives. It has invested in environment friendly solar energy plants which are part of the wider clean renewable energy sector.

WATER AND ENERGY MANAGEMENT

We promote the water saving practices among employees and adopting water-efficient technologies and equipment wherever possible. The water consumed at our head office and plant is obtained from the municipal water supply. We have taken small steps to control the water usage to be in line with the sustainability efforts, namely:

- Slow the flow. Adjusting the water pressure outflow for the toilets, wash basins, pantry, throughout our office building and plant.
- Seek the Leak. Conducting checks and fixing leaks immediately, where possible.

SUSTAINABILITY STATEMENT

We understand that the energy management is essential for combating climate change and for lowering an organisation's overall environmental footprint. Our electricity supply is from the local supply for both the head office and plant. We always aim to minimise the energy usage by implementing the following efforts:

- A lighting schedule across key areas in our head office to switch off lights during certain hours of least use,
- Maintenance and replacement of electrical equipment and light fittings to maximise energy efficiency,
- Campaign to remind all staff to switch off the lighting, water dispenser, air conditioning, or
- Other electrical appliances in office and pantry when they are not required.

WASTE MANAGEMENT

ILB acknowledges that the environmental impact of paper usage is significant. The Group's approach to waste management is to avoid unnecessary paper consumption and waste generation, where possible and appropriate, in order to reduce the wastage. ILB has always looked at ways to reduce paper usage, so that less waste. Generally the group practises the following on the paper management:

- Reducing paper – by encouraging avoiding printing and photocopying and emphasising on paperless and electronic mode. In addition to this, practise double sided printing or reduce the size to have the best economical usage of papers,
- Reusing – by printing on the other side of the printed papers, and
- Recycle – recycle the papers by having proper recycling bins.

SOCIAL

The Group is committed to promote social responsibilities as an integral part of the Group whilst pursuing business growth to enhance shareholders and stakeholders value. The Group recognises that for long term sustainability, its strategic orientation will need to cater beyond the financial parameters.

As we look back on 2018, we are proud of these values for quality, integrity, diversity, innovation and sustainability have shaped our ongoing commitment to corporate social responsibility and have challenged us to reach even higher to ensure we are a responsible corporate citizen, employer of choice, and a positive contributor to the economy.

A strong commitment to social responsibility programs can protect and enhance a company's brand. As the word gets out about a company's good works, it can help create a positive working environment and attract desirable employee a strong commitment to corporate social responsibility programs.

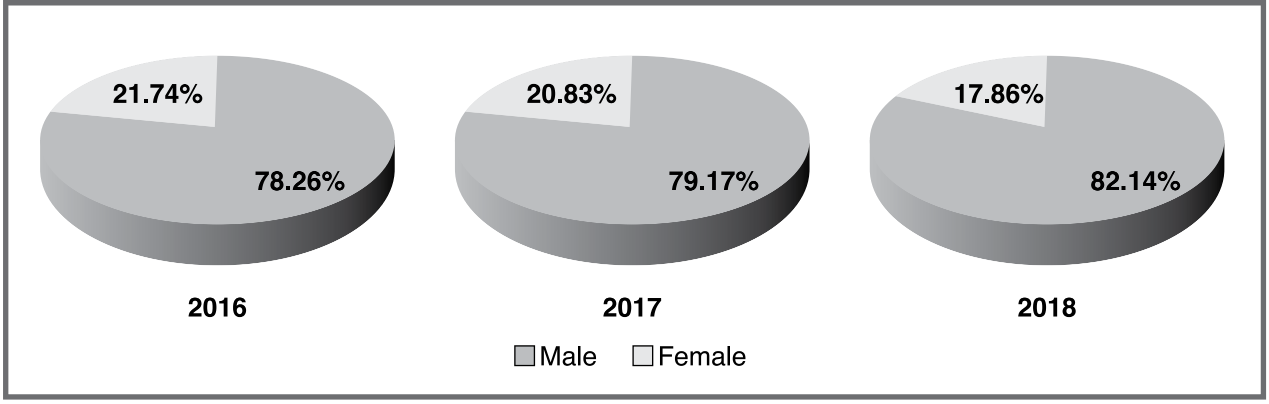
The Group's contributions in the social sector include retaining the current talents and exploring business opportunities in its areas of operations. It also strives to provide a safe working environment for all its employees.

Our Approach

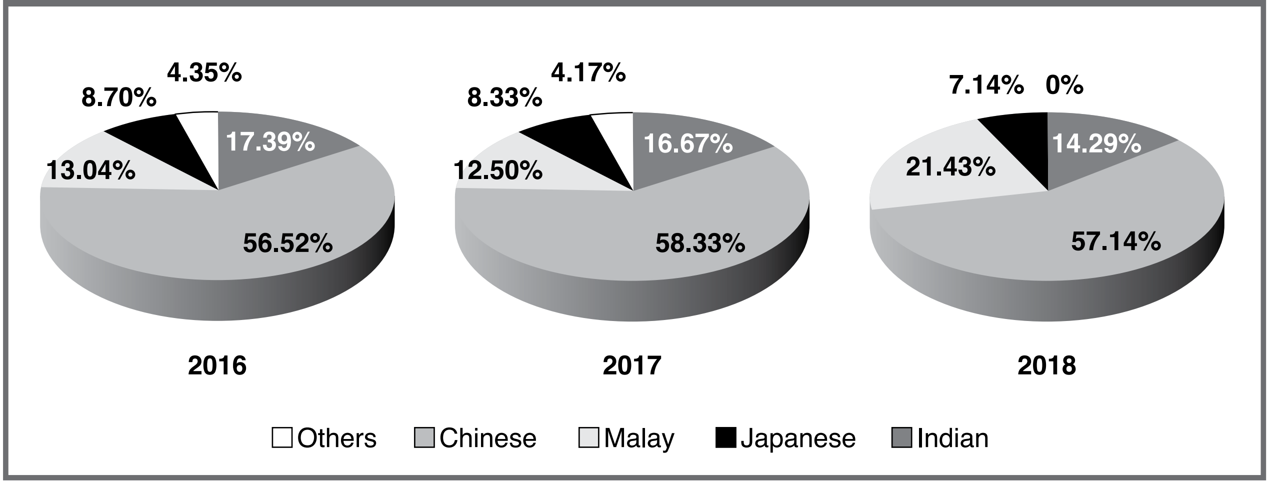
Our initiatives in the community are centred on:

- Workplace

Employment Diversity In Term of Gender



Employment Diversity In Term of Ethnicity



- **Education and Individual Development**

  The Group continuously provides its employees with skills development and training programmes that encourage progression and self-enrichment. Throughout the year under review, ILB conducted several in-house trainings to upgrade their skills and knowledge. Employees have also enrolled in courses, seminars and workshops.

SUSTAINABILITY STATEMENT

- **Safety, Healthy and Conducive Work Environment**

  As a responsible corporation, we respect the interests of our stakeholders, our shareholders, employees, customers, suppliers, teaming partners, and the wider community and we actively seek out opportunities both to improve the environment and to contribute to the well-being of the communities in which we do business. The Group will continue to identify and undertake more related events to fulfil its Corporate Social Responsibility in any way and would contribute to preserving the values of Society.

  The Group places great emphasis on safety and health aspects of its employees while maintaining a comfortable and conducive work environment through the some initiatives. The Group emphasises on a workplace that is free from theft, violence, harassment, intimidation and other unsafe and disruptive influences due to internal and external conditions.

- **Leadership & Commitment**

  Top management ensures that the requirements of the management system, including the policies and objectives, are consistent with the strategic context and direction of our organisation, and that the policies and objectives are established whilst ensuring that the human and financial resources needed for crucial implementation and enforcement are available.

- **Well-being Of Our Community**

  ILB is dedicated to support the community by reaching out to the community around us. During the financial year, ILB provided sponsorship for a collaboration research in Large Scale Solar Photovoltaic Power Plant Optimisation for Tropical Region with Universiti Tunku Abdul Rahman. These contributions were in line with the Group's commitment to support and keep abreast with society's evolving needs.

  The Group also provides internships to deserving Malaysians as part of the community initiatives. The group intends to enhance the internship programme in the future by providing practical training to the undergraduates where opportunities of employment will be given to them upon completion of their studies. The practical training provided to the interns will be valuable experiences and knowledge besides the opportunity to fulfil their university requirements.

LOOKING AHEAD

Since it is a continuous sustainability reporting, we have made plans to develop towards formalising sustainability within our business. We recognise that we still have room for enhancement, both in terms of initiatives undertaken and our reporting structure. As we continue on our sustainability journey, our ultimate goal is to build a sustainable business for generations to come. To achieve this, we will continually keep abreast of developments in our industry, actively and regularly engage our stakeholders, build upon our existing sustainability framework, and seek to further embed sustainable practices within our businesses so as to improve our overall sustainability performance.

Moving forward, we will enhance the materiality factors and metrics and targets to measure issues that are material to our business and move towards benchmarking our progress against international standards of reporting.

BOARD OF DIRECTORS' PROFILES
AS AT 28 FEBRUARY 2019

Datuk R. Karunakaran
Chairman
Independent Non-Executive Director (Malaysian)

Datuk R. Karunakaran, male aged 69, 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 Malaysia Investment Development Authority ("MIDA") retiring in June 2008 after having served for 36 years. He had also served as Director of MIDA Singapore, Cologne (Germany) and London (England).

Datuk Karunakaran is also the Chairman of the Nomination & Remuneration Committee. He is the Chairman, Independent Non-Executive Director of Maybank Ageas Holdings Berhad, Etiqa International Holdings Berhad and Maybank Singapore Limited. Datuk Karunakaran is also an Independent Non-Executive Director on the Boards of Malayan Banking Berhad, Bursa Malaysia Berhad, IOI Corporation 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, male aged 67, 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 of the Company 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 of 20,017,451 ordinary shares in the Company. He also has an indirect interest of 381,931 ordinary shares in the Company held through his wife, Yang Chiew Bi. Mr Tee does not have any family relationship with any other Director and/or major shareholder of the Company.

BOARD OF DIRECTORS' PROFILES
AS AT 28 FEBRUARY 2019

Makoto Takahashi
Executive Director (Japanese)

Mr Makoto Takahashi, Executive Director, male aged 51, holds a Bachelor of Science degree from the University of San Francisco. He has working experience with a Japanese logistics company in Kobe, Japan and a trading company in Hong Kong. He joined ILB in 1998 as General Manager of Sales & Marketing and was appointed to the Board as an Executive Director on the 17 September 2001.

Mr Makoto has a direct interest of 20,803,990 ordinary shares in the Company. He does not hold any other directorships of public companies and does not have any family relationship with any other Director and/or major shareholder of the Company.

Sam Loh Cheng Keat
Executive Director (Malaysian)

Sam Loh Cheng Keat, male aged 41, was appointed to the Board on the 15 September 2016 as an Executive Director. He graduated from Coventry University UK with a Bachelor of Arts degree in 2002 and began his career with a firm of accountants, Moores Rowland, in 2002 and moved to D'nonce Technology Berhad as a Business Development Manager in 2004. The following year, he joined Cam Industries Sdn Bhd as Head of Business Development and in 2014, he set up his own renewable energy business, EVN Vision Sdn Bhd which was subsequently acquired by IL Energy Sdn Bhd, a wholly-owned subsidiary of Integrated Logistics Berhad.

Mr Sam Loh has a direct interest of 4,158,500 ordinary shares in the Company. He does not hold any other directorships of public companies and does not have any family relationship with any other Director and/or major shareholder of the Company.

BOARD OF DIRECTORS' PROFILES
AS AT 28 FEBRUARY 2019

Wan Azfar bin Dato' Wan Annuar
Independent Non-Executive Director (Malaysian)

En Wan Azfar bin Dato' Wan Annuar, male aged 69, 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 does not have any family relationship with any other Director and/or major shareholder of the Company.

Dato' Wan Hashim bin Wan Jusoh
Independent Non-Executive Director (Malaysian)

Dato' Wan Hashim bin Wan Jusoh, male aged 61, was appointed to the Board on 1 October 2017 as an Independent Non-Executive Director.

Dato' Wan Hashim obtained his Bachelor Degree of Science (Hons) in 1981 in Resource Economy from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia). He joined Malaysia Investment & Development Authority ("MIDA") in the same year as Assistant Director. Throughout most of his 36 year career with MIDA, he was responsible for the promotion and coordination of foreign and domestic investments and was also assigned to MIDA Los Angeles, Boston and New York. Dato' Wan Hashim was promoted to Executive Director in 2011 taking the leadership for five industry divisions namely the Electronic, ICT and Electrical, Transport Technology, Machinery and Equipment, and Textile and Non-Metallic Mineral. He became the Deputy CEO III of MIDA in July 2014 taking charge of the Strategic Planning and Investment Eco-System Development roles of MIDA and retired on the 24 September 2017 after a long distinguished career with MIDA.

Dato' Wan Hashim is also a member of the Audit & Risk Management Committee and the Nomination & Remuneration Committee. He sits on the Board of AYS Ventures Berhad and UWC Holdings Sdn Bhd as an Independent Non-Executive Director and does not have any interest in the securities of the Company and its subsidiaries. He does not have any family relationship with any other Director and/or major shareholder of the Company.

BOARD OF DIRECTORS' PROFILES
AS AT 28 FEBRUARY 2019

Soh Eng Hooi
Independent Non-Executive Director (Malaysian)

Ms Soh Eng Hooi, female aged 50, was appointed to the Board as an Independent Non-Executive Director on the 15 May 2018. She is an accountant by profession and graduated from Universiti Malaya. Ms Soh is a member of the Malaysian Institute of Accountants ("MIA") and the Malaysian Institute of Certified Public Accountants (MICPA). Ms Soh started her career with one of the then Big 5 international accounting firms and was a partner in one of the top 10 international accounting firms before she founded E H Soh & Partners in 2015. As a qualified accountant by profession, she carries with her more than 20 years of experience in providing assurance, corporate and financial advisory services to public and private companies. She is a regular trainer/speaker for trainings and seminars organised by accounting bodies such as MICPA and MIA.

Ms Soh was also appointed as a member of the Audit & Risk Management Committee on 15 May 2018 and subsequently re-designated as a Chairman on 1 January 2019. She also sits as an Independent Non-Executive Director of SMRT Holdings Berhad. She does not have any interest in the securities of the Company and 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 5 years other than traffic offences.*

3. *None of the Directors have any public sanctions & penalties imposed by any regulatory bodies during the financial year 2018.*

GROUP MANAGEMENT PROFILE

Lee Pei Sze
Chief Financial Officer

Ms Lee Pei Sze, female aged 43, holds a Bachelor of Management Studies degree, majoring in Accounting from University of Waikato, New Zealand. Ms Lee started her career with Star Cruise Administrative Services Sdn Bhd in 1999 and joined Integrated Logistics Solutions Sdn Bhd, a wholly-owned subsidiary of the Company in 2005 as Group Financial Controller, being subsequently appointed Group Chief Financial Officer of the Group in 2014.

Hoo Pee Chon
Chief Risk Officer

Mr Hoo Pee Chon, male aged 62, holds a Diploma in Business Studies, majoring in Finance, from Tunku Abdul Rahman College, Kuala Lumpur. Mr Hoo joined the Group in 1982 and has more than 34 years experience in the logistics industry. He has held several managerial positions in the Group and was promoted to the position of Deputy Group Operation Director (Malaysian operations) in 2005. Mr Hoo was transferred to Integrated National Logistics DWC-LLC an associate company of the Group in Dubai, United Arab Emirates as Head of Finance & Administration in 2012 and was appointed to his current position as Chief Risk Officer of the Group in 2016.

Motohiko Tachibana
Group Internal Auditor

Mr Motohiko Tachibana, male aged 71, holds a Bachelor of Economics degree from Otemon Gakuin University, Japan. Mr Tachibana was an Accountant with Matsushita Industrial Corporation Sdn Bhd before joining the Group in 1989. He has held several managerial positions in the Group. Prior to his appointment as the Group Internal Auditor in early 2016, he was the Chief Risk Officer of the Group.

GROUP MANAGEMENT PROFILE

Tee Jia Jie
Executive Director of IL Solar Sdn Bhd

Mr Tee Jia Jie, male aged 27, is an Executive Director of IL Solar Sdn Bhd, a wholly owned subsidiary of the Company. He graduated with a BSC (Hons) Economics from Cardiff Metropolitan University in 2014 with a Postgraduate in International Commercial Law from Cardiff University in 2015.

Julian Thean Chow Choong
General Manager of Solar Division

Mr Julian Thean, male aged 40, holds a Master of Business Administration in Marketing from Charles Sturt University, Australia and a Bachelor of Arts in Mass Communication from Murdoch University, Australia. Mr Julian Thean joined the Group in June 2018 and has more than 18 years experience in the consumer electronics, education, corporate and manufacturing industries.

Notes

None of the Group Management:

1. *Holds any directorships of other public companies.*
2. *Have any family relationship with any director &/or major shareholder of the Company, apart from Tee Jia Jie, who is the son of the Chief Executive Officer of the Company.*
3. *Have entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.*
4. *Have any convictions for any offences and public sanctions & penalties imposed by any regulatory bodies other than traffic offences within past five years.*

The Malaysian Code of Corporate Governance defines corporate governance as: "the process and structure used to direct and manage the business and affairs of the company towards promoting 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 Corporate Governance Framework and continues to improve existing practices and achieve the objectives of the Company.

The Board is pleased to set out below the manner in which the Group has applied the three main principles in the Malaysian Code on Corporate Governance ("MCCG 2017") known as Board Leadership and Effectiveness (Principal A), Effective Audit And Risk Management (Principal B) and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (Principal C) throughout the financial year ended 31 December 2018.

PRINCIPAL A - BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

The Company has an experienced Board comprising three 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 and delegates 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.

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 reviewing business operations within a systematic and controlled environment.
vi. Monitoring the financial performance of the Group.
vii. Appointing and determining the remuneration, duration and terms of appointment of the Executive Directors.
viii. Assessing the performance of and developing the succession plan for the Executive Directors.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board had appropriately delegated specific tasks to two (2) Board Committees; namely Audit & Risk Management Committee and Nomination & Remuneration Committee. All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference and to report to the board with the necessary recommendation.

To ensure balance of power and authority, accountability and independent decision making, the roles of the Chairman and the Managing Director are distinct and separated.

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, the 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 Board has delegated to the Chief Executive Officer, Mr Tee Tuan Sem, the authority and responsibility for implementing policies, strategies and decisions adopted by the Board. The CEO and the management team are responsible for implementing the plans chartered out and the day to day management of the Group, with clear authority delegated by the Board.

The Board is guided by a 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 the Board Charter and make changes wherever necessary. The Board Charter is published on the Company's corporate website at www.ilb.com.my.

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 and to provide protection to employees or external parties who report allegations of such practices.

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's constitutions, procedures, policies and regulations are complied with. Also ensuring that, all obligations required by the regulatory and under the Listing requirements are fulfilled in a timely manner. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

None of the directors of the Company hold more than five directorships of listed companies as provided under paragraph 15.06 of the Main Market Listing Requirements.

The Board meets on a quarterly basis with additional meetings being convened when necessary to address urgent matters. All the Directors have complied with the minimum attendance requirements as stipulated by the Main Market Listing Requirements of Bursa Malaysia. The Board met on four occasions during the year ended 31st December 2018 and the details of attendance at Board Meetings is set out below.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

	Number of Meetings Attended	Total Number of Meetings
INDEPENDENT NON-EXECUTIVE DIRECTORS		
DATUK R. KARUNAKARAN	4	4
LEE KAY LOON *(resigned 31 December 2018)*	4	4
WAN AZFAR BIN DATO' WAN ANNUAR	3	4
DATO' WAN HASHIM BIN WAN JUSOH	4	4
SOH ENG HOOI *(appointed 15 May 2018)*	2	2
EXECUTIVE DIRECTORS		
TEE TUAN SEM	4	4
MAKOTO TAKAHASHI	4	4
SAM LOH CHENG KEAT	4	4

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.

Training programmes and seminars attended by the Directors of the Company during the financial year ended 31 December 2018 are as follows:

Name of Directors	Date	Seminar / Training Course Title
Datuk R. Karunakaran	23 & 24 January 2018	2018 Invest Malaysia Kuala Lumpur
	6 & 7 March 2018	29th Annual Palm & Lauric Oils Conference
	2 March 2018	CG Breakfast Session : MCCG Reporting and CG Guide
	9 March 2018	Etiqa Compliance Conference : Transforming Compliance
	25 April 2018	Board Respective on Cyber Resilience
	10 July 2018	1st PIDM-FIDE Forum 1) Is the financial system any safer, simpler or fairer than before Dialogue 2) Greek lesson to banking world
	27 July 2018	Maybank Annual Risk Workshop
	31 July & 1 Aug 2018	INSEAD Artificial Intelligence & Technology Development Leadership Programme
	28 August 2018	1) Practical Application on the New Malaysia Code on Corporate Governance 2017 (MCCG 2017) 2) Sustainability Reporting
	3 October 2018	FIDE - Understanding Fintech and its implications for Insurance Companies
	9 October 2018	Government of Malaysia Investor Conference - Malaysia New Dawn
	29 October 2018	Preparedness Training on Crisis Management & Cyber Security
	27 November 2018	Global Environmental Social and Governance Trends
	30 November 2018	Maybank Compliance Workshop

Name of Directors	Date	Seminar / Training Course Title
Lee Kay Loon	28 August 2018	1) Practical Application on the New Malaysia Code on Corporate Governance 2017 (MCCG 2017) 2) Sustainability Reporting
Dato' Wan Hashim bin Wan Jusoh	28 August 2018 31 October 2018	1) Practical Application on the New Malaysia Code on Corporate Governance 2017 (MCCG 2017) 2) Sustainability Reporting Power Talk & Directors Dialogue 'Ëffective Boards in a VUCA World'
Wan Azfar bin Dato' Wan Annuar	28 August 2018	1) Practical Application on the New Malaysia Code on Corporate Governance 2017 (MCCG 2017) 2) Sustainability Reporting
Soh Eng Hooi	29 January 2018 27 February 2018 12-13 March 2018 05-06 April 2018 13 August 2018 28 August 2018 19 October 2018	MIA Forum with Audit Sole Practitioners Valuation on Mergers and Acquisitions Mandatory Accreditation Programme Practical Auditing Methodology for SMPs Getting ready for Change : GST to SST 1) Practical Application on the New Malaysia Code on Corporate Governance 2017 (MCCG 2017) 2) Sustainability Reporting Modernising ISA 315 - Key Revisions Proposed ISA 315 (Revised), Identifying and Assessing the Risk of Material Misstatement
Tee Tuan Sem	28 August 2018	1) Practical Application on the New Malaysia Code on Corporate Governance 2017 (MCCG 2017) 2) Sustainability Reporting
Makoto Takakashi	28 August 2018	1) Practical Application on the New Malaysia Code on Corporate Governance 2017 (MCCG 2017) 2) Sustainability Reporting
Sam Loh Cheng Keat	28 August 2018	1) Practical Application on the New Malaysia Code on Corporate Governance 2017 (MCCG 2017) 2) Sustainability Reporting

II Board Composition

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

The Company has an experienced Board comprising three (3) Executive Directors and four (4) Independent Non-Executive Directors. 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 (4) 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 NRC has reviewed the performance of the independent directors and is satisfied they have discharged their responsibilities in an independent manner.

The MCCG 2017 stipulates that 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.

The Nomination & Remuneration Committee has assessed the independence of Datuk R. Karunakaran, who has served as an Independent Non-Executive Director of the Company for a cumulative term of 11 years after 1 July 2019. Notwithstanding his long tenure in office as Chairman and based on the review and recommendation of the NRC, the Board is unanimous in its opinion that Datuk R. Karunakaran's independence has not been impaired or compromised and the Board resolves to seek the shareholders' approval for Datuk R. Karunakaran to continue serving as an Independent Non-Executive Director of the Company.

III Remuneration

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process.

The Company's NRC 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.

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

The Details of the Directors' remuneration comprising remuneration received from the Company and its subsidiaries in the financial year ended 31 December 2018 are as follows:

Company

	RM'000					
	Salaries	**Fees**	**Bonus**	**Other Remuneration**	**Benefits-In-Kind**	**Total**
Non-Executive Directors						
Datuk R. Karunakaran	-	108	-	4	7	119
Lee Kay Loon	-	90	-	5	3	98
Wan Azfar bin Dato' Wan Annuar	-	60	-	5	4	69
Dato' Wan Hashim bin Wan Jusoh	-	60	-	4	-	64
Soh Eng Hooi	-	38	-	2	3	43
Executive Directors						
Tee Tuan Sem	600	-	-	36	92	728
Makoto Takahashi	240	-	-	-	15	255
Loh Cheng Keat	240	-	-	30	-	270
Total	**1,080**	**356**	**-**	**86**	**124**	**1,646**

Group

	RM'000					
	Salaries	Fees	Bonus	Other Remuneration	Benefits-In-Kind	Total
Non-Executive Directors						
Datuk R. Karunakaran	-	108	-	4	7	119
Lee Kay Loon	-	90	-	5	3	98
Wan Azfar bin Dato' Wan Annuar	-	60	-	5	4	69
Dato' Wan Hashim bin Wan Jusoh	-	60	-	4	-	64
Soh Eng Hooi	-	38	-	2	3	43
Executive Directors						
Tee Tuan Sem	915	-	-	36	92	1,043
Makoto Takahashi	553	-	-	-	15	568
Loh Cheng Keat	240	-	-	30	-	270
Total	**1,708**	**356**	**-**	**86**	**124**	**2,274**

Details of the remuneration of the top Senior Management (including salary, bonus, benefits in-kind and other emoluments) in each successive bands of RM50,000 during the financial year 2018, are as follows:

Range of Remuneration (RM)	Name of Top Senior Management
50,001 - 100,000	Motohiko Tachibana
50,001 - 100,000	Amarjit Singh A/L Banta Singh
100,001 - 150,000	Tee Jia Jie
150,001 - 200,000	Hoo Pee Chon
250,001 - 300,000	Lee Pei Sze

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee

There is an effective and independent audit committee. The board is able to objectively review the audit committee's findings and recommendations. The company's financial statement is a reliable source of information.

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 2018 and comprises:-

i. Soh Eng Hooi (designated Chairman on 01.01.2019)
ii. Wan Azfar bin Dato' Wan Annuar
iii. Dato' Wan Hashim bin Wan Jusoh
iv. Lee Kay Loon (resigned as Chairman on 31.12.2018)

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 ARMC exercises professional oversight of the integrity of the financial reports before presenting the financial statements to the Board for approval. The ARMC also provides assurance to the Board with support and clarifications from the external auditors that the financial statements & 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.

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 ARMC 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 was two such dialogue session with the external auditors.

It is the practice of the ARMC to conduct annual assessment of the external auditor. 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 recommendation 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 RM 14,000.

The ARMC comprises Independent Non-Executive Directors and at least one member fulfills qualifications prescribed by Bursa via paragraph 15.09(1)(c) and paragraph 7.1 of Practice Note 13 of the Main Market Listing Requirements.

II Risk Management and Internal Control Framework

Company makes informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The Board is provided with a reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

The Board has the ultimate responsibility for reviewing the Company's risk profile, approving the risk framework and policy. 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 ARMC and is authorised to conduct independent audits of all the departments and offices within the group. It reports its findings to the ARMC at the end of each quarter.

The ARMC reviews, deliberates and evaluates the effectiveness and efficiency of the internal control systems in the organisation 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.

The Group's risk management and internal control is headed by the ARMC which comprises Independent Non-Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

The Group has established an internal audit and risk management function within the Group which is led by the Head of Internal Audit and Chief Risk Officer who reports directly to the ARMC.

The Board is cognisant of the fact it 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 a continuous review of 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.

The Statement on Risk Management and Internal Control furnished on pages 43 to 45 of the Annual Report provides an overview on the state of internal controls within the Group, in an effort to manage risk.

PRINCIPAL C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I Communication with Stakeholders

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders or stakeholders.

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. In line with best practices, the Board strives to disclose price sensitive information to the public as soon as practicable 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. The Company's website at www.ilb.com.my is regularly updated and provides relevant information on the Company which is accessible to the public to make informed decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II Conduct of General Meetings

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at general meetings.

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.

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
Lee Pei Sze, Group Chief Financial Officer	03-5614 2555	leepeisze@ilb.com.my
Tee Jia Jie, Executive Director, IL Solar Sdn Bhd	03-5614 2555	jjtee@ilb.com.my

All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board makes announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings to facilitate greater shareholder participation.

This Corporate Governance Overview Statement is made at the Board of Directors Meeting held on 15 November 2018.

OTHER DISCLOSURES

1. **Utilisation of Proceeds**

Private Placement

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

Purpose	**Proposed Utilisation** RM'000	**Actual Utilisation** RM'000	**Deviation Amount** RM'000	**Explaination**
Acquisition of lands to situate future large scale solar photovoltaic ("LSSPV") plants	10,000	-	NA	
Studies and preparation of bid submissions for additional LSSPV plants	2,800	-	NA	
Working capital	549	1,302	753	Amount incurred on system enhancement work for solar plant in Kedah
Estimated expenses relating to the Proposed Placement	200	182	(18)	Based on actual invoices
Total	**13,549**	**1,484**		

* NA - Not applicable yet

The proceeds have not been utilised by the Company pending suitable opportunities to invest further in solar renewable energy activities, within 24 months.

2. **Audit fees and Non-Audit Fees**

During the financial year ended 31 December 2018, the amount of audit fees and non-audit fees paid or payable to the Group and the Company are as follows:

	Group (RM)	**Company (RM)**
Audit Fees	245,944	86,000
Non-Audit Fees	14,000	14,000

3. **Material Contracts**

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

4. **Variance in Results**

There is no material variance between the results for the financial year 2018 and the unaudited results previously announced by the Company. The Company did not release any profit estimate, forecast or projections during the financial year.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of the Group is pleased to present the Audit & Risk Management Committee ("ARMC") Report for the financial year ended ("FYE") 31st December 2018.

MEMBERSHIP

The ARMC shall be appointed by the Board from amongst the directors and shall consist of not less than three (3) members, a majority of whom shall be Independent Directors. All members of the ARMC should be Non-Executive Directors.

The members of the ARMC shall elect a Chairman from among their members who shall be an Independent Director. No alternate director shall be appointed as a member of the ARMC.

At least one (1) member of the ARMC:-

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:

- he/ she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
- he/ she must be a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
- fulfils such other requirement as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").

The ARMC of the Group comprises the following members:

Chairman
Soh Eng Hooi (Appointed on 15th May 2018 & Designated Chairman on 1 January 2019)
Independent Non-Executive Director

Lee Kay Loon (Resigned on 31 December 2018)
Independent Non-Executive Director

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

Dato' Wan Hashim bin Wan Jusoh
Independent Non-Executive Director

The ARMC comprises three (3) Non-Executive Directors during FYE 31st December 2018, all of whom are Independent Directors. The Chairman of the Audit Committee, Ms. Soh Eng Hooi is a Fellow Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

The composition of the ARMC and the qualification of the members comply with Paragraph 15.09 (1) of the Main Market Listing Requirement of Bursa Securities ("MAIN LR").

AUTHORITY

The ARMC is authorised by the Board to investigate any activity within its Terms of Reference and shall have unrestricted access to any information pertaining to the Group, both the internal and external auditors and to all employees of the Group. The Audit Committee is also authorised by the Board to obtain external legal or other independent professional advice as necessary in the discharge of its duties.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

TERMS OF REFERENCE

The Terms of Reference of the ARMC are available on Integrated Logistics Berhad's website at https://www.ilb.com.my/Attachments/audit_and_risk_management_committee.pdf.

MEETINGS AND MINUTES

Meetings shall be held not less than four (4) times a year, and will normally be attended by the Chief Financial Officer, Chief Risk Officer, other senior management and external auditors. Other members of the Board and senior management may attend meetings upon the invitation of the ARMC. Both the internal and/or external auditors may request a meeting if they consider it to be necessary. The ARMC shall meet with the external and internal auditors at least twice a year without the presence of executive members of the Board.

The Secretary to the ARMC shall be the Company Secretary. The Chairman of the ARMC shall report on each meeting to the Board.

The ARMC has met with the external and internal auditors without executive board members present at least twice a year.

During the year, the ARMC held a total of four (4) meetings. The Chief Financial Officer, Chief Risk Officer and external auditors, have been invited to attend the ARMC meetings to present their audit plans and their subsequent findings.

The details of attendance of the ARMC members are as follows:

Committee Members	Meeting Attendance
Lee Kay Loon *(resigned on 31 December 2018)*	4/4
Wan Azfar bin Dato' Wan Annuar	2/4
Dato' Wan Hashim bin Wan Jusoh	4/4
Soh Eng Hooi *(appointed on 15 May 2018)*	2/2

Responsibilities and Duties

In fulfilling its primary objectives, the ARMC undertakes, amongst others, the following responsibilities and duties:-

a) To discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;
b) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to the external auditors;
c) To review with the external auditors, their evaluation of the system of internal controls, their management letter and management's responses;
d) To review the following in respect of internal audit:-
   - the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
   - the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
   - review any appraisal or assessment of the performance of members of the internal audit function; and
   - review and approve any appointment or termination of senior staff members of the internal audit function.
e) To review the quarterly reporting to Bursa Securities and year-end annual financial statements of the Group before submission to the Board, focusing on:-
   - compliance with accounting standards and regulatory requirements;
   - any major changes in accounting policies;
   - significant and unusual items and events; and
   - incidences of fraud and material litigation, if any.
f) To review any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management's integrity;
g) To consider the nomination and appointment of external auditors, as well as the audit fee;
h) To review the resignation or dismissal of external auditors;
i) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment; and
j) To promptly report to Bursa Securities if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MAIN LR.

INTERNAL AUDIT & RISK MANAGEMENT FUNCTION

Pursuant to the MAIN LR of Bursa Securities and in compliance with the Malaysian Code on Corporate Governance 2017, the Company has established its own Internal Audit & Risk Management Department who works independently from the Management. The Internal Audit & Risk Management Department report directly to the ARMC.

The Internal Audit & Risk Management provide an independent and objective assessment of the adequacy and effectiveness of the Group's risk management and internal controls which is performed with impartiality, proficiency and due professional care.

The Internal Audit & Risk Management function adopts a risk based auditing approach by focusing on reviewing identified high risk areas for compliance with control policies and procedures, identifying business risks which have not been appropriately addressed and evaluating the adequacy and integrity of controls. The Internal Audit & Risk Management function assists the ARMC in discharging its duties and responsibilities with respect to the adequacy and integrity of the system of internal controls within the Group.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

During the year, a risk based audit of the Group's operating divisions was conducted to ensure compliance with internal control procedures, control weaknesses and propose appropriate recommendations towards improving and strengthening of controls.

COSTS INCURERED BY INTERNAL AUDIT & RISK MANAGEMENT DEPARTMENT

The total cost incurred by the Internal Audit & Risk Management Department for the financial year ended 2018 amounted to RM226,000.

SUMMARY OF ACTIVITIES OF THE ARMC

The ARMC's activities during the financial year under review comprised the following:-

Quarterly Financial Statements and Audited Financial Statements

- reviewed the audited financial statements of the Company prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act 2016 and the applicable approved accounting standards as per Malaysian Accounting Standards Board; and
- reviewed the unaudited financial results before recommending them for Board's approval, focusing particularly on:-
  - Any change in accounting policies
  - Significant adjustments arising from audit
  - Compliance with accounting standards and other legal requirements

External Auditors

- reviewed the external audit plan, outlining the audit scope, audit process and areas of emphasis based on the external auditors' presentation of audit plan;
- reviewed the external audit review memorandum and audit planning memorandum and the response from the Management;
- consideration and recommendation to the Board for approval of the audit fees payable to the external auditors;
- reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services and recommend to the Board for approval on the re-appointment of external auditors; and
- reviewed and evaluated the factors relating to the independence of the external auditors.

Internal Control and Risk Management

The internal control and risk management activities carried out during the financial year are as follows:-

- reviewed the internal audit plan for adequacy scope and coverage and risk areas;
- reviewed risk management report and internal audit reports;
- reviewed the effectiveness and adequacy of risk management, operational and compliance processes;
- reviewed the adequacy and effectiveness of corrective actions taken by the Management on all significant matters raised; and
- monitored and reviewed fraud cases.

RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

At each quarterly meeting, the ARMC reviewed the recurrent related party transactions ("RPT") and conflict of interest situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

The ARMC reviews the RPT and conflict of interest situation presented by the Management prior to the Company entering into such transaction. The ARMC also ensure that the adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situation before entering into transaction.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

A. BOARD RESPONSIBILITY

1. The Board is cognisant of the fact that it 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 a continuous review of 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. The Board acknowledges its responsibility but is also 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 is 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 adequate and effective in all material aspects.

6. The key features of the internal control systems which are operated with the assistance of the Management.

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 a jointly controlled entity).

8. For the period under review, the Audit & Risk Management Committee is assisted by the Chief Risk Officer and the framework is continually monitored to ensure it is responsive to the changes in the Group's Corporate Structure.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

C. INTERNAL CONTROL STRUCTURE

9. 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 organisation structure outlines the authority, responsibility, segregation of duties and accountability.

- **Group Policies and Procedures**

  The Group policies and procedures help 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 comply with safety requirements.

- **Management Information System**

  The Group recognises 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**

  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 the public's information.

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

  Members of the ARMC comprise independent non-executive directors who provide direction and oversight over the internal audit function and enhance its independence. The ARMC meets each quarter to review internal audit findings, discuss risk management issues and ensure 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 on internal audit reports are carried out to ensure that appropriate action is taken to address any internal control weaknesses highlighted.

The Group's Chief Risk Officer operates independently 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.

- **Operational Monitoring and Controls**

  The monitoring and control procedures are regularly reviewed by the Management. 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 although a sound internal control system cannot eliminate risks, it reduces the possibility of poor judgement in decision making and human error. It also reduces the risk of control processes being deliberately circumvented by employees and management overriding the controls that are in place.

D. CONCLUSION

10. 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 the risk management and internal control in place is adequate and effective. 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 15 November 2018

E. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

11. The External Auditors have reviewed this statement pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and have reported that nothing has come to their attention that causes them to believe that the contents of this Statement intended to be included in the annual report are not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers to be set out, nor is the Statement factually inaccurate.

    Their review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement other than Audits or Reviews of Historical Financial Information & Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

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

The Directors are required by the Companies Act 2016 ("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 2016. 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.

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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 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 12 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 for the financial year	(102,049,993)	(86,793,432)
Attributable to:		
Owners of the Company	(98,297,607)	(86,793,432)
Non-controlling interests	(3,752,386)	-
	(102,049,993)	(86,793,432)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2018.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised 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 so to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(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.

DIRECTORS' REPORT

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) other than as disclosed in Note 6 to the financial statements, 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) other than as disclosed in Note 6 to the financial statements, 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 issue of shares or debentures were 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 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company repurchased 836,900 of its issued and paid up ordinary shares from the open market at an average price of RM0.494 per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM413,079.

As at 31 December 2018, the Company held 6,125,175 treasury shares out of its 195,025,503 issued and paid up ordinary shares. Such treasury shares are held at a carrying amount of RM4,797,033. Further details are disclosed in Note 23 to the financial statements.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Datuk Karownakaran @ Karunakaran
Tee Tuan Sem *
Makoto Takahashi *
Loh Cheng Keat *
Wan Azfar bin Dato' Wan Annuar
Dato' Wan Hashim bin Wan Jusoh
Soh Eng Hooi (Appointed on 15 May 2018)
Lee Kay Loon * (Resigned on 31 December 2018)

* Directors of the Company and certain subsidiaries

Other than as stated above, the name of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dato' Loh Chiew Hor
Mong Tak Yeung, David
Hoo Pee Chon
Tai Me Teck
Tam Poon Wah
Tee Jia Jie
Mo Lin Gen
Zha Quan Zhen
Zhang Feng

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares			
	At 1.1.2018	Bought	Sold	At 31.12.2018
Direct interest:				
Makoto Takahashi	20,803,990	-	-	20,803,990
Loh Cheng Keat	3,520,300	638,200	-	4,158,500
Indirect interest:				
Tee Tuan Sem * #	20,399,382	-	-	20,399,382

* held through spouse
# held through nominees in which the director has interest

The other directors in office at the end of the financial year did not have any interests in shares of the Company during the financial year.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 6 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.

INDEMNITY TO DIRECTORS AND OFFICERS

Every director and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Companies Act 2016 in which relief is granted to him by the court in respect of any negligence, default, breach of duty or breach of trust.

During the financial year, the total amount of insurance premium paid for the directors and certain officers of the Company were RM23,622 and RM8,075 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 12 to the financial statements.

The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Details of significant event during the financial year are disclosed in Note 36 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event subsequent to the end of the financial year are disclosed in Note 37 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 6 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

TEE TUAN SEM
Director

MAKOTO TAKAHASHI
Director

Date: 19 March 2019

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Revenue	5	24,526,999	16,306,932	-	-
Direct operating costs		(12,750,753)	(7,536,457)	-	-
Gross profit		11,776,246	8,770,475	-	-
Other income		2,642,272	8,542,236	5,403,716	5,037,024
Administrative expenses		(11,758,420)	(15,648,265)	(5,758,917)	(8,359,924)
Other expenses		(84,319,592)	(1,959,937)	(86,080,864)	(57,858,084)
		(96,078,012)	(17,608,202)	(91,839,781)	(66,218,008)
Operating loss		(81,659,494)	(295,491)	(86,436,065)	(61,180,984)
Finance costs		(7,743,373)	(4,040,070)	(201,871)	(214,812)
Share of results of associates		(3,056,083)	19,051,320	-	-
Share of results of a jointly controlled entity		(9,850,899)	(15,526,249)	-	-
Loss before tax	6	(102,309,849)	(810,490)	(86,637,936)	(61,395,796)
Tax credit/(expense)	7	259,856	(1,788,326)	(155,496)	(5,005)
Loss for the financial year		(102,049,993)	(2,598,816)	(86,793,432)	(61,400,801)
Other comprehensive (loss)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of warehouse and office buildings		(93,652)	406,483	-	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(3,771,098)	(16,390,528)	-	-
Reclassification adjustment of other reserve upon disposal of subsidiaries by an associate		-	(177,675)	-	-
Reclassification adjustment for retained earnings upon disposal of a subsidiary		-	2,639	-	-
Fair value loss of available-for-sale financial assets		-	(36,027)	-	(36,027)
		(3,771,098)	(16,601,591)	-	(36,027)
Other comprehensive loss for the financial year		(3,864,750)	(16,195,108)	-	(36,027)
Total comprehensive loss for the financial year		(105,914,743)	(18,793,924)	(86,793,432)	(61,436,828)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
(Loss)/Profit attributable to:					
Owners of the Company		(98,297,607)	(9,664,112)	(86,793,432)	(61,400,801)
Non-controlling interests		(3,752,386)	7,065,296	-	-
		(102,049,993)	(2,598,816)	(86,793,432)	(61,400,801)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(99,856,247)	(24,743,206)	(86,793,432)	(61,436,828)
Non-controlling interests		(6,058,496)	5,949,282	-	-
		(105,914,743)	(18,793,924)	(86,793,432)	(61,436,828)
Loss per share attributable to owners of the Company					
Basic/Diluted (sen)	8	(51.822)	(5.215)		

The accompanying notes form an integrated part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	9	241,295,063	250,178,327	10,389,225	10,256,003
Land use rights	10	15,137,560	15,949,202	-	-
Intangible assets	11	2,465,389	2,595,147	-	-
Subsidiaries	12	-	-	84,776,848	22,816,195
Interest in associates	13	41,988,397	56,955,254	11,007,500	11,007,500
Interest in a jointly controlled entity	14	21,359,324	22,277,879	21,568,579	22,482,751
Other investments	15	270,000	389,140	270,000	389,140
Amount owing by a subsidiary	16	-	-	12,181,462	11,946,228
Amount owing by a jointly controlled entity	17	19,406,566	60,604,500	19,197,311	60,604,500
Total non-current assets		341,922,299	408,949,449	159,390,925	139,502,317
Current assets					
Receivables	18	2,779,700	7,922,315	421,691	861,883
Amounts owing by subsidiaries	16	-	-	11,288,483	72,240,978
Amount owing by a jointly controlled entity	17	4,980,060	31,463,765	4,980,060	31,463,765
Tax assets		309,080	76,302	114,031	76,302
Other investments	15	4,392,413	20,445,371	4,392,413	20,445,371
Deposits, cash and bank balances	20	29,153,460	33,879,438	1,340,864	4,248,959
Total current assets		41,614,713	93,787,191	22,537,542	129,337,258
TOTAL ASSETS		383,537,012	502,736,640	181,928,467	268,839,575

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	21	225,670,706	225,670,706	225,670,706	225,670,706
Share premium	22	-	-	-	-
Treasury shares	23	(4,797,033)	(4,383,954)	(4,797,033)	(4,383,954)
Reserves	24	46,585,847	48,118,372	-	-
(Accumulated loss)/ Retained earnings		(76,306,122)	22,234,827	(77,863,532)	8,929,900
		191,153,398	291,639,951	143,010,141	230,216,652
Non-controlling interests		51,332,242	57,573,511	-	-
TOTAL EQUITY		242,485,640	349,213,462	143,010,141	230,216,652
Non-current liabilities					
Term loans	25	70,394,950	84,365,360	3,333,092	3,758,780
Loans from corporate shareholders	26	5,220,627	8,178,931	-	-
Deferred tax liabilities	27	1,944,183	2,456,859	-	-
Total non-current liabilities		77,559,760	95,001,150	3,333,092	3,758,780
Current liabilities					
Term loans	25	15,827,523	13,112,717	432,611	420,052
Loans from corporate shareholders	26	38,406,098	31,771,500	-	-
Payables	28	9,073,462	12,513,099	257,722	222,072
Amounts owing to subsidiaries	16	-	-	34,894,901	34,222,019
Tax liabilities		184,529	1,124,712	-	-
Total current liabilities		63,491,612	58,522,028	35,585,234	34,864,143
TOTAL LIABILITIES		141,051,372	153,523,178	38,918,326	38,622,923
TOTAL EQUITY AND LIABILITIES		383,537,012	502,736,640	181,928,467	268,839,575

The accompanying notes form an integrated part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	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 redemption reserve RM	Non-controlling interests RM
Group															
At 1 January 2017		354,458,386	302,834,157	178,025,503	15,096,203	(4,383,954)	32,076,868	82,019,537	3,612,853	23,318	48,178,503	36,027	11,168,836	19,000,000	51,624,229
Total comprehensive loss for the financial year															
(Loss)/Profit for the financial year		(2,598,816)	(9,664,112)	-	-	-	(9,664,112)	-	-	-	-	-	-	-	7,065,296
Other comprehensive (loss)/income for the financial year															
Revaluation of warehouse and office buildings		406,483	184,950	-	-	-	-	184,950	184,950	-	-	-	-	-	221,533
Exchange differences on translation of foreign operations		(16,390,528)	(15,106,284)	-	-	-	-	(15,106,284)	-	(12,417)	(13,925,822)	-	(1,168,045)	-	(1,284,244)
Reclassified to profit or loss upon disposal of a subsidiary		(175,036)	(121,733)	-	-	-	2,639	(124,372)	-	-	-	-	(124,372)	-	(53,303)
Fair value loss of available-for-sale financial assets		(36,027)	(36,027)	-	-	-	-	(36,027)	-	-	-	(36,027)	-	-	-
Total other comprehensive loss		(16,195,108)	(15,079,094)	-	-	-	2,639	(15,081,733)	184,950	(12,417)	(13,925,822)	(36,027)	(1,292,417)	-	(1,116,014)
Total comprehensive loss for the financial year		(18,793,924)	(24,743,206)	-	-	-	(9,661,473)	(15,081,733)	184,950	(12,417)	(13,925,822)	(36,027)	(1,292,417)	-	5,949,282
		335,664,462	278,090,951	178,025,503	15,096,203	(4,383,954)	22,415,395	66,937,804	3,797,803	10,901	34,252,681	-	9,876,419	19,000,000	57,573,511
Transactions with owners															
Transfer to statutory reserve fund		-	-	-	-	-	(180,568)	180,568	-	180,568	-	-	-	-	-
Issue of ordinary shares	21	13,549,000	13,549,000	13,549,000	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners		13,549,000	13,549,000	13,549,000	-	-	(180,568)	180,568	-	180,568	-	-	-	-	-
Transition to no-par value regime	21	-	-	34,096,203	(15,096,203)	-	-	(19,000,000)	-	-	-	-	-	(19,000,000)	-
At 31 December 2017		349,213,462	291,639,951	225,670,706	-	(4,383,954)	22,234,827	48,118,372	3,797,803	191,469	34,252,681	-	9,876,419	-	57,573,511

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Total equity RM	Equity attributable to owners of the parent RM	Share capital RM	Treasury shares RM	Retained earnings /(Accumulated loss) RM	Total reserves RM	Asset revaluation reserve RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Other reserve RM	Non-controlling interests RM
Group												
At 1 January 2018		349,213,462	291,639,951	225,670,706	(4,383,954)	22,234,827	48,118,372	3,797,803	191,469	34,252,681	9,876,419	57,573,511
Total comprehensive loss for the financial year												
Loss for the financial year		(102,049,993)	(98,297,607)	-	-	(98,297,607)	-	-	-	-	-	(3,752,386)
Other comprehensive loss for the financial year												
Revaluation of warehouse and office buildings		(93,652)	(42,612)	-	-	-	(42,612)	(42,612)	-	-	-	(51,040)
Exchange differences on translation of foreign operations		(3,771,098)	(1,516,028)	-	-	-	(1,516,028)	-	-	(1,516,028)	-	(2,255,070)
Total other comprehensive loss		(3,864,750)	(1,558,640)	-	-	-	(1,558,640)	(42,612)	-	(1,516,028)	-	(2,306,110)
Total comprehensive loss for the financial year		(105,914,743)	(99,856,247)	-	-	(98,297,607)	(1,558,640)	(42,612)	-	(1,516,028)	-	(6,058,496)
Transactions with owners												
Transfer to statutory reserve fund		-	-	-	-	(26,115)	26,115	-	26,115	-	-	-
Acquisition of non-controlling interests	12(a)	(400,000)	(217,227)	-	-	(217,227)	-	-	-	-	-	(182,773)
Shares repurchased	23	(413,079)	(413,079)	-	(413,079)	-	-	-	-	-	-	-
Total transactions with owners		(813,079)	(630,306)	-	(413,079)	(243,342)	26,115	-	26,115	-	-	(182,773)
At 31 December 2018		242,485,640	191,153,398	225,670,706	(4,797,033)	(76,306,122)	46,585,847	3,755,191	217,584	32,736,653	9,876,419	51,332,242

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Total equity RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total reserves RM	Capital redemption reserve RM	Fair value reserve RM
Company									
At 1 January 2017		278,104,480	178,025,503	15,096,203	(4,383,954)	70,330,701	19,036,027	19,000,000	36,027
Total comprehensive loss for the financial year									
Loss for the financial year		(61,400,801)	-	-	-	(61,400,801)	-	-	-
Other comprehensive loss for the financial year		(36,027)	-	-	-	-	(36,027)	-	(36,027)
Total comprehensive loss		(61,436,828)	-	-	-	(61,400,801)	(36,027)	-	(36,027)
Transaction with owners									
Issue of ordinary shares	21	13,549,000	13,549,000	-	-	-	-	-	-
Transition to no-par value regime	21	-	34,096,203	(15,096,203)	-	-	(19,000,000)	(19,000,000)	-
At 31 December 2017		230,216,652	225,670,706	-	(4,383,954)	8,929,900	-	-	-

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Total equity RM	Share capital RM	Treasury shares RM	Retained earnings /(Accumulated loss) RM
Company					
At 1 January 2018		230,216,652	225,670,706	(4,383,954)	8,929,900
Total comprehensive loss for the financial year					
Loss for the financial year, representing the total comprehensive loss for the financial year		(86,793,432)	-	-	(86,793,432)
Transaction with owners					
Shares repurchased	23	(413,079)	-	(413,079)	-
At 31 December 2018		143,010,141	225,670,706	(4,797,033)	(77,863,532)

The accompanying notes form an integrated part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash flows from operating activities					
Loss before tax:		(102,309,849)	(810,490)	(86,637,936)	(61,395,796)
Adjustments for:					
Amortisation of intangible assets		129,758	129,757	-	-
Amortisation of land use rights		389,007	396,643	-	-
Depreciation of property, plant and equipment		7,411,230	3,903,215	773,591	224,798
Expected credit loss for amount owing by a jointly controlled entity		75,424,951	-	75,634,206	-
Fair value gain on other investments		(15,852)	-	(15,852)	-
Gain on disposal of a subsidiary		-	(52,005)	-	-
Gain on disposal of property, plant and equipment		(52,310)	(112,219)	-	(118,156)
Impairment loss on:					
- interest in an associate		8,829,405	1,705,761	-	-
- interest in a jointly controlled entity		-	-	10,383,422	42,889,246
- other investments		-	55,543	-	55,543
Income distribution from other investments		(443,636)	(351,506)	(443,636)	(351,506)
Interest expense		7,743,373	4,040,070	201,871	214,812
Interest income		(295,370)	(2,915,162)	(509,556)	(2,972,192)
Loss on disposal of other investments		33,998	-	33,998	-
Property, plant and equipment written off		2,764	27	2,764	27
Reversal of provision for employee benefits		(7,022)	(3,402)	(7,022)	(3,402)
Share of results of associates		3,056,083	(19,051,320)	-	-
Share of results of a jointly controlled entity		9,850,899	15,526,249	-	-
Unrealised loss/(gain) on foreign exchange		1,928,390	(3,140,155)	(2,780,342)	14,862,973
Operating profit/(loss) before working capital changes, carried forward		11,675,819	(678,994)	(3,364,492)	(6,593,653)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from operating activities (cont'd)					
Operating profit/(loss) before working capital changes, brought forward		11,675,819	(678,994)	(3,364,492)	(6,593,653)
Changes in working capital:					
Receivables		4,836,232	1,045,852	(244,822)	1,657,760
Payables		(3,586,588)	(7,113,145)	42,671	(483,692)
Net cash flows generated from/(used in) operations		12,925,463	(6,746,287)	(3,566,643)	(5,419,585)
Interest paid		(7,589,399)	(3,787,796)	(201,871)	(214,812)
Tax (paid)/refunded		(1,427,223)	22,853	(193,225)	453,947
Net cash flows from/(used in) operating activities		3,908,841	(10,511,230)	(3,961,739)	(5,180,450)
Cash flows from investing activities					
Purchase of property, plant and equipment	9	(1,858,937)	(70,370,108)	(909,577)	(2,978,734)
Proceeds from disposal of property, plant and equipment		52,310	118,160	-	118,160
Acquisition of additional interests in a subsidiary		(400,000)	-	-	-
Effect of disposal of a subsidiary, net of cash disposed	12(c)	-	2,833,132	-	-
Proceeds from disposal of other investments		97,836	-	97,836	-
Net withdrawal/(placement) of short-term fund		16,056,116	(3,036,095)	16,056,116	(3,036,095)
Withdrawal/(Placement) of deposits		188,454	(31,484)	(27,443)	(25,221)
Repayments from/(Advances to) subsidiaries		-	-	38,612	(23,645,121)
Advances to a jointly controlled entity		(13,883,373)	(8,954,054)	(13,883,373)	(8,954,054)
Interest received		739,006	756,920	480,103	667,042
Net cash flows from/(used in) investing activities		991,412	(78,683,529)	1,852,274	(37,854,023)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		-	13,549,000	-	13,549,000
Shares repurchased		(413,079)	-	(413,079)	-
Drawdown of term loans	(a)	2,395,569	44,102,252	-	-
Repayments of term loans	(a)	(12,568,776)	(10,514,806)	(413,129)	(400,188)
Drawdown of unsecured loan from a corporate shareholder	(a)	3,257,082	27,415,000	-	-
(Repayments to)/Advances from subsidiaries	(a)	-	-	(318)	26,084,483
Net cash flows (used in)/from financing activities		(7,329,204)	74,551,446	(826,526)	39,233,295
Net decrease in cash and cash equivalents		(2,428,951)	(14,643,313)	(2,935,991)	(3,801,178)
Cash and cash equivalents at the beginning of the financial year		32,830,981	51,235,033	3,416,399	7,219,786
Effects of exchange rates changes on cash and cash equivalents		(2,108,572)	(3,760,739)	454	(2,209)
Cash and cash equivalents at the end of the financial year	20	28,293,458	32,830,981	480,862	3,416,399

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(a) Reconciliation of liabilities arising from financing activities:

	1.1.2018 RM	Cash flows RM	Non-cash RM	31.12.2018 RM
Group				
Term loans	97,478,077	(10,173,207)	(1,082,397)	86,222,473
Loans from corporate shareholders	39,950,431	3,257,082	419,212	43,626,725
	137,428,508	(6,916,125)	(663,185)	129,849,198
Company				
Term loans	4,178,832	(413,129)	-	3,765,703
Amounts owing to subsidiaries	34,222,019	(318)	673,200	34,894,901
	38,400,851	(413,447)	673,200	38,660,604

	1.1.2017 RM	Cash flows RM	Non-cash RM	31.12.2017 RM
Group				
Term loans	69,628,827	33,587,446	(5,738,196)	97,478,077
Loans from corporate shareholders	15,261,725	27,415,000	(2,726,294)	39,950,431
	84,890,552	61,002,446	(8,464,490)	137,428,508
Company				
Term loans	4,579,020	(400,188)	-	4,178,832
Amounts owing to subsidiaries	9,330,536	26,084,483	(1,193,000)	34,222,019
	13,909,556	25,684,295	(1,193,000)	38,400,851

The accompanying notes form an integrated part of these financial statements.

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 Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur. The principal place of business of the Company is located at No. 6, Jalan Sungai Buloh 27/101A, Seksyen 27, 40400 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 12. 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 19 March 2019.

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 2016 in Malaysia.

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

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

<u>New MFRSs</u>

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

<u>Amendments/Improvements to MFRSs</u>

MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

<u>New IC Int</u>

IC Int 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int 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.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretations ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred
MFRS 132	Financial Instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2021#

2. BASIS OF PREPARATION (cont'd)

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

		Effective for financial periods beginning on or after
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

** Amendments to References to the Conceptual Framework in MFRS Standards*
 # Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

2. BASIS OF PREPARATION (cont'd)

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

2.3.1 (cont'd)

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The Amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

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 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture to which the equity method is not applied.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

2. BASIS OF PREPARATION (cont'd)

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

2.3.1 (cont'd)

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a *revised Conceptual Framework for Financial Reporting* and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The Amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

The Amendments to the nine Standards are a consequence of MFRS 17 with an effective date on or after 1 January 2021, which include MFRS 1, MFRS 5, MFRS 7, MFRS 15, MFRS 107, MFRS 116, MFRS 132, MFRS 136 and MFRS 140.

2.3.2 The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

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 operate ("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. BASIS OF PREPARATION (cont'd)

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 Group's and Company's financial statements are disclosed in Note 4.

2.7 Fundamental accounting principal

The financial statements of the Group and the Company have been prepared on the assumption that the Group and the Company will continue as going concerns. The application of the going concern basis is based on the assumption that the Group and the Company will be able to realise their assets and discharge their liabilities in the normal course of business.

During the financial year ended 31 December 2018, the Group and the Company incurred a net loss of RM102,049,993 and RM86,793,432 respectively, and, as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM21,876,899 and RM13,047,692 respectively. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

The directors of the Company are of the opinion that the preparation of the financial statements of the Group and of the Company on a going concern basis remains appropriate having prepared a cash flow forecast supporting the assertion that the Group will have sufficient resources to continue for a period of at least 12 months from the end of the financial year.

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.

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

3.1 Basis of consolidation (cont'd)

(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 3.12(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, a financial asset measured at fair value through other comprehensive income or a financial asset measured at fair value through profit or loss.

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.

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

3.1 Basis of consolidation (cont'd)

(c) Associates (cont'd)

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 a financial asset at fair value through other comprehensive income or a financial asset at fair value through profit or loss. 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.

(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.

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

3.1 Basis of consolidation (cont'd)

(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 financial asset measured at fair value through profit or loss. 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).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

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 transaction dates.

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. 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).

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

3.3 Foreign currency transactions and operations (cont'd)

(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.

3.4 Revenue and other income

<u>Accounting policies applied from 1 January 2018</u>

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

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

3.4 Revenue and other income (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(a) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(b) Services

Revenue from services are recognised at a point in time when services are rendered.

(c) Sale of goods

Revenue from sale of electricity and plants are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

Accounting policies applied until 31 December 2017

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) Rental income

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(b) Services

Revenue from services are recognised when services are rendered.

(c) Sale of goods

Revenue and other income from sale of electricity and plants are recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue and other income are not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(d) Interest income

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(e) Dividend income

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

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 to the Company.

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

3.5 Employee benefits (cont'd)

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the national defined contribution plans. Such contributions are recognised as an expense in 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.

3.7 Taxes

(a) 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.

(i) 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.

(ii) 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.

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

3.7 Taxes (cont'd)

(a) Income tax (cont'd)

(ii) Deferred tax (cont'd)

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.

(b) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

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

3.8 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.9 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment 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 and office buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on warehouse and office 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 and office 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 separate items of property, plant and equipment.

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

3.9 Property, plant and equipment (cont'd)

(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 profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Long-term leasehold land	60
Warehouse and office buildings	20 – 50
Warehouse and office renovation	5
Equipment, furniture and fittings	3 - 5
Motor vehicles	5
Solar photovoltaic	21

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

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

3.10 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.

(a) Lessee accounting

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.

Any upfront lease payments are classified as land use rights.

(b) Lessor accounting

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.

3.11 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.

3.12 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 associate 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)

3.12 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.

3.13 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 contractual provisions of the financial instrument.

<u>Accounting policies applied from 1 January 2018</u>

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

(a) Subsequent measurement

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

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in three categories:
- Financial assets at amortised cost
- Financial assets at fair value through profit or loss
- Financial assets designated at fair value through other comprehensive income ("FVOCI") with no recycling of cumulative gains and losses upon derecognition

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

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

3.13 Financial instruments (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(a) Subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Debt instruments

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. 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 when the financial asset is derecognised, modified or impaired.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities as financial liabilities at amortised cost.

Subsequent to initial recognition, financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liablities are derecognised and 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

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

3.13 Financial instruments (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(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 shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to 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.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:
(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

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

3.13 Financial instruments (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(d) Derecognition (cont'd)

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) 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 expired. 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.

(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.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

Accounting policies applied until 31 December 2017

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.

(a) Subsequent measurement

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

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, 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.

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

3.13 Financial instruments (cont'd)

Accounting policies applied until 31 December 2017 (cont'd)

(a) Subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Loans and receivables

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.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity securities that are designated as available-for-sale or are not classified in other 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 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.

(ii) Financial liabilities

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

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

3.13 Financial instruments (cont'd)

Accounting policies applied until 31 December 2017 (cont'd)

(c) Regular way purchase or sale of financial assets

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(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 expired. 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.

(e) Offsetting of financial instruments

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

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 which are subject to an insignificant risk of changes in value.

3.15 Impairment of assets

(a) Impairment of financial assets

Accounting policies applied from 1 January 2018

Financial assets measured at amortised cost will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

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

3.15 Impairment of assets (cont'd)

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

Accounting policies applied from 1 January 2018 (cont'd)

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:
- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

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

3.15 Impairment of assets (cont'd)

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

Accounting policies applied from 1 January 2018 (cont'd)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Accounting policies applied until 31 December 2017

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss) 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.

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

3.15 Impairment of assets (cont'd)

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

Accounting policies applied until 31 December 2017 (cont'd)

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.

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 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 there is objective evidence that the asset is impaired, the decline in the fair value of an available-for-sale financial asset together with the cumulative loss 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.

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

3.15 Impairment of assets (cont'd)

(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 that has indefinite useful life, 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.

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. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

3.17 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 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.

3.19 Fair value measurements

Fair value of an asset or a liability 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.

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

3.19 Fair value measurements (cont'd)

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.

3.20 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:

Impairment of interest in a jointly controlled entity and amount owing by a jointly controlled entity ("JCE")

On 23 January 2019, the Company received an offer letter from National Trading & Developing Est. ("NTDE") to acquire its entire 50% equity interest of a JCE, Integrated National Logistics DWC-LLC ("Proposed Disposal") for a total purchase consideration of AED45 million. On 29 January 2019, the Board has deliberated and accepted the offer in principal, subject to further negotiations with NTDE on the terms and conditions of the offer. On 13 February 2019, the Company has entered into a Share Sale Agreement with NTDE for the Proposed Disposal for a total purchase consideration of AED45 million. As at the end of the reporting period, the interest in the JCE and amount owing by the JCE are impaired up to the total purchase consideration of AED45 million.

The Group and the Company assess impairment of interest in a JCE and amount owing by a JCE whenever the events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable i.e. the carrying amounts of the assets are more than the recoverable amounts.

Recoverable amounts are measured at the higher of the fair value less costs of disposal for that assets and their 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. The Group and the Company use their judgement to decide the discount rate applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's and the Company's financial positions and results if the actual cash flows are less than the expected.

The carrying amounts of the Group's and the Company's interest in a JCE and amount owing by a JCE are disclosed in Notes 14 and 17.

5. REVENUE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Warehousing and related value added services	14,942,779	14,531,997	-	-
Transportation and distribution	327,743	242,826	-	-
Sales of electricity	9,256,477	1,532,109	-	-
	24,526,999	16,306,932	-	-

6. LOSS BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at loss before tax:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Amortisation of intangible assets	129,758	129,757	-	-
Amortisation of land use rights	389,007	396,643	-	-
Auditors' remuneration:				
- statutory audit:				
- current year	245,444	243,104	86,000	85,800
- under provision in prior year	500	-	-	-
- non statutory audit:				
- current year	14,000	14,000	14,000	14,000
Depreciation of property, plant and equipment	7,411,230	3,903,215	773,591	224,798
Directors' remuneration (Note 6(a))	2,149,921	2,915,922	1,522,201	1,697,556
Expected credit loss for amount owing by a jointly controlled entity	75,424,951	-	75,634,206	-
Fair value gain on other investments	(15,852)	-	(15,852)	-
Gain on disposal of a subsidiary	-	(52,005)	-	-
Gain on disposal of property, plant and equipment	(52,310)	(112,219)	-	(118,156)
Government subsidies	(40,731)	(249,183)	-	-
Impairment loss on:				
- interest in an associate	8,829,405	1,705,761	-	-
- interest in a jointly controlled entity	-	-	10,383,422	42,889,246
- other investment	-	55,543	-	55,543
Income distribution from other investments	(443,636)	(351,506)	(443,636)	(351,506)
Interest expense:				
- term loans	5,571,524	3,241,130	201,871	214,812
- loans from corporate shareholders	2,171,849	798,940	-	-

6. LOSS BEFORE TAX (cont'd)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at loss before tax: (cont'd)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest income:				
- deposits, cash and bank balances	(295,370)	(371,025)	(36,466)	(58,709)
- amount owing by a subsidiary	-	-	(473,090)	(369,346)
- amount owing by a jointly controlled entity	-	(2,544,137)	-	(2,544,137)
Loss on disposal of other investments	33,998	-	33,998	-
Loss/(Gain) on foreign exchange:				
- realised	222,199	(19,697)	1,134	15,241
- unrealised	1,928,390	(3,140,155)	(2,780,342)	14,862,973
Planting income	(16,323)	(4,409)	-	-
Property, plant and equipment written off	2,764	27	2,764	27
Rental expense on:				
- warehouse and office buildings	775,242	830,242	721,242	776,242
- equipment	12,590	12,000	12,590	12,000
- motor vehicles	-	35,948	-	-
Rental income on:				
- land	(10,983)	(10,983)	-	-
- warehouse buildings	(1,653,730)	(1,593,730)	(1,653,730)	(1,593,730)
Reversal of provision for employee benefits	(7,022)	(3,402)	(7,022)	(3,402)
Staff costs:				
- salaries and others	4,316,178	3,976,255	1,132,479	1,145,803
- contribution to defined contribution plans	184,493	234,827	96,239	95,028

(a) The remuneration of the directors are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive directors:				
- salaries and other emoluments	1,774,036	2,502,672	1,146,316	1,284,306
Non-executive directors:				
- fees	355,885	376,750	355,885	376,750
- other emoluments	20,000	36,500	20,000	36,500
	375,885	413,250	375,885	413,250
	2,149,921	2,915,922	1,522,201	1,697,556

The monetary value of benefits-in-kind (which were not included in the above directors' remuneration) of the Group and of the Company received by certain directors of the Company amounted to RM113,350 (2017: RM106,381) and RM113,350 (2017: RM106,381) respectively.

7. TAX (CREDIT)/EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Statement of comprehensive income				
Current tax:				
Taxation in Malaysia:				
- based on results of the current financial year	4,519	4,800	-	2,000
- under provision in prior financial years	152,696	3,005	155,496	3,005
	157,215	7,805	155,496	5,005
Taxation outside Malaysia:				
- based on results of the current financial year	90,350	1,316,974	-	-
	247,565	1,324,779	155,496	5,005
Deferred tax (Note 27):				
- origination and reversal of temporary differences	22,071	(68,118)	-	-
- (over)/under provision in prior financial years	(529,492)	531,665	-	-
	(507,421)	463,547	-	-
Tax (credit)/expense recognised in profit or loss	(259,856)	1,788,326	155,496	5,005

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

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

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

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Loss before tax	(102,309,849)	(810,490)	(86,637,936)	(61,395,796)
Tax at the Malaysian statutory income tax rate of 24% (2017: 24%)	(24,554,364)	(194,517)	(20,793,105)	(14,734,991)
Different tax rates in other countries	1,539,439	(726,095)	-	-
Tax effects arising from:				
- non-taxable income	(38,287)	(3,885,774)	(671,087)	(807,601)
- non-deductible expenses	21,072,354	2,416,991	21,464,192	15,538,186
Tax effect on crystallisation of deferred tax	(31,142)	(31,142)	-	-
Share of results of associates	(44,787)	16,309	-	-
Share of results of a jointly controlled entity	2,364,216	3,726,300	-	-
Utilisation of deferred tax assets not recognised in prior financial years	(363,055)	(175,913)	-	-
Deferred tax assets not recognised during the financial year	172,566	107,497	-	6,406
Under/(Over) provision in prior financial years:				
- current tax	152,696	3,005	155,496	3,005
- deferred tax	(529,492)	531,665	-	-
Tax (credit)/expense recognised in profit or loss	(259,856)	1,788,326	155,496	5,005

8. LOSS PER SHARE

Basic loss per share is based on the loss for the financial year attributable to owners of Company divided by the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2018	2017
Loss for the financial year attributable to owners of the Company (RM)	(98,297,607)	(9,664,112)
Weighted average number of ordinary shares for basic loss per share (unit)	189,683,949	185,312,570
Basic loss per share (sen)	(51.822)	(5.215)

The diluted loss per share of the Group for the financial years ended 31 December 2018 and 31 December 2017 are same as the basic loss per share of the Group as the Company has no dilutive potential ordinary shares.

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Warehouse and office buildings RM	Warehouse and office renovation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Solar photovoltaic RM	Capital work-in-progress RM	Total RM
Group								
2018								
Cost/Valuation								
At 1 January 2018	39,107,204	127,502,942	120,133	829,361	1,589,677	77,292,476	6,061,364	252,503,157
Additions	-	-	62,354	759,316	-	176,971	860,296	1,858,937
Adjustment on revaluation	-	(124,816)	-	-	-	-	-	(124,816)
Elimination of accumulated depreciation on revaluation	-	(2,827,519)	-	-	-	-	-	(2,827,519)
Written off	-	-	-	(75,577)	-	-	-	(75,577)
Disposals	-	-	-	(7,198)	(248,363)	-	-	(255,561)
Transfers	-	1,342,159	1,875,427	278,598	-	-	(3,496,184)	-
Exchange differences	-	(3,190,825)	(573)	(11,288)	138	-	(93,973)	(3,296,521)
At 31 December 2018	39,107,204	122,701,941	2,057,341	1,773,212	1,341,452	77,469,447	3,331,503	247,782,100

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

	Freehold land RM	Warehouse and office buildings RM	Warehouse and office renovation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Solar photovoltaic RM	Capital work-in-progress RM	Total RM
Group								
2018								
Accumulated depreciation								
At 1 January 2018	-	44,513	72,582	768,862	807,237	631,636	-	2,324,830
Depreciation charge for the financial year	-	2,959,307	332,723	211,770	225,869	3,681,561	-	7,411,230
Elimination of accumulated depreciation on revaluation	-	(2,827,519)	-	-	-	-	-	(2,827,519)
Written off	-	-	-	(72,813)	-	-	-	(72,813)
Disposals	-	-	-	(7,198)	(248,363)	-	-	(255,561)
Exchange differences	-	(81,859)	(573)	(10,836)	138	-	-	(93,130)
At 31 December 2018	-	94,442	404,732	889,785	784,881	4,313,197	-	6,487,037
Carrying amount								
At cost	-	-	1,652,609	883,427	556,571	73,156,250	3,331,503	79,580,360
At valuation	39,107,204	122,607,499	-	-	-	-	-	161,714,703
At 31 December 2018	39,107,204	122,607,499	1,652,609	883,427	556,571	73,156,250	3,331,503	241,295,063

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

	Freehold land RM	Long-term leasehold land RM	Warehouse and office buildings RM	Warehouse and office renovation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Solar photovoltaic RM	Capital work-in-progress RM	Total RM
Group									
2017									
Cost/Valuation									
At 1 January 2017	37,835,191	2,848,800	135,850,073	121,052	1,079,370	2,314,307	9,880,863	2,772,837	192,702,493
Additions	1,272,013	-	-	-	37,405	603,773	930,450	69,844,460	72,688,101
Adjustment on revaluation	-	-	541,939	-	-	-	-	-	541,939
Elimination of accumulated depreciation on revaluation	-	-	(2,944,533)	-	-	-	-	-	(2,944,533)
Written off	-	-	-	-	(166,357)	-	-	-	(166,357)
Disposals	-	-	-	-	(72,907)	(1,296,016)	-	-	(1,368,923)
Transfer	-	-	-	-	-	-	66,481,163	(66,500,063)	(18,900)
Disposal of subsidiaries (Note 12(c))	-	(2,848,800)	-	-	(11,063)	-	-	-	(2,859,863)
Exchange differences	-	-	(5,944,537)	(919)	(37,087)	(32,387)	-	(55,870)	(6,070,800)
At 31 December 2017	39,107,204	-	127,502,942	120,133	829,361	1,589,677	77,292,476	6,061,364	252,503,157

9. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

	Freehold land RM	Long-term leasehold land RM	Warehouse and office buildings RM	Warehouse and office renovation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Solar photovoltaic RM	Capital work-in-progress RM	Total RM
Group									
2017									
Accumulated depreciation									
At 1 January 2017	-	47,480	17,805	61,613	1,008,548	1,941,199	30,353	-	3,106,998
Depreciation charge for the financial year	-	23,740	3,034,436	11,888	37,431	194,437	601,283	-	3,903,215
Elimination of accumulated depreciation on revaluation	-	-	(2,944,533)	-	-	-	-	-	(2,944,533)
Written off	-	-	-	-	(166,330)	-	-	-	(166,330)
Disposals	-	-	-	-	(66,970)	(1,296,012)	-	-	(1,362,982)
Disposal of subsidiaries (Note 12(c))	-	(71,220)	-	-	(7,532)	-	-	-	(78,752)
Exchange differences	-	-	(63,195)	(919)	(36,285)	(32,387)	-	-	(132,786)
At 31 December 2017	-	-	44,513	72,582	768,862	807,237	631,636	-	2,324,830
Carrying amount									
At cost	-	-	-	47,551	60,499	782,440	76,660,840	6,061,364	83,612,694
At valuation	39,107,204	-	127,458,429	-	-	-	-	-	166,565,633
At 31 December 2017	39,107,204	-	127,458,429	47,551	60,499	782,440	76,660,840	6,061,364	250,178,327

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

	Freehold land RM	Office building RM	Equipment, furniture and fittings RM	Motor vehicles RM	Office renovation RM	Capital work-in-progress RM	Total RM
Company							
2018							
Cost/Valuation							
At 1 January 2018	4,855,311	1,335,402	195,195	1,148,974	-	3,384,318	10,919,200
Additions	-	-	735,357	-	62,354	111,866	909,577
Written off	-	-	(75,577)	-	-	-	(75,577)
Transfers	-	1,342,159	278,598	-	1,875,427	(3,496,184)	-
At 31 December 2018	4,855,311	2,677,561	1,133,573	1,148,974	1,937,781	-	11,753,200
Accumulated depreciation							
At 1 January 2018	-	44,513	163,520	455,164	-	-	663,197
Depreciation charge for the financial year	-	49,929	199,115	203,712	320,835	-	773,591
Written off	-	-	(72,813)	-	-	-	(72,813)
At 31 December 2018	-	94,442	289,822	658,876	320,835	-	1,363,975
Carrying amount							
At cost	-	-	843,751	490,098	1,616,946	-	2,950,795
At valuation	4,855,311	2,583,119	-	-	-	-	7,438,430
At 31 December 2018	4,855,311	2,583,119	843,751	490,098	1,616,946	-	10,389,225

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

	Freehold land RM	Office building RM	Equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Company						
2017						
Cost/Valuation						
At 1 January 2017	4,855,311	1,335,402	350,663	1,952,004	909,459	9,402,839
Additions	-	-	10,889	492,986	2,474,859	2,978,734
Written off	-	-	(166,357)	-	-	(166,357)
Disposals	-	-	-	(1,296,016)	-	(1,296,016)
At 31 December 2017	4,855,311	1,335,402	195,195	1,148,974	3,384,318	10,919,200
Accumulated depreciation						
At 1 January 2017	-	17,805	304,040	1,578,896	-	1,900,741
Depreciation charge for the financial year	-	26,708	25,810	172,280	-	224,798
Written off	-	-	(166,330)	-	-	(166,330)
Disposals	-	-	-	(1,296,012)	-	(1,296,012)
At 31 December 2017	-	44,513	163,520	455,164	-	663,197
Carrying amount						
At cost	-	-	31,675	693,810	3,384,318	4,109,803
At valuation	4,855,311	1,290,889	-	-	-	6,146,200
At 31 December 2017	4,855,311	1,290,889	31,675	693,810	3,384,318	10,256,003

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

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM1,858,937 (2017: RM72,688,101) and RM909,577 (2017: RM2,978,734) respectively which are satisfied by the following:

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Cash payments on purchase of property, plant and equipment	1,858,937	70,370,108	909,577	2,978,734
Payables	-	2,317,993	-	-
	1,858,937	72,688,101	909,577	2,978,734

(b) The carrying amount of property, plant and equipment pledged to the financial institutions as security for term loan facilities (Note 25) are as follows:

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Freehold land	38,311,277	38,311,277	4,855,311	4,855,311
Warehouse and office buildings	122,607,499	127,458,429	2,583,119	1,290,889
	160,918,776	165,769,706	7,438,430	6,146,200

(c) The freehold land and office building and warehouse and office buildings of the Group were revalued on 5 May 2016 and 31 December 2018 respectively by external independent valuers, having appropriate recognised professional qualification. The valuations are based on comparison method and replacement cost method respectively.

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

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Freehold land	38,640,011	38,640,011	4,855,311	4,855,311
Warehouse and office buildings	117,364,876	122,194,639	2,583,119	1,290,889

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

(d) Fair value information

The fair value of freehold land and warehouse and office buildings of the Group and of the Company are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
31 December 2018				
Freehold land	-	39,107,204	-	39,107,204
Warehouse and office buildings	-	2,583,119	120,024,380	122,607,499
	-	41,690,323	120,024,380	161,714,703
31 December 2017				
Freehold land	-	39,107,204	-	39,107,204
Warehouse and office buildings	-	1,290,889	126,167,540	127,458,429
	-	40,398,093	126,167,540	166,565,633
Company				
31 December 2018				
Freehold land	-	4,855,311	-	4,855,311
Office building	-	2,583,119	-	2,583,119
	-	7,438,430	-	7,438,430
31 December 2017				
Freehold land	-	4,855,311	-	4,855,311
Office building	-	1,290,889	-	1,290,889
	-	6,146,200	-	6,146,200

(i) The valuation of freehold land and office building as at 5 May 2016 is determined using the comparison method of valuation which compares the property with similar properties 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 properties are noted and appropriate adjustment thereof are then made to arrive at the value of the property.

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

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

(d) Fair value information (cont'd)

(ii) The valuation of warehouse buildings as at 31 December 2018 is determined using replacement cost approach which determines the cost to replace an asset at current prices. In view of the lack of comparable market data of similar buildings in the vicinity where the Group's warehouse buildings are situated, the valuation is 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 Group will use the warehouse buildings for long-term yield from production of logistics services for best utilisation of the warehouse 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 RM1,567 (equivalent to RMB2,600), direct administrative cost of approximately 3%, interest rate on financing of approximately 2% and residual ratio of 81%, 89% and 95%. These assumptions are estimated by the professional valuer based on the risk profile of the warehouse buildings being valued.

A significant increase/decrease in the estimated average construction cost per square meter, direct administrative cost and interest rate on financing in isolation would result in a significant increase/decrease in the fair value of the warehouse buildings.

There were no transfers between level 1, level 2 and level 3 during the financial years ended 31 December 2018 and 31 December 2017.

(e) Included in property, plant and equipment are borrowing cost capitalised during the financial year as follows:

	Group	
	2018	**2017**
	RM	**RM**
Solar photovoltaic	-	739,242

10. LAND USE RIGHTS

	Group	
	2018 RM	2017 RM
At 1 January	15,949,202	17,050,183
Amortisation charge for the financial year	(389,007)	(396,643)
Exchange differences	(422,635)	(704,338)
At 31 December	15,137,560	15,949,202

At the end of the financial year, the Group has land use rights located in Suzhou in The People's Republic of China 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 25.

11. INTANGIBLE ASSETS

	Goodwill RM	Customer Contract RM	Total RM
Group			
Cost			
At 1 January 2017	41,727	2,724,904	2,766,631
Disposal of a subsidiary	(41,727)	-	(41,727)
At 31 December 2017/31 December 2018	-	2,724,904	2,724,904
Accumulated amortisation			
At 1 January 2017	-	-	-
Amortisation charge for the financial year	-	129,757	129,757
At 31 December 2017	-	129,757	129,757
Amortisation charge for the financial year	-	129,758	129,758
At 31 December 2018	-	259,515	259,515
Accumulated impairment			
At 1 January 2017	41,727	-	41,727
Disposal of a subsidiary	(41,727)	-	(41,727)
At 31 December 2017/31 December 2018	-	-	-
Carrying amount			
At 31 December 2018	-	2,465,389	2,465,389
At 31 December 2017	-	2,595,147	2,595,147

The intangible assets including goodwill and customer contract arise from acquisition of subsidiaries in the previous financial year.

11. INTANGIBLE ASSETS (cont'd)

Customer contract

The fair value of intangible assets is attributable to customer contract arising from the acquisition of a subsidiary. The acquired subsidiary was granted a feed-in approval by Sustainable Energy Development Authority Malaysia pursuant to the Renewable Energy Act 2011.

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

The customer contract is amortised on a straight-line basis over the effective period of 21 years upon the commencement of the FiT.

12. SUBSIDIARIES

	Company	
	2018	**2017**
	RM	**RM**
At cost		
Unquoted shares	33,516,195	33,516,195
Less: Accumulated impairment losses	(10,700,000)	(10,700,000)
	22,816,195	22,816,195
Loan that is part of net investment	61,960,653	-
	84,776,848	22,816,195

Loan that is part of net investment represents amount owing by a subsidiary which is non-trade in nature, unsecured and interest-free. The settlement of this amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat this amount as long-term source of capital to the subsidiary. As this amount is, in substance, part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment losses, if any.

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Effective equity interest 2018	Effective equity interest 2017
Integrated Forwarding & Shipping Berhad	Malaysia	Ceased operations	100%	100%
IL Energy Sdn. Bhd.	Malaysia	Investment holding	100%	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%	100%
IL Solar Sdn. Bhd.	Malaysia	Solar power plant	100%	100%
IL Power Sdn. Bhd.	Malaysia	Dormant	100%	100%
East Borneo Solar Sdn. Bhd.	Malaysia	Dormant	100%	100%

12. SUBSIDIARIES (cont'd)

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

Name of company	Country of incorporation	Principal activities	Effective equity interest 2018	Effective equity interest 2017
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%
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				
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%

@ Audited by an independent member firm of Baker Tilly International.

Audited by auditors other than Baker Tilly Monteiro Heng PLT and independent member firm of Baker Tilly International.

12. SUBSIDIARIES (cont'd)

(a) Acquisition of additional interest in IL Solar Sdn. Bhd.

On 18 January 2018, IL Energy Sdn. Bhd. ("IL Energy"), a wholly owned subsidiary of the Company has acquired 400,000 ordinary shares representing 20% of the issued and paid up capital of IL Solar Sdn. Bhd. ("IL Solar") from Atlantic Blue Sdn. Bhd. and Pensolar Sdn. Bhd. for a total cash consideration of RM400,000. The equity interest in IL Solar held by IL Energy had increased from 80% to 100%.

Effect of the increase in the Group's equity interest is as follows:

	2018 **RM**
Fair value of consideration transferred	400,000
Increase in share of net assets	(182,773)
Excess charged directly to equity	217,227

(b) Acquisition of subsidiaries

(i) On 18 April 2017, IL Energy, a wholly-owned subsidiary of the Company has acquired 2 ordinary shares representing 100% of the issued and paid up capital of IL Power Sdn. Bhd. for a total cash consideration of RM2.

The fair value of identifiable net assets recognised is cash and cash equivalents of RM2 and effect of the acquisition on cash flows is as follows:

	2017 **RM**
Cash and cash equivalents acquired	2
Consideration paid in cash	(2)
Net cash outflow on acquisition	-

(ii) On 8 May 2017, IL Energy, a wholly-owned subsidiary of the Company has acquired 2 ordinary shares representing 100% of the issued and paid up capital of East Borneo Solar Sdn. Bhd. for a total cash consideration of RM2.

The fair value of identifiable net assets recognised is cash and cash equivalents of RM2 and effect of the acquisition on cash flows is as follows:

	2017 **RM**
Cash and cash equivalents acquired	2
Consideration paid in cash	(2)
Net cash outflow on acquisition	-

12. SUBSIDIARIES (cont'd)

(c) Disposal of a subsidiary

On 21 April 2017, IL Energy, a wholly-owned subsidiary of the Company entered into a Share Sale Agreement ("the Agreement") with Bee Sun Sdn. Bhd. for the disposal of its entire equity interest in Feel Solar Sdn. Bhd. for a total cash consideration of RM2,981,193 upon the terms and conditions stated in the Agreement.

<u>Effect of disposal on the financial position and cash flows of the Group:</u>

	Note	2017 RM
Property, plant and equipment	9	2,781,111
Receivables		287
Cash and cash equivalents		148,061
Tax assets		1,090
Payables		(1,361)
Net assets		2,929,188
Cash consideration received		(2,981,193)
Gain on disposal of investment in a subsidiary		(52,005)
Cash consideration received		2,981,193
Cash and cash equivalents of subsidiary disposed		(148,061)
Net cash inflow on disposal		2,833,132

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

(d) Non-controlling interests

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

	Integrated Logistics (H.K.) Limited RM	Integrated Logistics (China) Co. Limited RM	Integrated Etern Logistics (Suzhou) Co. Limited RM	ISH Logistics Group Limited RM	Other immaterial individual subsidiaries RM	Total RM
2018						
NCI percentage of ownership interest and voting interest	30%	30%	54.5%	30%		
Carrying amount of NCI	9,489,912	10,463,813	36,987,943	(5,461,037)	(148,389)	51,332,242
(Loss)/Profit allocated to NCI	(3,795,114)	30,807	231,808	(219,887)	-	(3,752,386)
2017						
NCI percentage of ownership interest and voting interest	30%	30%	54.5%	30%		
Carrying amount of NCI	14,404,238	10,725,497	37,743,270	(5,333,876)	34,382	57,573,511
Profit/(Loss) allocated to NCI	6,578,959	78,862	797,100	(174,305)	(215,320)	7,065,296

12. SUBSIDIARIES (cont'd)

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

	Integrated Logistics (H.K.) Limited RM	Integrated Logistics (China) Co. Limited RM	Integrated Etern Logistics (Suzhou) Co. Limited RM	ISH Logistics Group Limited RM
2018				
Assets and liabilities				
Non-current assets	101,366,130	-	138,509,662	412
Current assets	89,214	35,053,613	2,895,582	66,299,600
Non-current liabilities	(11,435,248)	-	(55,150,043)	(17,402,089)
Current liabilities	(38,520,392)	(174,235)	(18,387,414)	(838,559)
Net assets	51,499,704	34,879,377	67,867,787	48,059,364
Results				
Revenue	327,743	-	14,942,779	-
(Loss)/Profit for the financial year	(16,499,349)	102,691	425,334	(732,955)
Total comprehensive (loss)/income	(16,499,349)	102,691	425,334	(732,955)
Cash flows information				
Cash flows (used in)/from operating activities	(761,570)	(3,933,291)	2,307,433	(47,213)
Cash flows from/(used in) investing activities	52,882	703,691	(722,505)	-
Cash flows used in financing activities	-	-	(5,142,565)	-
Effects of exchange rate changes on cash and cash equivalents	-	(1,679,703)	2,483,623	-
Net changes in cash and cash equivalents	(708,688)	(4,909,303)	(1,074,014)	(47,213)

12. SUBSIDIARIES (cont'd)

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

	Integrated Logistics (H.K.) Limited RM	Integrated Logistics (China) Co. Limited RM	Integrated Etern Logistics (Suzhou) Co. Limited RM	ISH Logistics Group Limited RM
2017				
Assets and liabilities				
Non-current assets	115,174,510	126	144,810,487	404
Current assets	792,354	35,967,686	4,075,979	65,258,070
Non-current liabilities	(11,406,895)	-	(56,921,321)	(17,066,040)
Current liabilities	(37,716,282)	(216,157)	(22,711,439)	(335,329)
Net assets	66,843,687	35,751,655	69,253,706	47,857,105
Results				
Revenue	242,826	-	14,531,997	-
Profit/(Loss) for the financial year	21,929,865	262,873	4,315,311	(581,016)
Total comprehensive income/(loss)	21,929,865	262,873	4,315,311	(581,016)
Cash flows information				
Cash flows (used in)/from operating activities	(1,335,242)	(1,559,549)	5,742,926	51,559
Cash flows from/(used in) investing activities	133	842,304	(2,720,198)	-
Cash flows used in financing activities	(487,957)	-	(10,072,068)	-
Effects of exchange rate changes on cash and cash equivalents	-	2,477,566	(3,394,129)	-
Net changes in cash and cash equivalents	(1,823,065)	1,760,321	(10,443,470)	51,559

13. INTEREST IN ASSOCIATES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unquoted shares, at cost				
At 1 January/ 31 December	5,988,300	5,988,300	11,007,500	11,007,500
Share of results				
At 1 January	4,101,676	4,169,633	-	-
Additions	186,614	(67,957)	-	-
At 31 December	4,288,290	4,101,676	-	-
	10,276,590	10,089,976	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 losses				
At 1 January	(29,425,582)	(27,719,821)	-	-
Additions	(8,829,405)	(1,705,761)	-	-
At 31 December	(38,254,987)	(29,425,582)	-	-
Share of results				
At 1 January	5,920,624	(13,198,653)	-	-
Additions	(3,242,697)	19,119,277	-	-
At 31 December	2,677,927	5,920,624	-	-
Exchange differences	1,192,181	4,273,550	-	-
	31,711,807	46,865,278	-	-
	41,988,397	56,955,254	11,007,500	11,007,500
Market value:				
Quoted shares outside Malaysia	31,711,807	46,865,278		

13. INTEREST IN ASSOCIATES (cont'd)

Details of the associates are as follows:

Name of company	Country of incorporation	Principal activities	Effective equity interest 2018	2017
Integrated Mits Sdn. Bhd.	Malaysia	Warehousing and related value added services	50%	50%
Interest held through Integrated Logistics (H.K.) Limited				
Hengyang Petrochemical Logistics Limited *#	Singapore	Investment holding	18.1%	18.1%

* The audited financial statements and auditors' report for the financial year were not available. However, the results have been accounted for based on the public announcement for the financial year ended 31 December 2018.

\# Audited by auditors other than Baker Tilly Monteiro Heng PLT.

(a) Fair value information

As at 31 December 2018, the fair value of Hengyang Petrochemical Logistics Limited, which is listed on Singapore Exchange Limited, was RM31,711,807 (2017: RM46,865,278) based on the quoted market price available on the stock exchange, which has been categorised within level 1 of the fair value hierarchy.

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

	Hengyang Petrochemical Logistics Limited RM	Integrated Mits Sdn. Bhd. RM	Total RM
2018			
Assets and liabilities			
Non-current assets	343,567,690	18,879,431	362,447,121
Current assets	53,081,987	4,506,457	57,588,444
Non-current liabilities	(2,631,976)	(2,783,255)	(5,415,231)
Current liabilities	(1,258,719)	(47,808)	(1,306,527)
Net assets	392,758,982	20,554,825	413,313,807
Results			
Revenue	-	1,387,183	1,387,183
(Loss)/Profit for the financial year	(15,763,619)	373,229	(15,390,390)
Total comprehensive (loss)/income	(15,763,619)	373,229	(15,390,390)

13. INTEREST IN ASSOCIATES (cont'd)

(b) The following table illustrates the summarised financial information of the associates: (cont'd)

	Hengyang Petrochemical Logistics Limited RM	Integrated Mits Sdn. Bhd. RM	Total RM
2017			
Assets and liabilities			
Non-current assets	365,998,080	19,162,814	385,160,894
Current assets	57,604,708	4,110,436	61,715,144
Non-current liabilities	-	(3,039,954)	(3,039,954)
Current liabilities	(1,731,156)	(51,702)	(1,782,858)
Net assets	421,871,632	20,181,594	442,053,226
Results			
Revenue	45,865,295	1,371,283	47,236,578
Profit/(Loss) for the financial year	113,107,162	(135,914)	112,971,248
Total comprehensive income/(loss)	113,107,162	(135,914)	112,971,248

(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
2018			
Group's share of net assets	57,482,446	9,042,828	66,525,274
Goodwill	11,292,167	1,233,762	12,525,929
Exchange differences	1,192,181	-	1,192,181
Less: Accumulated impairment losses	(38,254,987)	-	- (38,254,987)
Carrying amount in the consolidated statement of financial position	31,711,807	10,276,590	41,988,397
Group's share of results	(3,242,697)	186,614	(3,056,083)
2017			
Group's share of net assets	60,725,143	8,856,214	69,581,357
Goodwill	11,292,167	1,233,762	12,525,929
Exchange differences	4,273,550	-	4,273,550
Less: Accumulated impairment losses	(29,425,582)	-	(29,425,582)
Carrying amount in the consolidated statement of financial position	46,865,278	10,089,976	56,955,254
Group's share of results	19,119,277	(67,957)	19,051,320

14. INTEREST IN A JOINTLY CONTROLLED ENTITY

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unquoted shares, at cost				
At 1 January/ 31 December	35,066,081	35,066,081	34,716,902	34,716,902
Amount owing by a jointly controlled entity	56,300,000	46,830,750	56,300,000	46,830,750
Less: Accumulated impairment losses				
At 1 January	-	-	(59,064,901)	(16,175,655)
Additions	-	-	(10,383,422)	(42,889,246)
At 31 December	-	-	(69,448,323)	(59,064,901)
Share of results				
At 1 January	(61,318,210)	(45,791,961)	-	-
Additions	(9,850,899)	(15,526,249)	-	-
At 31 December	(71,169,109)	(61,318,210)	-	-
Exchange differences	1,162,352	1,699,258	-	-
	21,359,324	22,277,879	21,568,579	22,482,751

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 this amount is neither planned nor likely to occur in the foreseeable future. The Group's and the Company'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 and the Company'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.

On 23 January 2019, the Company received an offer letter from National Trading & Developing Est ("NTDE") to acquire its entire 50% equity interest of INL ("Proposed Disposal") for a total purchase consideration of AED45 million. On 29 January 2019, the Board has deliberated and accepted the offer in principal, subject to further negotiations with NTDE on the terms and conditions of the offer. On 13 February 2019, the Company has entered into a Share Sale Agreement with NTDE for the Proposed Disposal for a total purchase consideration of AED45 million. As at the end of the reporting period, the interest in INL and amount owing by INL are impaired up to the total purchase consideration of AED45 million.

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

(a) Details of a jointly controlled entity are as follows:

Name of company	Country of incorporation	Principal activities	Effective equity interest 2018	Effective equity interest 2017
Integrated National Logistics DWC-LLC *	United Arab Emirates	Warehousing and related value added services	50%	50%

* Audited by auditors other than Baker Tilly Monteiro Heng PLT.

(b) The following table illustrates the summarised financial information of the jointly controlled entity:

	Group 2018 RM	Group 2017 RM
Assets and liabilities		
Non-current assets	286,417,366	296,397,387
Current assets	12,123,231	11,278,362
Non-current liabilities	(137,636,984)	(158,782,010)
Current liabilities	(117,766,455)	(103,928,236)
Net assets	43,137,158	44,965,503
Results		
Revenue	26,958,959	24,974,635
Cost of sales	(27,225,574)	(28,121,648)
Gross loss	(266,615)	(3,147,013)
Other income	116,865	124,473
Administrative expenses	(16,405,671)	(19,860,253)
Finance costs	(3,146,377)	(8,169,705)
Loss before tax	(19,701,798)	(31,052,498)
Tax expense	-	-
Loss for the financial year	(19,701,798)	(31,052,498)

15. OTHER INVESTMENTS

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Non-current				
Financial assets designated at fair value through other comprehensive income				
At fair value				
Golf club memberships				
At 1 January	389,140	-	389,140	-
Disposal	(119,140)	-	(119,140)	-
At 31 December	270,000	-	270,000	-
Available-for-sale financial assets				
At fair value				
Golf club memberships				
At 1 January	-	494,625	-	494,625
Change in fair value	-	(36,027)	-	(36,027)
Less: Impairment loss	-	(55,543)	-	(55,543)
Exchange differences	-	(13,915)	-	(13,915)
At 31 December	-	389,140	-	389,140
Current				
Financial assets at fair value through profit or loss				
At fair value				
Short-term fund	4,392,413	-	4,392,413	-
Financial assets at fair value through profit or loss - Held for trading				
At fair value				
Short-term fund	-	20,445,371	-	20,445,371

16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Note	Company 2018 RM	Company 2017 RM
Non-current			
Amount owing by a subsidiary	(a)	12,181,462	11,946,228
Current			
Amounts owing by subsidiaries	(b)	11,288,483	72,240,978
		23,469,945	84,187,206
Current			
Amounts owing to subsidiaries	(b)	34,894,901	34,222,019

(a) This amount is denominated in Hong Kong Dollar, non-trade in nature, unsecured and bears effective interest at a rate of 4.30% (2017: 3.31%) per annum and repayable on 31 December 2020.

(b) These amounts are non-trade in nature, unsecured, interest-free and repayable on demand by cash. Included in the amounts owing by subsidiaries and the amounts owing to subsidiaries is an amount of RM747,224 and RM34,861,200 (2017: RM274,134 and RM34,188,000) denominated in Hong Kong Dollar, respectively.

17. AMOUNT OWING BY A JOINTLY CONTROLLED ENTITY

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Non-current					
Amount owing by a jointly controlled entity		61,930,000	60,604,500	61,930,000	60,604,500
Less: Expected credit loss		(42,523,434)	-	(42,732,689)	-
	(a)	19,406,566	60,604,500	19,197,311	60,604,500
Current					
Amount owing by a jointly controlled entity		37,881,577	31,463,765	37,881,577	31,463,765
Less: Expected credit loss		(32,901,517)	-	(32,901,517)	-
	(b)	4,980,060	31,463,765	4,980,060	31,463,765
		24,386,626	92,068,265	24,177,371	92,068,265

17. AMOUNT OWING BY A JOINTLY CONTROLLED ENTITY (cont'd)

(a) The amount owing by a jointly controlled entity, Integrated National Logistics DWC-LLC ("INL") is denominated in United Arab Emirates Dirham, non-trade in nature, unsecured, bears effective interest at a rate of 4.0% (2017: 4.0%) per annum and repayable commencing from year 2021. However, the interest charge is waived for the current financial year.

(b) The amount owing by a jointly controlled entity, INL, is non-trade in nature, unsecured and interest-free. Included in this amount is RM4,980,000 (2017: RM30,929,846) denominated in United Arab Emirates Dirham. In the previous financial year, included in this amount was an amount of RM11,433,063 representing interest receivable arising from the advances (Note 17(a)).

(c) On 23 January 2019, the Company received an offer letter from National Trading & Developing Est. ("NTDE") to acquire its entire 50% equity interest of INL ("Proposed Disposal") for a total purchase consideration of AED45 million. On 29 January 2019, the Board has deliberated and accepted the offer in principal, subject to further negotiations with NTDE on the terms and conditions of the offer. On 13 February 2019, the Company has entered into a Share Sale Agreement with NTDE for the Proposed Disposal for a total purchase consideration of AED45 million. As at the end of the reporting period, the interest in INL and amount owing by INL are impaired up to the total purchase consideration of AED45 million.

18. RECEIVABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade receivables	833,276	156,519	-	-
Other receivables, deposits and prepayments (Note 19)	1,946,424	7,765,796	421,691	861,883
	2,779,700	7,922,315	421,691	861,883

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2017: 30 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

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

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables	519,410	1,759,562	359,276	165,504
GST refundable	1,061,798	4,115,074	13,769	71,246
Deposits	33,030	1,156,943	17,550	625,133
Prepayments	332,186	734,217	31,096	-
	1,946,424	7,765,796	421,691	861,883

20. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deposits with licensed banks (Note (a))	860,002	3,049,224	860,002	2,833,327
Cash and bank balances	28,293,458	30,830,214	480,862	1,415,632
Deposits, cash and bank balances as reported in the statements of financial position	29,153,460	33,879,438	1,340,864	4,248,959
Less: Deposits with maturity period more than 3 months (Note (a))	(860,002)	(832,560)	(860,002)	(832,560)
Pledged bank deposits (Note (a))	-	(215,897)	-	-
Cash and cash equivalents as reported in the statements of cash flows	28,293,458	32,830,981	480,862	3,416,399

(a) Deposits with licensed banks of the Group and of the Company bear interest at a rate of 3.30% (2017: 1.75% to 3.10%) per annum with maturity period of 6 months (2017:1 day to 6 months).

In the previous financial year, included in the deposits with licensed banks of the Group was an amount of RM215,897 pledged for the Feed-in Approval granted by Sustainable Energy Development Authority Malaysia.

(b) At the end of the financial year, the deposits with licensed banks and cash and bank balances of the Group denominated in Renminbi ("RMB"), which are held in People Republic of China amounted to RM20,176,370 (2017: RM24,092,019). 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 that are authorised to conduct foreign exchange business.

21. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2018 Unit	2017 Unit	2018 RM	2017 RM
Issued and fully paid up:				
At 1 January	195,025,503	178,025,503	225,670,706	178,025,503
Issued during the financial year	-	17,000,000	-	13,549,000
	195,025,503	195,025,503	225,670,706	191,574,503
Transition to no-par value regime:				
- share premium	-	-	-	15,096,203
- capital redemption reserve	-	-	-	19,000,000
	-	-	-	34,096,203
At 31 December	195,025,503	195,025,503	225,670,706	225,670,706

The holders of ordinary shares (except treasury shares) are entitled to receive dividend 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.

In the previous financial year, the Company issued 17,000,000 new ordinary shares at a price of RM0.797 per share under private placement amounting to RM13,549,000.

22. SHARE PREMIUM

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

In the previous financial year, pursuant to Section 618(2) of the Companies Act 2016, the sum of RM15,096,203 standing to the credit of the Company's share premium account had been transferred and became part of the Company's share capital as disclosed in Note 21.

23. 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 17 April 2018, 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 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company repurchased 836,900 of its issued and paid up ordinary shares from the open market at an average price of RM0.494 per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM413,079. There was no repurchase of the Company's issued and paid up ordinary shares during the previous financial year.

23. TREASURY SHARES (cont'd)

As at 31 December 2018, the Company held 6,125,175 treasury shares out of its 195,025,503 issued and paid up ordinary shares. Such treasury shares are held at a carrying amount of RM4,797,033 (2017: RM4,383,954).

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

Months	No. of shares repurchased	<-----------Price per share-----------> Highest RM	Lowest RM	Average RM	Total consideration RM
2018					
November 2018	192,900	0.525	0.500	0.513	99,426
December 2018	644,000	0.480	0.480	0.480	313,653
	836,900				413,079

There was no resale, cancellation or distribution of treasury shares during the financial years ended 31 December 2018 and 31 December 2017.

24. RESERVES

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Asset revaluation reserve	(a)	3,755,191	3,797,803	-	-
Statutory reserve fund	(b)	217,584	191,469	-	-
Foreign exchange translation reserve	(c)	32,736,653	34,252,681	-	-
Fair value reserve	(d)	-	-	-	-
Other reserve	(e)	9,876,419	9,876,419	-	-
Capital redemption reserve	(f)	-	-	-	-
		46,585,847	48,118,372	-	-

(a) Asset revaluation reserve

The asset revaluation reserve represents increase in the fair value of freehold land and warehouse buildings, 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.

24. RESERVES (cont'd)

(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 of 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 profit or loss when the associate is disposed.

(f) Capital redemption reserve

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

25. TERM LOANS

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Non-current					
Secured					
Term loan 1	(a)	27,927,280	38,264,328	-	-
Term loan 2	(b)	3,333,092	3,758,780	3,333,092	3,758,780
Term loan 3	(c)	39,134,578	42,342,252	-	-
		70,394,950	84,365,360	3,333,092	3,758,780
Current					
Secured					
Term loan 1	(a)	11,170,912	10,932,665	-	-
Term loan 2	(b)	432,611	420,052	432,611	420,052
Term loan 3	(c)	4,224,000	1,760,000	-	-
		15,827,523	13,112,717	432,611	420,052
Total term loans		86,222,473	97,478,077	3,765,703	4,178,832

25. TERM LOANS (cont'd)

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Non-current				
More than one year but less than two years	15,850,155	13,230,789	455,243	439,835
More than two years but less than three years	15,873,970	13,361,656	479,059	461,969
More than three years but less than four years	10,313,577	13,500,001	504,120	485,218
More than four years but less than five years	4,754,492	8,179,919	530,493	509,636
More than five years	23,602,756	36,092,995	1,364,177	1,862,122
	70,394,950	84,365,360	3,333,092	3,758,780
Current				
Not later than one year	15,827,523	13,112,717	432,611	420,052
	86,222,473	97,478,077	3,765,703	4,178,832

(a) Term loan 1

Term loan 1 is denominated in United States Dollar, bears interest at a rate of 5.29% (2017: 4.72%) per annum 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 10), warehouse buildings included in property, plant and equipment (Note 9), trade receivables derived from those warehouse buildings and supported by corporate guarantee from the Company.

(b) Term loan 2

Term loan 2 bears interest at a rate of 5.11% (2017: 4.88%) per annum is repayable by monthly instalments of RM51,250 over 53 months and last instalment of the remaining loan balance, commencing from the day of full drawdown of the term loan.

The term loan is secured by pledge of the Company's freehold land and office building included in property, plant and equipment (Note 9).

(c) Term loan 3

Term loan 3 bears interest at a rate of 5.92% (2017: 5.70%) per annum is repayable by monthly instalments of RM352,000 over 131 months and last instalment of the remaining loan balance, commencing on the first day of the 13th month from the date of first drawdown of the term loan or upon receiving income from the sales of electricity to Tenaga National Berhad, whichever is earlier.

The term loan is secured by pledge of the subsidiary's freehold land in property, plant and equipment (Note 9) and supported by corporate guarantee from the Company.

26. LOANS FROM CORPORATE SHAREHOLDERS

		Group	
		2018	2017
	Note	RM	RM
Non-current			
Loans from corporate shareholders	(a)(b)	5,220,627	8,178,931
Current			
Loans from corporate shareholders	(b)(c)(d)	38,406,098	31,771,500
		43,626,725	39,950,431

(a) The loan from a corporate shareholder of a subsidiary, Shun Hing China Investment Limited ("Shun Hing") amounting to RM5,220,627 (2017: RM5,119,812) is denominated in Hong Kong Dollar, unsecured and bears interest at 3 month HIBOR plus 2% (2017: HIBOR plus 2%) per annum. The loan is extended for a period of 2 years upon its maturity on 31 December 2018 and is automatically rolled over for another period of 2 years subsequent to each maturity unless otherwise informed by the corporate shareholder.

(b) The loan from Shun Hing amounting to RM3,119,357 (2017: RM3,059,119) is denominated in Hong Kong Dollar, unsecured, bears interest at 3 month HIBOR plus 2% (2017: HIBOR plus 2%) per annum and repayable on demand.

(c) The loan from Shun Hing amounting to RM26,410,000 (2017: RM25,900,000) is denominated in Hong Kong Dollar and bears interest at 3 month HIBOR plus 4% (2017: HIBOR plus 3%) per annum. The loan is secured by pledge of the shares of the subsidiary and supported by corporate guarantee from a subsidiary of the Company. The repayment date shall be 30 September 2019 (2017: 30 September 2018).

(d) The loan from a corporate shareholder of a subsidiary, Jiangsu Etern Logistic Development Co. Limited amounting to RM8,876,741 (2017: RM5,871,500) is denominated in Renminbi, unsecured and bears interest at a rate of 3% (2017: 5%) per annum. The loan period is from 1 January 2018 to 31 December 2020 without fixed repayment term.

27. DEFERRED TAX LIABILITIES

	Group	
	2018 RM	2017 RM
At 1 January	2,456,859	1,995,710
Recognised in profit or loss (Note 7)	(507,421)	463,547
Provision on revaluation surplus	(30,862)	143,381
Exchange differences	25,607	(145,779)
At 31 December	1,944,183	2,456,859

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

	Group	
	2018 RM	2017 RM
Deferred tax liabilities		
Surplus arising from revaluation of warehouse buildings	1,334,080	1,339,335
Differences between carrying amount of property, plant and equipment and their tax base	1,876,383	6,094,231
Customer contract	591,693	622,835
	3,802,156	8,056,401
Deferred tax assets		
Unabsorbed capital allowances	(1,857,973)	(5,593,672)
Unutilised business losses	-	(5,870)
	(1,857,973)	(5,599,542)
	1,944,183	2,456,859

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 People's Republic of China ("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	
	2018 RM	2017 RM
Unabsorbed capital allowances	52,801,181	54,313,912
Unutilised business losses	9,301,521	8,582,495
	62,102,702	62,896,407

28. PAYABLES

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Trade payables	80,220	41,702	-	-
Other payables, deposits and accruals (Note 29)	8,953,543	12,424,676	218,023	175,351
Provision (Note 30)	39,699	46,721	39,699	46,721
	9,073,462	12,513,099	257,722	222,072

The normal trade credit terms granted to the Group and the Company ranges from 45 to 60 days (2017: 45 to 60 days).

29. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Other payables:				
- external parties	18,082	1,976,791	7,583	3,049
- corporate shareholders	520,895	1,374,091	-	-
- an associate	164,060	57,968	164,060	57,968
	703,037	3,408,850	171,643	61,017
Deposits	6,299,692	5,007,614	-	-
Accruals	1,950,814	4,008,212	46,380	114,334
	8,953,543	12,424,676	218,023	175,351

The amounts owing to corporate shareholders and an associate are non-trade in nature, unsecured, interest-free and are repayable on demand by cash.

30. PROVISION

	Group/Company	
	2018	2017
	RM	RM
Employee benefits		
At 1 January	46,721	50,123
Reversal during the financial year	(7,022)	(3,402)
At 31 December	39,699	46,721

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.

31. 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)	Transportation and distribution	-	trucking
(iii)	Solar energy and related businesses	-	solar power plant

Other non-reportable segments comprise of investment holding 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.

31. SEGMENT INFORMATION (cont'd)

(a) Operating segments

	Warehousing and related value added services		Transportation and distribution		Solar energy and related businesses		Others		Adjustments and eliminations		Notes	Total	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM		2018 RM	2017 RM
Revenue													
External revenue	14,942,779	14,531,997	327,743	242,826	9,256,477	1,532,109	-	-	-	-		24,526,999	16,306,932
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	A	-	-
Total revenue	14,942,779	14,531,997	327,743	242,826	9,256,477	1,532,109	-	-	-	-		24,526,999	16,306,932
Results													
Amortisation of intangible assets	-	-	-	-	129,758	129,757	-	-	-	-		129,758	129,757
Amortisation of land use rights	389,007	396,643	-	-	-	-	-	-	-	-		389,007	396,643
Depreciation of property, plant and equipment	2,916,314	3,016,350	-	-	3,721,324	638,328	773,592	248,537	-	-		7,411,230	3,903,215
Expected credit loss on amount owing by a jointly controlled entity	-	-	-	-	-	-	75,424,951	-	-	-		75,424,951	-
Gain on disposal of a subsidiary	-	-	-	-	-	-	-	(52,005)	-	-		-	(52,005)
Impairment loss on interest in an associate	8,829,405	1,705,761	-	-	-	-	-	-	-	-		8,829,405	1,705,761
Interest expense	5,381,206	4,197,717	-	-	2,638,180	-	201,871	214,812	(477,884)	(372,459)		7,743,373	4,040,070
Interest income	(256,397)	(306,015)	-	-	(2,507)	-	(509,556)	(2,978,493)	473,090	369,346		(295,370)	(2,915,162)
Non-cash expenses/ (income) (other than depreciation and amortisation)	1,876,080	(3,134,218)	-	-	-	-	13,888	(65,988)	-	-	B	1,889,968	(3,200,206)
Rental expense	-	-	-	-	54,000	85,448	733,832	792,742	-	-		787,832	878,190
Rental income	-	-	-	-	(10,983)	(10,983)	(1,653,730)	(1,593,730)	-	-		(1,664,713)	(1,604,713)
Segment (loss)/profit	(11,059,793)	1,916,930	8,950	16,266	1,355,219	(1,470,514)	(79,707,243)	(4,798,243)	(12,906,982)	3,525,071	C	(102,309,849)	(810,490)

31. SEGMENT INFORMATION (cont'd)

(a) Operating Segments (cont'd)

A There is no inter-segment revenues.

B Other non-cash (income)/expenses consist of the following:

	2018 RM	2017 RM
Fair value gain on other investments	(15,852)	-
Gain on disposal of property, plant and equipment	(52,310)	(112,219)
Impairment loss on other investment	-	55,543
Unrealised loss/(gain) on foreign exchange	1,928,390	(3,140,155)
Loss on disposal of other investments	33,998	-
Property, plant and equipment written off	2,764	27
Reversal of provision for employee benefits	(7,022)	(3,402)
	1,889,968	(3,200,206)

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

	Group	
	2018 RM	2017 RM
Share of results of associates	(3,056,083)	19,051,320
Share of results of a jointly controlled entity	(9,850,899)	(15,526,249)
	(12,906,982)	3,525,071

(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 and interests in associates and a jointly controlled entity.

	Revenue	
	2018 RM	2017 RM
Malaysia	9,256,477	1,532,109
The People's Republic of China (including Hong Kong)	15,270,522	14,774,823
	24,526,999	16,306,932

31. SEGMENT INFORMATION (cont'd)

(b) Geographical segments (cont'd)

	Non-current assets	
	2018	**2017**
	RM	**RM**
Malaysia	120,388,350	123,912,063
The People's Republic of China (including Hong Kong)	138,509,662	144,810,613
	258,898,012	268,722,676

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

	Group	
	2018	**2017**
	RM	**RM**
Property, plant and equipment	241,295,063	250,178,327
Land use rights	15,137,560	15,949,202
Intangible assets	2,465,389	2,595,147
	258,898,012	268,722,676

(c) Major Customers

For warehousing segment, revenue from two (2017: two) major individual customers represented approximately RM14.9 million (2017: RM14.1 million) for the Group's total revenue.

32. CAPITAL AND OTHER COMMITMENTS

(a) Capital commitments

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Approved and contracted for, but not provided for:				
- construction of warehouse buildings	238,741	975,912	-	-
- office building	-	93,765	-	93,765
	238,741	1,069,677	-	93,765

32. CAPITAL AND OTHER COMMITMENTS (cont'd)

(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	
	2018 RM	**2017 RM**
Within one year	15,582,235	13,968,378
Between two to five years	73,970,611	51,487,506
Over five years	41,764,133	42,036,250
	131,316,979	107,492,134

33. RELATED PARTIES

(a) Identify 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 control the party directly 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, associates, a jointly controlled entity, corporate shareholders, director related companies and key management personnel. Director related companies refer to companies in which directors of the Company have substantial financial interests.

(b) Significant related party transactions

Significant related party transactions are as follows:

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Received or receivable from a subsidiary				
- Interest	-	-	(473,090)	(369,346)
Received or receivable from a jointly controlled entity				
- Interest	-	(2,544,137)	-	(2,544,137)
Paid or payable to /(Received or receivable from) an associate				
- Rental of premises	656,242	656,242	656,242	656,242
- Secretarial fee	(600)	(1,440)	(600)	(1,440)

33. RELATED PARTIES (cont'd)

(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 6 is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other key management personnel:				
Short-term employee benefits	772,833	673,921	648,910	601,730
Post-employment benefits	69,534	62,520	54,774	53,940
	842,367	736,441	703,684	655,670

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:
From 1 January 2018:
(i) Designated fair value through other comprehensive income
(ii) Amortised cost
(iii) Fair value through profit or loss

On or before 31 December 2017:
(i) Available-for-sale financial assets
(ii) Loans and receivables
(iii) Fair value through profit or loss – held for trading

	RM
2018	
Group	
Financial assets	
Designated fair value through other comprehensive income	
Other investments	270,000
Amortised cost	
Receivables, net of prepayments and GST refundable	1,385,716
Amount owing by a jointly controlled entity	24,386,626
Deposits, cash and bank balances	29,153,460
	54,925,802
Fair value through profit or loss	
Other investments	4,392,413

34. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

	RM
2018	
Group	
Financial liabilities	
Amortised cost	
Term loans	86,222,473
Loans from corporate shareholders	43,626,725
Payables, net of provision	9,033,763
	138,882,961
Company	
Financial assets	
Designated fair value through other comprehensive income	
Other investments	270,000
Amortised cost	
Receivables, net of prepayments and GST refundable	376,826
Amounts owing by subsidiaries	23,469,945
Amount owing by a jointly controlled entity	24,177,371
Deposits, cash and bank balances	1,340,864
	49,365,006
Fair value through profit or loss	
Other investments	4,392,413
Financial liabilities	
Amortised cost	
Term loans	3,765,703
Payables, net of provision	218,023
Amounts owing to subsidiaries	34,894,901
	38,878,627

34. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

	RM
2017	
Group	
Financial assets	
Available-for-sale financial assets	
Other investments	389,140
Loans and receivables	
Receivables, net of prepayments and GST refundable	3,073,024
Amount owing by a jointly controlled entity	92,068,265
Deposits, cash and bank balances	33,879,438
	129,020,727
Fair value through profit or loss - held for trading	
Other investments	20,445,371
Financial liabilities	
Other financial liabilities	
Term loans	97,478,077
Loans from corporate shareholders	39,950,431
Payables, net of provision	12,466,378
	149,894,886
Company	
Financial assets	
Available-for-sale financial assets	
Other investments	389,140
Loans and receivables	
Receivables, net of prepayments and GST refundable	790,637
Amounts owing by subsidiaries	84,187,206
Amount owing by a jointly controlled entity	92,068,265
Deposits, cash and bank balances	4,248,959
	181,295,067
Fair value through profit or loss - held for trading	
Other investments	20,445,371
Financial liabilities	
Other financial liabilities	
Term loans	4,178,832
Payables, net of provision	175,351
Amounts owing to subsidiaries	34,222,019
	38,576,202

34. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair values measurements

The carrying amounts of deposits, cash and bank balances, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of floating rate loans are reasonable approximation of fair value as the loans will be re-priced to market interest rate on or near reporting date.

There have been no transfers between level 1, level 2 and level 3 during the financial year (2017: no transfer in either directions).

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

	Fair value of financial instruments carried at fair value				
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Carrying amount RM**
Group/Company					
2018					
Financial assets					
Other investments					
- golf club membership	-	270,000	-	270,000	270,000
- short-term fund	4,392,413	-	-	4,392,413	4,392,413
	4,392,413	270,000	-	4,662,413	4,662,413
2017					
Financial assets					
Other investments					
- golf club memberships	-	389,140	-	389,140	389,140
- short-term fund	20,445,371	-	-	20,445,371	20,445,371
	20,445,371	389,140	-	20,834,511	20,834,511

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their 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 to policies and procedures for the management of these risks, which are exercised by the Executive Directors and the Chief Financial Controller. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

(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 and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company'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.

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

(a) Foreign currency risk (cont'd)

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Group			Company	
	<------------Functional currencies--------------->			<-----Functional currencies---->	
	Chinese Renminbi RM	Ringgit Malaysia RM	Total RM	Ringgit Malaysia RM	Total RM
31 December 2018					
Financial assets and liabilities not held in functional currencies:					
Amounts owing by subsidiaries					
Hong Kong Dollar	-	-	-	12,928,686	12,928,686
Amount owing by a jointly controlled entity					
United Arab Emirates Dirham	-	24,386,626	24,386,626	24,177,371	24,177,371
Deposits, cash and bank balances					
United States Dollar	57,378	21,240	78,618	21,240	21,240
Term loans					
United States Dollar	(39,098,192)	-	(39,098,192)	-	-
Payables					
United States Dollar	(179,922)	-	(179,922)	-	-
Amounts owing to subsidiaries					
Hong Kong Dollar	-	-	-	(34,861,200)	(34,861,200)

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

(a) Foreign currency risk (cont'd)

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows: (cont'd)

	Group			Company	
	<------------Functional currencies--------------->			<-----Functional currencies---->	
	Chinese Renminbi RM	Ringgit Malaysia RM	Total RM	Ringgit Malaysia RM	Total RM
31 December 2017					
Financial assets and liabilities not held in functional currencies:					
Receivables					
Hong Kong Dollar	941,659	-	941,659	-	-
Amounts owing by subsidiaries					
Hong Kong Dollar	-	-	-	12,220,362	12,220,362
Amount owing by a jointly controlled entity					
United Arab Emirates Dirham	-	91,534,346	91,534,346	91,534,346	91,534,346
Deposits, cash and bank balances					
United States Dollar	1,818,831	20,467	1,839,298	20,467	20,467

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

(a) Foreign currency risk (cont'd)

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows: (cont'd)

	Group			Company	
	<------------Functional currencies--------------->			<-----Functional currencies---->	
	Chinese Renminbi RM	**Ringgit Malaysia RM**	**Total RM**	**Ringgit Malaysia RM**	**Total RM**
31 December 2017					
Financial assets and liabilities not held in functional currencies:					
Term loans					
United States Dollar	(49,196,993)	-	(49,196,993)	-	-
Payables					
Hong Kong Dollar	(208,973)	-	(208,973)	-	-
United States Dollar	(7,880,277)	-	(7,880,277)	-	-
	(8,089,250)	-	(8,089,250)	-	-
Amounts owing to subsidiaries					
Hong Kong Dollar	-	-	-	(34,188,000)	(34,188,000)

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

(a) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency exposure relates mainly to United Arab Emirates Dirham ("AED"), Hong Kong Dollar ("HKD") and United States Dollar ("USD").

The following table demonstrates the sensitivity to a reasonably possible change in the AED, HKD and USD, with all other variables held constant on the Group's and the Company's profit for the financial year.

	Group Effect on profit for the financial year		Company Effect on profit for the financial year	
	2018 RM	2017 RM	2018 RM	2017 RM
AED				
- strengthened 1% (2017: 1%)	185,338	695,661	183,748	695,661
- weakened 1% (2017: 1%)	(185,338)	(695,661)	(183,748)	(695,661)
HKD				
- strengthened 1% (2017: 1%)	-	-	(166,687)	(166,954)
- weakened 1% (2017: 1%)	-	-	166,687	166,954
USD				
- strengthened 1% (2017: 1%)	(293,994)	(414,283)	161	156
- weakened 1% (2017: 1%)	293,994	414,283	(161)	(156)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk relates to bank deposits, term loans and loans from corporate shareholders with floating interest rates.

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.

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

(b) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk
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 RM863,988 (2017: RM740,833) arising mainly as a result of higher/lower interest expense on floating rate loans.

(c) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with licensed banks, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amounts of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile
The exposure of credit risk for trade receivables as at the end of the financial year by geographic region is as follows:

	Group			
	2018		2017	
	RM	% of total	RM	% of total
Malaysia	676,157	81%	103,942	66%
The People's Republic of China	157,119	19%	52,577	34%
	833,276	100%	156,519	100%

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

(c) Credit risk (cont'd)

Trade receivables (cont'd)

The Group applies the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

The information about the credit risk exposure on the Group's trade receivables using a provision matrix are as follows:

Group	**Current**	**Total**
At 31 December 2018		
Expected credit loss rate	0%	0%
Gross carrying amount at default	833,276	833,276
Expected credit losses	-	-

Other receivables and other financial assets

For other receivables and other financial assets (including investment securities and deposits, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018

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

(c) Credit risk (cont'd)

Other receivables and other financial assets (cont'd)

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayments of the loans are demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.15(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantees contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries and a jointly controlled entity. The Company monitors the results of the subsidiaries and a jointly controlled entity and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM82,456,770 (2017: RM93,299,246) and RM17,593,750 (2017: RM28,665,929) respectively representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 35(d). As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantees.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(d) Liquidity risk

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

During the financial year ended 31 December 2018, the Group and the Company incurred a net loss of RM102,049,993 and RM86,793,432 respectively, and, as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM21,876,899 and RM13,047,692 respectively. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that 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.

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

(d) Liquidity risk (cont'd)

Maturity analysis:
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 one year RM	Two to five years RM	More than five years RM	Total RM
2018					
Group					
Financial liabilities					
Term loans	86,222,473	20,532,384	59,785,665	27,144,878	107,462,927
Loans from corporate shareholders	43,626,725	40,059,951	5,445,114	-	45,505,065
Payables, net of provision	9,033,763	9,033,763	-	-	9,033,763
	138,882,961	69,626,098	65,230,779	27,144,878	162,001,755
Company					
Financial liabilities					
Term loans	3,765,703	615,000	2,460,000	1,450,984	4,525,984
Payables, net of provision	218,023	218,023	-	-	218,023
Amounts owing to subsidiaries	34,894,901	34,894,901	-	-	34,894,901
Financial guarantees contracts	-	100,050,520	-	-	100,050,520
	38,878,627	135,778,444	2,460,000	1,450,984	139,689,428

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

(d) Liquidity risk (cont'd)

Maturity analysis: (cont'd)

		<----- Contractual undiscounted cash flows ---->			
	Carrying amount RM	**On demand or within one year RM**	**Two to five years RM**	**More than five years RM**	**Total RM**
2017					
Group					
Financial liabilities					
Term loans	97,478,077	16,431,837	59,362,503	43,079,774	118,874,114
Loans from corporate shareholders	39,950,431	41,234,969	-	-	41,234,969
Payables, net of provision	12,466,378	12,466,378	-	-	12,466,378
	149,894,886	70,133,184	59,362,503	43,079,774	172,575,461
Company					
Financial liabilities					
Term loans	4,178,832	615,000	2,460,000	1,624,041	4,699,041
Payables, net of provision	175,351	175,351	-	-	175,351
Amounts owing to subsidiaries	34,222,019	34,222,019	-	-	34,222,019
Financial guarantees contracts	-	121,965,175	-	-	121,965,175
	38,576,202	156,977,545	2,460,000	1,624,041	161,061,586

36. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 18 January 2018, IL Energy Sdn. Bhd. ("IL Energy"), a wholly owned subsidiary of the Company has acquired 400,000 ordinary shares representing 20% of the issued and paid up capital of IL Solar Sdn. Bhd. ("IL Solar") from Atlantic Blue Sdn. Bhd. and Pensolar Sdn. Bhd. for a total cash consideration of RM400,000. The equity interest in IL Solar held by IL Energy had increased from 80% to 100%.

37. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 23 January 2019, the Company received an offer letter from National Trading & Developing Est. ("NTDE") to acquire its entire 50% equity interest of Integrated National Logistics DWC-LLC ("Proposed Disposal") for a total purchase consideration of AED45 million. On 29 January 2019, the Board has deliberated and accepted the offer in principal, subject to further negotiations with NTDE on the terms and conditions of the offer. On 13 February 2019, the Company has entered into a Share Sale Agreement with NTDE for the Proposed Disposal for a total purchase consideration of AED45 million.

38. 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 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.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 31 December 2017.

38. CAPITAL MANAGEMENT (cont'd)

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Term loans	86,222,473	97,478,077	3,765,703	4,178,832
Loans from corporate shareholders	43,626,725	39,950,431	-	-
Payables, net of provision	9,033,763	12,466,378	218,023	175,351
Amount owing to subsidiaries	-	-	34,894,901	34,222,019
Total debts	138,882,961	149,894,886	38,878,627	38,576,202
Less: Deposits, cash and bank balances	(29,153,460)	(33,879,438)	(1,340,864)	(4,248,959)
Less: Short-term fund	(4,392,413)	(20,445,371)	(4,392,413)	(20,445,371)
Net debt	105,337,088	95,570,077	33,145,350	13,881,872
Total equity	242,485,640	349,213,462	143,010,141	230,216,652
Debt-to-equity ratio	43%	27%	23%	6%

The Company is 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 24(b), certain subsidiaries of the Group is required by the Foreign Enterprise Law of The People's Republic of China ("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 2018 and 31 December 2017.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, **TEE TUAN SEM** and **MAKOTO TAKAHASHI**, being two of the directors of Integrated Logistics Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 54 to 152 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

TEE TUAN SEM
Director

MAKOTO TAKAHASHI
Director

Kuala Lumpur

Date: 19 March 2019

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, **TEE TUAN SEM**, being the director primarily responsible for the financial management of Integrated Logistics Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statement set out on pages 54 to 152 are 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.

TEE TUAN SEM
MIA Membership No.: 1642

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 19 March 2019

Before me,

TAN KIM CHOOI
Commissioner for Oaths (W661)
Kuala Lumpur

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Integrated Logistics Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 54 to 152.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern (Note 2.7 to the financial statements)

As at 31 December 2018, the Group and the Company was in net current liabilities position of RM21,876,899 and RM13,047,692 respectively.

The Group has continued to adopt the going concern basis in preparing the financial statements after having prepared a cash flow forecast supporting the assertion that the Group will have sufficient resources to continue for a period of at least 12 months from the end of the financial year.

The Group's assessment on its ability to continue as a going concern was an area of focus as the assessment requires the exercise of significant judgement by the Group on assumptions supporting the cash flow forecast, including the revenue and profit margin, and these are fundamental to the appropriateness of the going concern basis which was adopted for the preparation of the financial statements.

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

Key Audit Matters (cont'd)

Going concern (Note 2.7 to the financial statements) (cont'd)

Our response:

Our audit procedures included, among others:
- reviewing the Group's assessment in relation to going concern;
- reviewing the cash flow forecast by comparing the Group's assumptions to externally derived data as well as our assessments in relation to key assumptions to assess their reasonableness and achievability of the forecasting;
- testing the mathematical accuracy of the cash flow forecast calculation;
- performing sensitivity analysis for a range of reasonably possible scenarios;
- discussing and reviewing the Group's extension of tenure of short-term borrowings; and
- assessing the appropriateness of disclosures in relation to going concern.

Interest in a jointly controlled entity (Note 14 to the financial statements) and amount owing by a jointly controlled entity (Note 17 to the financial statements)

The Group and the Company assessed whether objective evidence of impairment exists for the interest in a jointly controlled entity ("JCE") and amount owing by a JCE.

The recoverable amounts of the interest in a JCE and amount owing by a JCE were assessed by the Group, which involves exercise of significant judgement on the discount rate applied and the assumptions supporting the underlying cash flows projections from the JCE.

Our response:

Our audit procedures focused on evaluating the cash flows projections and the Group's forecasting procedures which included, among others:
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key assumptions such as discount rate;
- testing the mathematical accuracy of the impairment assessment;
- performing a sensitivity analysis around the key assumptions; and
- assessing the reasonableness and calculation of expected credit loss as at the end of the reporting period.

Interest in an associate (Note 13 to the financial statements)

At the end of the financial year, the Group determines whether objective evidence of impairment exists for its interest in the associate.

Our response:

Our audit procedures included, among others:
- reviewing the comparison of the net carrying amount of the interest in an associate with its quoted price and net asset as at year end;
- reviewing the basis used by the Group to determine the recoverable amount; and
- testing the mathematical accuracy of the impairment assessment.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that 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 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concerns and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTEGRATED LOGISTICS BERHAD

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 12 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Kenny Yeoh Khi Khen
No. 03229/09/2020 J
Chartered Accountant

Kuala Lumpur

Date: 19 March 2019

PROPERTIES OF ILB GROUP
As at 31 December 2018

Location	Description	Age of Building (Years)	Tenure	Area (sq. ft.)		NBV @ 31.12.2018 (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	9.5	Land Use Rights expiring in 2056	Land- Built-up-	718,501 286,825	6,856,980 31,528,253	2018*
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	5.5 2.3	Land Use Rights expiring in 2060	Land- Built-up- Built-up-	694,023 192,582 351,164	8,280,580 27,428,977 61,067,151	2018*
Lot 1552, Seberang Perai Utara, Pulau Pinang	Land with Solar Plant	2.65	Freehold	Land- Plant-	175,527	800,000 9,736,282	2015 2017
Lot 560, 561, 562, 563 & Lot 2011, Bandar Kayu Hitam, Daerah Kubang Pasu, Kedah	Agriculture Land with Solar Plant	2	Freehold	Land- Plant-	3,349,175	33,455,966 63,419,968	2016 2017
No.6, Jalan Sungai Buloh 27/101A, Seksyen 27, 40400 Shah Alam, Selangor	Land with Office building	2.67	Freehold	Land- Built-up-	12,723 4,667	4,855,311 2,583,119	2016
			Total			**250,012,587**	

ANALYSIS OF SHAREHOLDINGS
AS AT 28 FEBRUARY 2019

Issued Share Capital : RM 225,670,706
Total Number of Issued Shares : 195,025,503
Class of Shares : Ordinary Shares

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares *	% of Issued Shares
Less than 100	891	17.40	25,755	0.02
100 - 1,000	347	7.38	140,894	0.07
1,001 - 10,000	2,676	56.86	9,146,625	4.84
10,001 - 100,000	735	15.62	20,397,693	10.80
100,001 - to less than 5% of issued shares	125	2.66	86,117,913	45.59
5% and above of issued shares	4	0.08	73,071,448	38.68
Total	**4,778**	**100.0**	**188,900,328**	**100.00**

** Excluding a total of 6,125,175 ordinary shares 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 shares*
1.	Makoto Takahashi	20,803,990	11.01
2.	Urusharta Jamaah Sdn Bhd	20,584,783	10.90
3.	Kenanga Nominees (Asing) Sdn Bhd Etern Group (HK) Co. Limited	17,000,000	9.00
4.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - AmBank (M) Berhad for Tee Tuan Sem	14,682,675	7.77
5.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	8,380,138	4.44
6.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Hongkong & Shanghai Banking Corporation Limited (PB-HKDIV-ACCL)	6,642,000	3.52
7.	TA Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Tee Tuan Sem	5,334,776	2.82
8.	Hassan Mohammad Kazem Ahmadi	5,000,000	2.64
9.	United Asia Success Limited	4,542,148	2.40
10.	Loh Cheng Keat	4,158,500	2.20
11.	AllianceGroup Nomines (Tempatan) Sdn Bhd Pledged Securities Account for Teh Win Kee (8106483)	4,122,400	2.18
12.	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd (SFS)	4,120,000	2.18
13.	Anastasia Amanda Beh Gaik Sim	2,690,000	1.42
14.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-Res)	2,325,800	1.23
15.	Tan Bee Kong	1,629,100	0.86
16.	Chow Chin Yann	1,323,800	0.70
17.	Chng Kok Leong	1,086,600	0.58
18.	Lee Chin Chai	1,080,486	0.57
19.	Margarte Yuen	1,000,000	0.53
20.	Motohiko Tachibana	941,544	0.50

ANALYSIS OF SHAREHOLDINGS
AS AT 28 FEBRUARY 2019

No.	Name of shareholder	No. of shares held	% of issued shares*
21.	Goh Theow Hiang	936,735	0.50
22.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Chan Han Siong	918,100	0.49
23.	Wang Jim	888,800	0.47
24.	Margarte Yuen	832,200	0.44
25.	Yeoh Teng Lye	823,700	0.44
26.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	763,620	0.40
27.	Teoh Ean Kee	752,000	0.40
28.	Yeoh Hsiao Wye	731,900	0.39
29.	Ong Aik Bin	720,000	0.38
30.	Lim Hong Liang	668,144	0.35
	Total	**135,483,939**	**71.72**

** Excluding a total of 6,125,175 ordinary shares bought back by the Company and retained as treasury shares*

The Directors shareholdings in the Company as at 28 February 2019 are as follows :-

Name of Directors	Direct No. of Shares	Note	% of issued Shares*	Indirect No. of Shares	Note	% of issued Shares*
Datuk R. Karunakaran	-	-	-	-	-	-
Tee Tuan Sem	20,017,451	1	10.60	381,931	2	0.24
Makoto Takahashi	20,803,990	3	11.01	-	-	-
Loh Cheng Keat	4,158,500	3	2.20	-	-	-
Wan Azfar bin Dato' Wan Annuar	-	-	-	-	-	-
Dato' Wan Hashim bin Wan Jusoh	-	-	-	-	-	-
Lee Kay Loon	-	-	-	-	-	-
Soh Eng Hooi	-	-	-	-	-	-

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.

ANALYSIS OF SHAREHOLDINGS
AS AT 28 FEBRUARY 2019

Substantial Shareholders

The substantial shareholders of the Company as at 28 February 2019 are as follows :-

Name of Shareholder	Direct No. of Shares	Note	% of issued Shares*	Indirect No. of Shares	Note	% of issued Shares*
Makoto Takahashi	20,803,990	3	11.01	-	-	-
Lembaga Tabung Haji	20,584,783	3	10.90	-	-	-
Tee Tuan Sem	20,017,451	1	10.60	381,931	2	0.24
Etern Group (HK) Co. Limited Kenanga Nominees (Asing) Sdn Bhd	17,000,000	3	9.00	-	-	-

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 6,125,175 ordinary shares bought back by the Company and retained as treasury shares*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 27th 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, 17 April 2019 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 2018 and Auditors Report thereon.	Please refer to Explanatory Note 1
2. To approve the payment of Directors' Fees to the Non-Executive Directors up to an amount of RM318,000 for the period from 1 April 2019 until the next Annual General Meeting of the Company.	(Resolution 1)
3. To approve the payment of Directors' Benefits to Non-Executive Directors amounting to RM40,277 for the period from 1 April 2019 until the next Annual General Meeting of the Company.	(Resolution 2)
4. To re-elect the following Directors retiring by rotation in accordance with Article 80 of the Company's Constitution :-	
a) Mr Makoto Takahashi	(Resolution 3)
b) Mr Loh Cheng Keat	(Resolution 4)
5. To re-elect Soh Eng Hooi as a Director in accordance with Article 87 of the Company's Constitution.	(Resolution 5)
6. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.	(Resolution 6)
7. 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 Resolutions:-

ORDINARY RESOLUTIONS

8. **RETENTION OF INDEPENDENT DIRECTOR OF THE COMPANY** "**THAT**, approval be and is hereby given to Datuk R. Karunakaran who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code of Corporate Governance 2017."	(Resolution 7)

9. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY** (Resolution 8)

"**THAT**, subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act 2016, the provisions of the Constitution of the Company 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 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 :-

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 number of issued shares 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 17 April 2018, 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 number of issued shares 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 latest available audited retained profits of the Company.

iii) The Proposed Share Buy-Back to be undertaken will be in compliance with Section 127 of the Companies Act 2016 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.

NOTICE OF ANNUAL GENERAL MEETING

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 2016, the provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Securities and all other relevant governmental/regulatory authorities."

10. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** (Resolution 9)

    "THAT subject to Sections 75 and 76 of the Companies Act 2016 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 total number of issued shares of the Company (excluding treasury shares) 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."

11. **PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY ("PROPOSED ADOPTION")** (Resolution 10)

    "THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company, as set out in Part B of the Circular to Shareholders dated 20 March 2019, be and is hereby adopted as the Constitution of the Company.

    AND THAT the Board of Directors of the Company be and is hereby authorised to do such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."

By Order of the Board
Wong Youn Kim (MAICSA 7018778)
Company Secretary
Selangor Darul Ehsan
Date: 20 March 2019

NOTES

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 10 April 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 27th 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 authorised.

6. The instrument appointing a proxy must reach the Business Office of the Company at No.6, Jalan Sungai Buloh 27/101A, Seksyen 27, 40400 Shah Alam, Selangor Darul Ehsan, Malaysia not less than 24 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.

EXPLANTORY NOTES

1. **Item 1 of the Agenda**

   AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

   This Agenda item is meant for discussion only as under the provisions of Section 248(2) of the Companies Act 2016, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put to a vote.

2. **Item 2, & 3 of the Agenda**

   Section 230(1) of the Companies Act 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board had agreed that the shareholders' approval be sought at the 27th AGM on the Non-Executive Directors' remuneration in two separate resolutions as below:

   - **Resolution 1** on payment of Directors' Fees to the Non-Executive Directors for the period from 1 April 2019 until the next AGM of the Company.

   - **Resolution 2** on payment of Directors' Benefits to the Non-Executive Directors for the period from 1 April 2019 until the next AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING

The details of the remuneration and benefits payable to the Non-Executive Directors which have remained unchanged since May 2013 are as follows:

Directors Fees (per annum)	
Chairman of the Board	- RM108,000
Chairman of the Audit & Risk Management Committee	- RM90,000
Board Member	- RM60,000
Meeting Allowance (per meeting)	
Board	- RM500
Board Committee	- RM500

Benefits in kind
Medical and insurance coverage

3. **Item (8) of the Agenda - Resolution No. 7**

RETENTION OF INDEPENDENT DIRECTOR OF THE COMPANY

The Nomination & Remuneration Committee has assessed the independence of Datuk R. Karunakaran, who has served as an Independent Non-Executive Director of the Company for a cumulative term of 11 years after 1 July 2019, and the Board, upon the Nomination & Remuneration Committee's recommendation, had recommended for shareholders' approval for him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

(a) He had fulfilled the criteria under the definition of an Independent Director as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

(b) His length of service on the Board does not affect his objectively judgement and ability to act in the best interest of the Company and the Group. By contrast, the Board benefited from his years of services, who possess detailed knowledge of the Group's business and with proven commitment, experience and competencies; and

(c) He has discharged his duties with reasonable care, brought independent judgement into Board's decision making as well as provided proper check and balance to the Board for the best benefit of the Company and its shareholders.

4. **Item (9) of the Agenda - Resolution No. 8**

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The proposed ordinary resolution 8, 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 total number of issued shares of the Company from time to time being quoted on 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 20 March 2019, which is dispatched together with the Annual Report 2018.

5. **Item (10) of the Agenda - Resolution No. 9**

AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

The proposed ordinary resolution 9 is to seek the shareholders' approval on the renewal of the general mandate for the issuance of shares by the Company under Sections 75 and 76 of the Companies Act 2016. If the resolution is duly passed, it will give flexibility to the Directors to issue and allot shares at any time in their absolute discretion and for such purposes as they consider would be in the interests of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The Company had on the 31 March 2017 issued 17,000,000 new ordinary shares in the Company via private placement in accordance with the general mandate obtained from shareholders at its 24th annual general meeting held on the 30 March 2016. The 17,000,000 new ordinary shares were issued at a price of RM0.797 per share with total placement proceeds amounting to RM13,549,000.

After utilisation of RM1,484,302 for system enhancement for solar plant in Kedah and expenses related to the Placement exercise, the balance proceeds of RM12,064,698 from the said placement have not been utilised by the Company pending suitable opportunities to invest further in solar energy activities.

The general mandates granted by the shareholders' at the 25th and 26th AGM of the Company had not been utilised and hence no proceeds were raised therefrom.

The Company continues to consider opportunities to broaden its earnings potential. If any proposal involves the issuance of new shares, the Directors would have to convene a general meeting to approve the issuance of new shares. In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the total number of issued shares of the Company for the time being. The renewed authority will provide flexibility to the Company for the allotment of shares for the purposes of funding future investment, working capital and/or acquisitions.

6. **Item (11) of the Agenda - Resolution No. 10**

PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY ("PROPOSED ADOPTION")

The Proposed Adoption is undertaken primarily to streamline the existing Constitution of the Company with the Companies Act 2016, which was effective on and from 31 January 2017. The Proposed Adoption is also to align the existing Constitution with the amendments of the Main Market Listing Requirements that came into effect from 2 January 2018, to provide clarity to certain provisions thereof and to render consistency throughout in order to facilitate and further enhance administrative efficiency.

The details are set out in Part B of the Circular to Shareholders dated 20 March 2019.

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 Constitution are :-

   a) Mr Makoto Takahashi
   b) Mr Loh Cheng Keat

   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. To re-elect Ms Soh Eng Hooi as a Director in accordance with Article 87 of the Company's Constitution.

   Details of Ms Soh Eng Hooi, who is seeking re-election are set out in the Directors Profiles' section and her shareholdings in the Company are set out in this Annual Report.

3. Details of attendance at Board Meetings

   Four Board Meetings were held during the financial year ended 31 December 2018. Details of attendance of the Directors at Board Meetings are set out in this Annual Report.

4. Date, Time and Place of the 27th Annual General Meeting

Date and Time	:	17 April 2019 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 ______________________ NRIC No./Company No. ______________________

of ____

____

being a member/members of INTEGRATED LOGISTICS BERHAD, hereby appoint

NRIC No. ______________________ of ______________________

or failing him ______________________ NRIC No. ______________________

of ____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the 27th Annual General Meeting ("AGM") of the Company to be held at Selangor 3, Grand Selangor Ballroom, Dorsett Grand Subang Hotel, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wesnesday, 17 April 2019 at 10.00 a.m. or any adjournment thereof and to vote as indicated below:-

		FOR	AGAINST
AS ORDINARY BUSINESS			
RESOLUTION 1	To approve the payment of Directors' Fees to Non-Executive Directors up to an amount of RM318,000 for the period from 1 April 2019 until the next AGM of the Company.		
RESOLUTION 2	To approve payment of Directors' Benefits (excluding directors' fees) to Non-Executive Directors up to an amount of RM40,277 for the period from 1 April 2019 until the next AGM of the Company.		
RESOLUTION 3	To re-elect Mr Makoto Takahashi as Director in accordance with Article 80 of the Company's Constitution.		
RESOLUTION 4	To re-elect Mr Loh Cheng Keat as Director in accordance with Article 80 of the Company's Constitution.		
RESOLUTION 5	To re-elect Ms Soh Eng Hooi as Director in accordance with Article 87 of the Company's Constitution.		
RESOLUTION 6	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.		
AS SPECIAL BUSINESS **ORDINARY RESOLUTIONS**			
RESOLUTION 7	Retention of Datuk R. Karunakaran as an Independent Non-Executive Director of the Company.		
RESOLUTION 8	Proposed Renewal of Share Buy-Back Authority.		
RESOLUTION 9	To authorise the Directors to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016.		
RESOLUTION 10	To adopt the new Constitution of the Company.		

First Proxy	%
Second Proxy	%
Total:	100%

No. of shares held :	
CDS A/C No.:	

Signed this ________ day of ________________, 2019

____
Signature

NOTE :

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 10 April 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 27th 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 authorised.
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 No. 6, Jalan Sungai Buloh 27/101A, Seksyen 27, 40400 Shah Alam, Selangor Darul Ehsan, Malaysia not less than 24 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.

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STAMP

The Company Secretary
Integrated Logistics Berhad (229690-K)

No. 6, Jalan Sungai Buloh 27/101A,
Seksyen 27
40400 Shah Alam
Selangor Darul Ehsan

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Integrated Logistics Berhad (229690 K)

No. 6, Jalan Sungai Buloh 27/101A, Seksyen 27, 40400 Shah Alam, Selangor Darul Ehsan

Tel: 603-5614 2555 / Fax: 603-5614 3848