ANNUAL
REPORT
2019

Integrated Logistics Berhad [199101019353 (229690-K)]

CONTENTS

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 (resigned wef 01-01-2020)
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
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Soh Eng Hooi - Chairman

Dato' Wan Hashim bin Wan Jusoh - Member

Wan Azfar bin Dato' Wan Annuar - Member

NOMINATION AND REMUNERATION COMMITTEE

Datuk R. Karunakaran - Chairman

Dato' Wan Hashim bin Wan Jusoh - Member

Wan Azfar bin Dato' Wan Annuar - Member

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)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel. No.: 03-7890 4700 (Helpdesk)
Fax. No. 03-7890 4670
Email: bsr.helpdesk@boardroomlimited.com

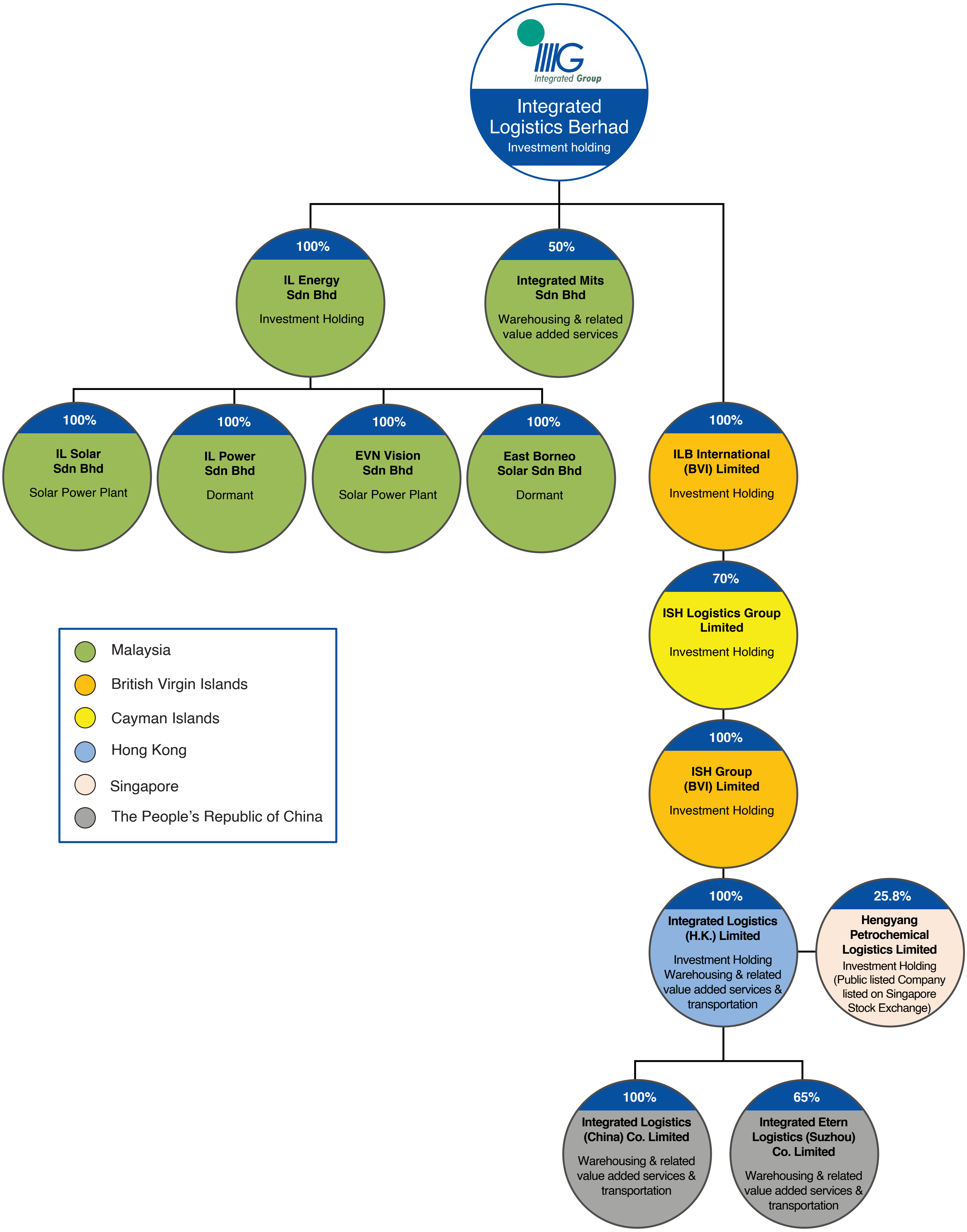
AUDITORS
Messrs Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF 0117
Chartered Accountants
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

SOLICITORS
Messrs Kadir, Andri & Partners
Suite A-38-8, Level 38
Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 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

	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000
Turnover	31,480	21,653	16,307	24,527	9,735
(Loss)/Profit Before Taxation	(12,446)	3,899	(810)	(102,310)	12,859
Net (Loss)/Profit Attributable to Shareholders	(11,943)	5,845	(9,664)	(98,298)	15,282
Paid-up Capital	178,026	178,026	225,671*	225,671	225,671
Total Assets	479,861	458,667	502,737	383,537	358,558
Shareholders Fund	319,227	302,834	291,640	191,153	180,130
Net (Loss)/Earnings Per Share (sen)	(6.8)	3.4	(5.2)	(51.8)	8.09
Net Assets Per Share After Non-Controlling Interests (RM)	1.85	1.75	1.54	1.01	0.95
Gross Dividend rate (%)	2.5%	-	-	-	-
Share Price as at 31 Dec (RM)	0.815	0.855	0.600	0.465	0.425

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 2019, incorporating the Audited Financial Statements of the Group and the Company for the financial year ended 31st December 2019.

BUSINESS REVIEW

Since the Group's strategic decision to venture into the solar energy business, both the installed 11MWac capacity solar plants owned and operated by the Group continued to achieve stable revenue of RM 9.3 million in 2019.

The Group had on 13 February 2019 announced that it had entered into a Share Sale Agreement with National Trading & Developing Establishment to dispose off Integrated Logistics Berhad's 50% equity in Integrated National Logistics DWC-LLC ("INL Disposal"). The INL Disposal was completed on 2 July 2019.

In view of the challenging global economy and the Group's strategic direction to expand its renewable energy businesses, the Group has decided to unlock the value of its investment in the last remaining warehouse project in China. On 19 December 2019, the Group announced that Integrated Logistics (H.K.) Limited, an indirect 70%-owned subsidiary of Integrated Logistics Berhad, has entered into a conditional sale and purchase agreement with SWJ CN Logiport Pte. Ltd. for the disposal of its entire 65% equity interest in Integrated Etern Logistics (Suzhou) Co. Limited ("Wujiang Disposal"). The Wujiang Disposal is projected to complete in second quarter of 2020.

Both INL Disposal and Wujiang Disposal will increase the cash reserves of the Group which will enable the Group to implement its strategic expansion plans in solar renewable energy projects. Upon completion of these two disposals, the financial positions of the Group will be improved with lower losses and improved gearing ratio and cash reserves.

The operations of the Group's investment in Hengyang remaining challenging, the approval for the repair and reconstruction works of Hengyang's Deqiao project is expected to be obtained in Q2/2020. With the approval of commencing of operations of Deqiao project, the investment value in Hengyang is expected to improve.

CHAIRMAN'S STATEMENT

MOVING FORWARD

The initiatives and measures by the Malaysian Government to increase the overall energy contribution from renewable energy sources from 2% currently to 20% by year 2025 will present opportunities for the Group to participate in this growth renewable energy industry.

Given our proven track record in securing projects under the Large-Scale Solar 1 programme and the successful completion and commencement of operations, the Group will continue to bid for additional solar renewable energy projects in future schemes to increase its solar plant capacity in coming years to generate sustainable income stream for the Group.

On behalf of the Board of Directors, I convey my thanks and gratitude to our management, employees, business partners, shareholders & stakeholders for their dedication, commitment and support to the Group. With the continued support from all parties, we will continue to strive to improve the profitability and to enhance the shareholders' value of the Group .

Datuk R. Karunakaran

CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE OVERVIEW

The Group had successfully ventured into solar renewable energy business with the divestment of part of the Group's warehousing and logistics operations in the past few years. The Group is operating a total capacity of 11MWac of solar plants in Malaysia currently and will endeavour to increase the market share of solar renewable energy industry in future.

FINANCIAL PERFORMANCE

For the current financial year ended 31 December 2019 ("FYE 2019"), the Group posted a revenue of RM9.7 million which was 1.6% higher than the revenue of RM9.6 million for the corresponding period in the preceding year ("FYE 2018") for continuing operations. The higher revenue was mainly due to increase in revenue from the solar energy & related business segment of the Group's operations in Malaysia and the transportation & distribution segment of the Group's operations in the People's Republic of China.

Group's net profit attributable to shareholders for FYE 2019 was RM15.3 million compared to loss of RM98.3 million in FYE 2018. In tandem, earnings per share for FYE 2019 improved from loss per share of 51.8 sen in FYE 2018 to earning of 8.1 sen in FYE 2019.

The profit before tax of the Group for FYE 2019 was RM12.9 million compared to loss before tax of RM103.2 million as recorded in FYE 2018. The decrease in losses of RM116.1 million was mainly due to the following:-

1) In relation to the disposal of a jointly controlled entity, Integrated National Logistics DWC-LLC ("INL")

   a) A one-off expected credit loss on amount owing by INL of RM75.4 million provided in prior financial year, as a result of disposal of ILB's 50% equity interest in INL in FYE 2019.
   b) Gain on disposal of INL of RM25.4 million which consists of cumulative exchange gain on translation of foreign operations transferred to profit or loss upon disposal in accordance with MFRS 121 *The Effects of Changes In Foreign Exchange Rates* of RM24.8 million.
   c) Decrease in share of losses of jointly controlled entity of RM8.6 million as a result of disposal of ILB's 50% equity interest in INL in FYE 2019. Share of losses in INL for FYE 2019 was only for one month of January 2019.

2) Decrease in provision for impairment loss on interest in an associate, Hengyang Petrochemical Logistics Limited, by RM7.7 million from RM8.8 million in FYE 2018 to RM1.1 million in FYE 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

I) Solar Renewable Energy Projects

The Group had participated in Large Scale Solar 3 tender bids in the financial year ended 2019. The management team who took part in the tender bid have gained enormous experience from the bidding process which helps to enhance their skill and expertise for other large scale solar tender bids in future.

The Group is venturing into a new solar renewable energy business segment, namely Supply Agreement with Renewable Energy, and had registered and obtained approval as investor with Sustainable Energy Development Authority. The Group targets to attain higher growth in revenue and net profit in solar renewable energy business with this new business segment.

ii) Warehousing in Wujiang, PRC

On 19 December 2019, Integrated Logistics (H.K.) Limited, an indirect 70%-owned subsidiary of ILB, had entered into a conditional Share Sale Agreement with SWJ CN Logiport Pte. Ltd. to dispose off the entire 65% equity interest in Integrated Etern Logistics (Suzhou) Co. Limited for a total purchase consideration of RM128.7 million or approximately RMB217.2 million, subject to adjustment sum.

The proceeds expected from the proposed disposal will provide more capital to the Group for the funding of the Group's working capital and expansion plan which may include (but not limited to) additional solar renewable energy projects where the Group sees growing contribution for the Group's revenue and profit from the solar energy sector in the years to come.

iii) Warehousing in Dubai, UAE

On 13 February 2019, the Company had entered into a Share Sale Agreement with National Trading & Developing Est. to dispose off the entire 50% equity interest in Integrated National Logistics DWC-LLC ("SSA") for a total purchase consideration of RM50.4 million or approximately United Arab Emirates ("UAE") Dirhams ("AED") 45.0 million. The Company had completed the disposal on 2 July 2019.

INL's accumulated losses since its incorporation up to FYE 2018 amounted to RM146.1 million or approximately AED131.7 million. The projected revenue of INL is also not expected to improve in the near future. ILB will cease to inject future funding into INL and share recurring operating losses of INL going forward.

MOVING FORWARD

Solar photovoltaics industry in Malaysia is on the rise as a result of strengthening government support, growing investor confidence and reducing costs. Solar photovoltaics industry in Malaysia is well poised for more growth given the favourable conditions that are developing.

The Group will continue to put in effort to reap the business opportunities in the solar photovoltaics industry in Malaysia to achieve growth in revenue and net profit.

The management would like to express their gratitude to the Board of Directors, shareholders, clients, business partners, contractors and financiers for their 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.

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 2019 has been prepared in accordance with the GRI Standards. This SS covers the reporting period from 1 January 2019 to 31 December 2019. 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 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 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.

WHO WE ARE

ILB has been providing logistics services since 1973, Integrated Logistics Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad. The Group has diminished presence in the logistic industry and embarked to diversify its operations to solar energy. The Group had disposed the warehousing operations in Dubai, UAE in 2019 and announced the disposal of Wujiang, China. The Wujiang disposal is projected to complete in second quarter of 2020. The Group owns two solar plants currently and the strategic decision to emphasize on solar energy business is now beginning to contribute positively to the Group.

The recent effort is making a positive contribution to the Group's revenue and profitability and the Board is stepping up its strengths to undertake more ventures in the solar energy industry.

LOCATION OF REGISTERED OFFICE

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

- As a public listed company we are pre-emptive of the sustainability matters mainly on the Economic value creation for the shareholders and stakeholders
- We plan to elevate sustainability in company governance, through engaging in direct board oversight and accountability over environmental and social issues;
- 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 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. The Board of Directors provide oversight on sustainability matters within the Group and drive the continued integration of financial goals, business strategy and business model with the environmental and social sustainability considerations. The Board is supported by the Senior Management, who is responsible for executing the sustainability related strategies as well as providing the updates on the effectiveness and initiatives undertaken during the year.

SUSTAINABILITY STATEMENT

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.

OUR MATERIALITY ASSESSMENT PROCESS

1. OBJECTIVES & SCOPE

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

2. IDENTIFICATION OF RELEVANT SUSTAINABILITY MATTERS

The process initiated with sustainability issues relevant to the ILB and its stakeholders. In generating the list, the Group assesses the operating environment and emerging trends affecting our sector and conducted study 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.

Our 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 the 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	Managing Materiality
Very Important	Optimisation/ Resources	To help the company become efficient and effective.	Taking the necessary measures that all our staffs and resources are being optimised.
	Market Condition	Market condition affects all businesses in every industry.	Our business very much depends on the market condition where we conduct market study prior to engaging in any projects
	Compliance	Compliance with laws and regulations is one of our main requirements.	We keep abreast with the latest compliance requirements ensure we meet compliance obligations.
	Capital Injection of Funds	To take the business further.	Lookout for potential partners, joint venture and funding to expand our business.
	Customer Satisfaction	It is important for us to benchmark ourselves and to collaborate closely with Tenaga Nasional Berhad "TNB" to achieve mutual success.	We monitor our performance against targets contracted.
	Corporate Governance	To ensure that the company protects the shareholders, officers and management.	Governance is conducted according to various regulations. The board oversees the governance based on the quarterly review of management reporting.
	Risk Assessment	It gives the initial view of the risk appetitive and mitigation.	Implementation of Risk Management to identify, evaluate, prioritize risk and to mitigate . Also to ensure the risk is minimised and control the probability or impact of unfortunate events.
	Climate Change	Climate change would have a significant impact on business.	We manage this by creating a good project management team which looks into all the scenarios.
	Innovation	In order to be competitive in the industry.	We always compare the market price for our products.
Important	Business Ethics/Code	Maintaining business ethics is our core values.	We proactively promote and positively reinforce good behaviours to the employees.
	Business Mix	Diversification is part of our business model to stay sustainable.	We always on the lookout for synergy businesses which creates a better value to our core business.
	Political Stability	It has a wide impact on the economy.	We always work with the government of the day
	Local Economic Impact	To balance the economic & local impact	We monitor and review the environmental compliance strategy and performance

SUSTAINABILITY STATEMENT

3. STAKEHOLDERS ENGAGEMENT

Our interaction involves different stakeholder groups and this engagement is important to ensure we can identify, prioritize 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 Chief Risk Officer during the 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.

Stakeholder Group	Engagement Approach	Engagement Focus & Objectives	Frequency
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	Regularly
Employees	1. Monthly management meeting. 2. Knowledge and skill enhancement through on-site trainings by specialize contractors. 3. 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	Regularly
Vendors/ Suppliers (including Contractors)	1. Contractor evaluation and selection. 2. Request for Proposal and Quotation. 3. Contractor Management. 4. Progress payment is made timely upon work progress certification by independent consultant.	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	Regularly

Stakeholder Group	Engagement Approach	Engagement Focus & Objectives	Frequency
Regulators	1. Compliance of policies, regulations and rulings. 2. Complies with local authorities, governmental bodies/agencies and certification bodies requirements. 3. Authorization 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.	Periodically
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	Periodically
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.	Ad Hoc

4. 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:

All pertinent policies are published in the website.

CUSTOMER SATISFACTION

Customer satisfaction and engagement was identified as one of the most important material issues in the market place dimension across the Group. We focus on customers expectation and ensure that our services are always in line with our agreements.

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

SOCIAL

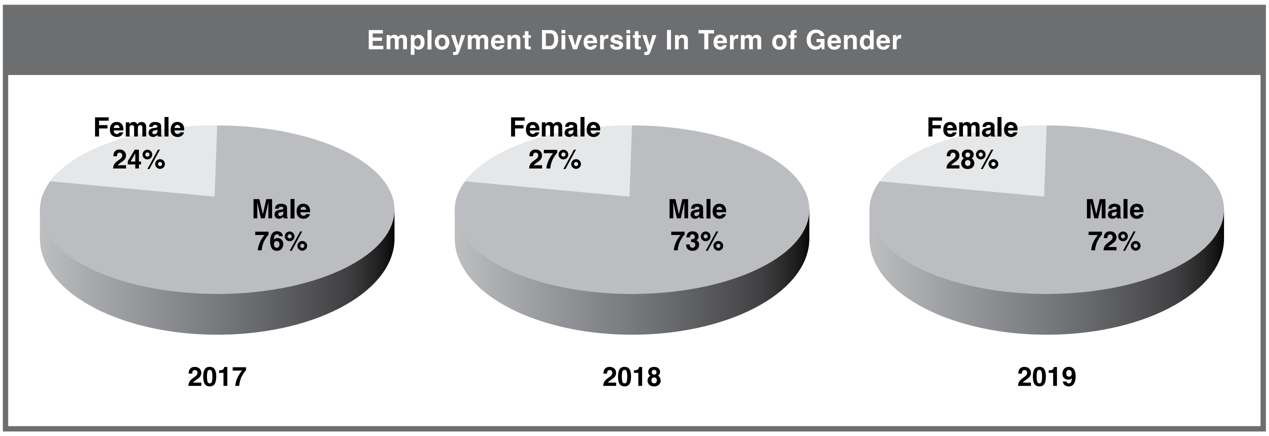
The Group is committed to promote social responsibilities as an integral part of the Group whilst pursuing business growth to enhance shareholders and stakeholders value. The Group recognises that for long term sustainability, its strategic orientation will cater beyond the financial parameters.

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 and business partners and also makes annual financial contributions to community and society.

Our Approach

Our initiatives in the community are centred on:

- **Workplace**

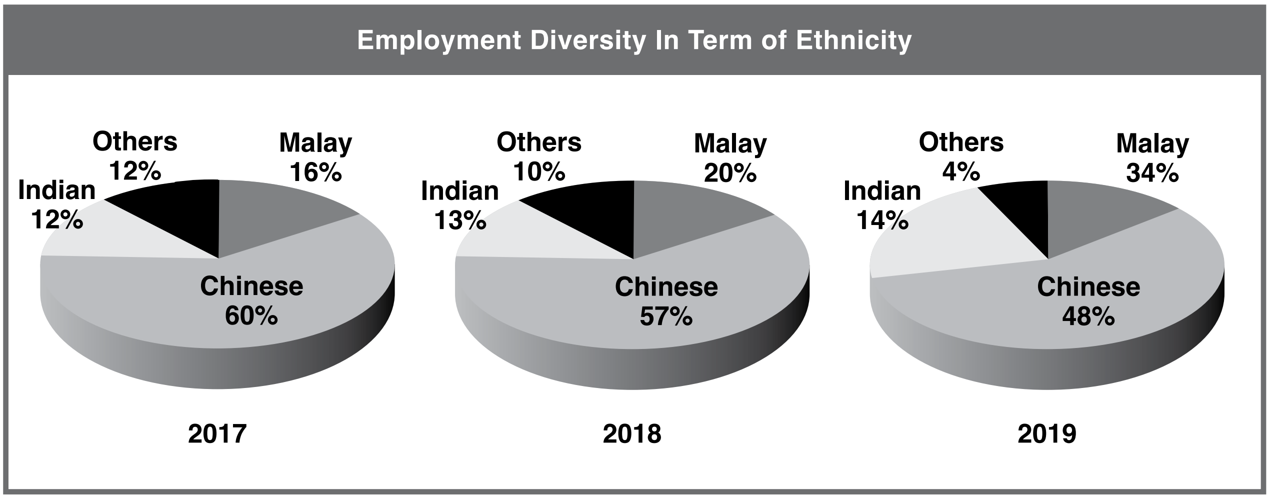


- **Leadership & Commitment**

  Top management ensure 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.

SUSTAINABILITY STATEMENT

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



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.

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 assessment process that impacts our business operations and stakeholders as well as to determine the level of importance of each sustainability matter to the Group.

BOARD OF DIRECTORS' PROFILES
AS AT 15 FEBRUARY 2020

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

Datuk R. Karunakaran, male aged 70, 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 68, 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 25,017,451 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 15 FEBRUARY 2020

Makoto Takahashi
Executive Director (Japanese)

Mr Makoto Takahashi, Executive Director, male aged 52, 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 (resigned with effect from 01-01-2020)
Executive Director (Malaysian)

Sam Loh Cheng Keat, male aged 42, 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.

Mr Sam Loh resigned from the Board with effect from 1 January 2020.

BOARD OF DIRECTORS' PROFILES
AS AT 15 FEBRUARY 2020

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

En Wan Azfar bin Dato' Wan Annuar, male aged 70, 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 62, 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 Berhad 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 15 FEBRUARY 2020

Soh Eng Hooi
Independent Non-Executive Director (Malaysian)

Ms Soh Eng Hooi, female, aged 51, was appointed to the Board as an Independent Non-Executive Director on the 15 May 2018. She graduated from University of Malaya with a Bachelor of Accounting (Honours) in 1994. Ms Soh is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. Ms Soh started her career with Arthur Andersen & Co. and was a partner in Baker Tilly Kuala Lumpur, an independent member firm of Baker Tilly International, before she founded E H Soh & Partners, an accounting firm, in 2015.

Ms Soh was also appointed as a member of the Audit & Risk Management Committee (ARMC) on 15 May 2018 and subsequently re-designated as the Chairman of ARMC 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 2019.***

GROUP MANAGEMENT PROFILE

Tan Ying Ying
Chief Financial Officer

Ms Tan Ying Ying, female aged 50, is a member of the Chartered Association of Certified Accountants and registered with the Malaysian Institute of Accountants. She joined the Group on the 1 July 2019. Ms Tan has more than 25 years of working experience in the field of accounting. She began her accounting career as an Audit Assistant in a Public Accounting firm in 1993 before moving to commercial manufacturing & services industry. During 1997 to 2018, she has held various positions from Financial Accountant, General Manager of Finance, Senior Finance Manager to Financial Controller in both private and public listed companies.

Tee Jia Jie
Executive Director of IL Solar Sdn Bhd

Mr Tee Jia Jie, male aged 28, 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.

Hoo Pee Chon
Chief Risk Officer

Mr Hoo Pee Chon, male aged 63, 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.

GROUP MANAGEMENT PROFILE

Teoh Siew Tatt
Project Manager of IL Solar Sdn. Bhd.

Mr Teoh Siew Tatt, male aged 42, holds a Master of Business Administration in Engineering Management and Bachelor of Engineering in Automotive Engineering from Coventry University in United Kingdom. Mr Teoh joined the group in September 2015 and has more than 18 years experience in the project management field.

Mohd Khairul Nizam bin Md Radzi
Chargeman of IL Solar Sdn Bhd

Mr Mohd Khairul Nizam Bin Md Radzi, male aged 36, holds a Diploma in Electrical Engineering from Politeknik Tunku Sultanah Bahiyah Kulim, Kedah. He has the competency in B4 33kV from Malaysia Energy Commision (Suruhanjaya Tenaga). Mr Khairul joined IL Solar Sdn Bhd in 2017 and has 12 years experience in Electrical Testing, Commissioning, Operations & Maintenance of Gas power plant & Renewable energy power plant.

Notes

None of the Group's 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 Group 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 Group.

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 (Principle A), Effective Audit And Risk Management (Principle B) and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (Principle C) throughout the financial year ended 31 December 2019.

PRINCIPLE 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 Chief Executive Officer 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 Secretary 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 Secretary on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretary 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 six occasions during the year ended 31st December 2019 and the details of attendance at Board Meetings is set out below.

	Number of Meetings Attended	Total Number of Meetings
INDEPENDENT NON-EXECUTIVE DIRECTORS		
DATUK R. KARUNAKARAN	6	6
WAN AZFAR BIN DATO' WAN ANNUAR	6	6
DATO' WAN HASHIM BIN WAN JUSOH	5	6
SOH ENG HOOI	6	6
EXECUTIVE DIRECTORS		
TEE TUAN SEM	6	6
MAKOTO TAKAHASHI	6	6
SAM LOH CHENG KEAT	6	6

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 2019 are as follows:

Name of Directors	Date	Seminar / Training Course Title
Datuk R. Karunakaran	5 March 2019	PNB Leadership Forum
	19 March 2019	Invest Malaysia Kuala Lumpur (IMKL 2019)
	29 May 2019	Etiqa Insurance & Takaful Board Risk Workshop
	26 July 2019	Maybank 2019 Annual Risk Workshop
	28 August 2019	1) Board Effective Assessment 2) Malaysia Code of Corporate Governance 2017
	18 & 19 September 2019	Ageas Partnership Presentation 1) Thinking Globally, Acting Differently, the Key to Competitiveness 2) The Partnership with BNP Paribas Fortis 3) Open Banking at BNP Paribas Fortis 4) Why Business Experimentation is Essential for Competitive Advantage 5) Responsible Technology
	30 September 2019	1) Malaysia Economic and Market Outlook 2) Including Low Latency Non-Directional Trader, Market Makers and Liquidity Providers in an Exchange Ecosystem 3) Market Opportunities for Digital Assets in Asia
	7 October 2019	Presentation by NASDAQ, Modernisation of Post Trade Infrastructure
	18 November 2019	YTI Memorial Lecture : The Diverse Facets of Leadership
	20 November 2019	MSCI Seminar on Investing Trends and Opportunities

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Directors	Date	Seminar / Training Course Title
Dato' Wan Hashim bin Wan Jusoh	28 August 2019	1) Board Effective Assessment 2) Malaysia Code of Corporate Governance 2017
Wan Azfar bin Dato' Wan Annuar	23 August 2019 28 August 2019	The Convergence of Digitisation and Sustainability 1) Board Effective Assessment 2) Malaysia Code of Corporate Governance 2017
Soh Eng Hooi	20 February 2019 30 April 2019 6 August 2019 7 August 2019 15 August 2019 28 August 2019 10 September 2019 19 September 2019 15 October 2019 17 October 2019 11 November 2019 2 – 7 December 2019 9 – 12 December 2019	Blockchain for Accountants - Awareness Workshop MIA's Engagement Session with Audit Committee Members on Integrated Reporting Introduction to Cloud Accounting for Professional Firms SAP Business One Demystifying The Diversity Conundrum: The Road to Business Excellence 1) Board Effective Assessment 2) Malaysia Code of Corporate Governance 2017 Biological Assets - MFRS 141/MPERS S34 Valuation in Practice for Transactions and Reporting : Part 2 - Valuation for Business Combination Evaluating effective Internal Audit Function - Audit Committee's Guide CAANZ - MICPA Audit Forum 2019: The Future of Audit ISQM: Another Tsunami of Change For Auditors? UNCTAD Entrepreneurship Training Workshop UNCTAD Training of Trainers workshop on Empretec for Participants with Low Literacy
Tee Tuan Sem	28 August 2019	1) Board Effective Assessment 2) Malaysia Code of Corporate Governance 2017
Makoto Takakashi	28 August 2019	1) Board Effective Assessment 2) Malaysia Code of Corporate Governance 2017
Sam Loh Cheng Keat	28 August 2019	1) Board Effective Assessment 2) Malaysia Code of Corporate Governance 2017

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 that they have discharged their responsibilities in an independent manner.

The Constitution of the Company provides that all Directors of the Company shall retire from office at least once every three years but shall be eligible for re-election. At least one third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to one-third, shall retire from office at each AGM. A retiring Director shall be eligible for re-election. This provides an opportunity for shareholders to renew their mandates.

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 would have served as an Independent Non-Executive Director of the Company for a cumulative term of 12 years after 1 July 2020. 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 recommends that he should be retained to continue in office as an Independent Non-Executive Director and to seek the shareholders' approval through a two-tier voting process.

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 2019 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
Wan Azfar bin Dato' Wan Annuar	-	60	-	6	2	68
Dato' Wan Hashim bin Wan Jusoh	-	60	-	6	-	66
Soh Eng Hooi	-	90	-	5	2	97
Executive Directors						
Tee Tuan Sem	600	-	200	48	91	939
Makoto Takahashi	240	-	40	-	17	297
Loh Cheng Keat	210	-	-	26	-	236
Total	**1,050**	**318**	**240**	**95**	**119**	**1,822**

Group

	RM'000					
	Salaries	**Fees**	**Bonus**	**Other Remuneration**	**Benefits-In-Kind**	**Total**
Non-Executive Directors						
Datuk R. Karunakaran	-	108	-	4	7	119
Wan Azfar bin Dato' Wan Annuar	-	60	-	6	2	68
Dato' Wan Hashim bin Wan Jusoh	-	60	-	6	-	66
Soh Eng Hooi	-	90	-	5	2	97
Executive Directors						
Tee Tuan Sem	853	-	200	48	91	1,192
Makoto Takahashi	493	-	40	-	17	550
Loh Cheng Keat	210	-	-	26	-	236
Total	**1,556**	**318**	**240**	**95**	**119**	**2,328**

Details of the remuneration of the top Senior Management (including salary, bonus, benefits-in-kind and other emoluments) in each successive band of RM50,000 during the financial year ended 2019, are as follows:

Range of Remuneration (RM)	**Name of Top Senior Management**
100,001 - 150,000	Tan Ying Ying, Teoh Siew Tatt & Mohd Khairul Nizam bin Md Radzi
150,001 - 200,000	Hoo Pee Chon
200,001 - 250,000	Tee Jia Jie

PRINCIPLE 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 statements 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 ended 2019 and comprises:-

i. Soh Eng Hooi (Chairman)
ii. Wan Azfar bin Dato' Wan Annuar
iii. Dato' Wan Hashim bin Wan Jusoh

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 applicable approved accounting standards by MASB and relevant regulatory 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 one 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 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 RM14,000.

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.

ILB has in place its established Risk Management Policy, which reflects the framework for Enterprise-wide Risk Management and Internal Control System. Such framework states the Company's level tolerance for risk, and process in place to identify, assess and monitor key business risks arising from the existing environment and foreseeable future event in achieving the Company's corporate objectives, safeguarding the Company's assets, as well as shareholders' investments / interest.

Through regular reporting on risk management and internal control (i.e., yearly / quarterly), the ARMC reviews, deliberates and evaluates the effectiveness and efficiency of the risk management and internal control systems in the organization which are designed to manage and mitigate rather than eliminate risks.

The Board has the ultimate responsibility for reviewing and approving the Company's risk framework, risk profile and related policy. Relevant internal control systems are implemented for the day to day operations of the group. The Chief Risk Officer, Internal Audit Department and independent professional service provider, NGL Tricor Governance Sdn Bhd ("NGL Tricor") have an independent reporting on risk management and internal controls to ARMC. The framework is continually monitored to ensure it is responsive to the changes in the Group's Corporate Structure 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 internal audit 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.

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

The Group has established an internal audit and risk management function within the Group which is currently outsourced to an independent internal audit consulting firm, NGL Tricor Governance Sdn Bhd ("Internal Auditors") who reports directly to the ARMC.

The Board is cognisant of the fact that they are 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 41 to 42 of the Annual Report provides an overview on the state of internal controls within the Group, in an effort to manage risk.

PRINCIPLE 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 recognizes 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.

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 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 senior management and external auditors, where appropriate, are responsible to respond and provide explanations on matters raised.

Information on the Group's activities is provided in the Circulars, 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
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 on 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 28 February 2020.

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	Intended timeframe for utilisation	Deviation Amount RM'000	Explaination
Acquisition of lands to situate future large scale photovoltaic ("LSSPV") plants	10,000	2,530 -	Within 48 months from completion of Private Placement	-	10% deposit and legal fees on acquisition of a freehold vacant land at Bandar Sungai Petani, Kedah
Studies and preparation of bid submissions for additional LSSPV plants	800	283	- " -	-	Amount incurred on studies and preparation of bid submissions for additional LSSPV plants
Working capital	2,567	1,910	- " -	-	Amount incurred on system enhancement work for solar plant in Kedah
Estimated expenses relating to the Proposed Placement	182	182	- " -	-	Based on actual invoices
Total	**13,549**	**4,905**			

2. Audit fees and Non-Audit Fees

During the financial year ended 31 December 2019, 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	248,013	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 2019 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 2019.

MEMBERSHIP

The ARMC of the Group comprises the following members:

Chairman
Soh Eng Hooi
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 2019, all of whom are Independent Directors. The Chairman of ARMC, 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").

The Committee carries out its duties and responsibilities in accordance with its Terms of Reference which is available on the Company's website at https://www.ilb.com.my.

ARMC has the authority to investigate any matter within its Terms of Reference. In this regard, ARMC has full and unrestricted access to any information pertaining to the Group, co-operation from Management, direct communication channels with the external and internal auditors and reasonable resources to enable it to discharge its functions appropriately.

MEETINGS AND MINUTES

During the FYE 31st December 2019, the ARMC held a total of four (4) meetings. The Company Secretary was in attendance during the meetings and the Chief Financial Officer ("CFO"), Chief Risk Officer, Internal Auditors, External Auditors and other senior management personnel, where necessary, were invited to the meetings to deliberate on matters within their purview.

Minutes of each ARMC meeting were recorded and tabled for confirmation at the following AC meeting. After each ARMC meeting, the ARMC Chairman reported on matters deliberated to the Board for their notation including matters of significant concern as and when raised by the External Auditors or Internal Auditors. Matters reserved for Board approvals are tabled at Board meetings, and decisions by the Board and actions required are forwarded to the management for their action. ARMC may also take action by way of circular resolutions in lieu of convening a formal meeting.

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

Committee Members	Meeting Attendance
Soh Eng Hooi	4/4
Wan Azfar bin Dato' Wan Annuar	4/4
Dato' Wan Hashim bin Wan Jusoh	4/4

SUMMARY OF ACTIVITIES OF THE ARMC

The ARMC's activities for the financial year under review comprise the followings:-

1. Financial Reporting

   - In overseeing the Group's financial reporting processes, ARMC reviewed and discussed the Group's unaudited quarterly financial results and final draft audited financial statements with the management and external auditors at the ARMC meetings, to ensure compliance with the applicable financial reporting standards and relevant regulatory requirements, as well as discussing the performance of the Group, before presentation to the Board for consideration and approval.

   - ARMC also reviewed and discussed on the impact of any changes/adoption of new accounting standards, auditing and regulatory issues and the impact to the Group's financial reporting processes such as the adoption of MFRS 16 *Leases*.

   - ARMC obtained confirmations from the CFO that adequate processes and controls were in place for effective and efficient financial reporting and that reasonable estimates had been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards, and that at every ARMC meeting held during the FYE 31 December 2019, unusual transactions including related party transactions, if any, had been reported to the ARMC.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

2. 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 ("COI") that may arise within the Company and its Group and apprised the Board that there were no significant RPT and COI situations which arose within the Company or Group, including any transaction, procedure or course of conduct that raised questions of the Management's integrity during the financial year.

- ARMC reviewed and ensured that adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situation before entering into transaction.

3. External Auditors

- Reviewed and discussed with the external auditors, prior to the commencement of audit, the audit planning memorandum which include matters pertaining to the audit service team, scope of the work, significant risks and areas of key audit focus, basis in which the external auditors assess materiality, internal control plan, technical updates, independent policies and procedures, timeline, fraud responsibilities etc.

- Reviewed and discussed with external auditors major audit findings arising from the external audit and resolution of the findings, including key audit matters (KAM) raised by the external auditors in their auditors' report. In the deliberation of KAM, ARMC was satisfied that sufficient control mechanisms have been implemented and that management has assessed and addressed the above said matters appropriately.

- Met with the external auditors without the presence of executive Board members and management personnel.

- Reviewed the audit fees before recommending to the Board for approval.

- ARMC has reviewed the competency, resource capacity, objectivity, professionalism and the independence of the external auditors. ARMC has also reviewed the independence and suitability of the external auditors in the provision of non-audit services to the Company and the Group. In considering the nature and scope of non-audit services and related fees, ARMC was satisfied that they were not likely to impair their independence. Baker Tilly Monteiro Heng PLT has also given their independence assurance throughout their audit works for FY2019. Pursuant thereto, ARMC has recommended to the Board for the re-appointment of Baker Tilly Monteiro Heng PLT as external auditors of the Company at the forthcoming Annual General Meeting based on the suitability, performance, objectivity, professionalism and independence of the external auditors.

4. Internal Auditors

- ARMC reviewed and approved the internal audit plan for year 2019 from both internal and outsourced internal auditors to ensure that the scope and coverage of the internal audit on the operations of the Group is adequate and major risk areas are audited accordingly in line with the latest development of the Group and the business environment.

- At each quarterly meeting, internal and/or outsourced internal auditors presented the internal audit reports. ARMC considered the findings highlighted by the internal auditors and the responses from management. There were no major controls weaknesses noted from the internal audit reports.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

5. Risk Management

   - Assisted the Board to oversee the implementation of the Group's risk management policy, the framework of which is based on guidelines of ISO 31000, by reviewing the adequacy and effectiveness of the Group's risk management process including the process in identifying, evaluating, approving and reporting risk and monitoring conflict of interest situations and transactions and the key consideration to be taken in reviewing the related party transactions or conflict of interest situation.

   - Reviewed operational and financial performance of the Group to ensure that appropriate measures were taken to address any significant risks highlighted by the Internal Auditors.

6. Others

   - Reviewed the following prior to recommending to the Board for approval for inclusion in this Annual Report:

     - the Statement on Risk Management and Internal control;

     - Audit & Risk Management Committee Report; and

     - Corporate Governance Overview Statement.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by the Internal Audit Department which reports directly to the ARMC on its activities based on internal audit plans as approved by ARMC. Its principal function is to undertake regular and systematic review of the internal control system within the Group so as to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes. During the year under review, the Board has also engaged independent professional services firm to provide independent internal audit services to core business of the Group.

On a quarterly basis, the Internal auditors presented their audit reports which included their findings and recommendations for improvements to ARMC for review and deliberation. ARMC evaluated the adequacy of the responses, actions and measures taken/to be taken by the management within the required timeframe in resolving the audit issues reported. The internal auditors also carried out follow-up reviews to monitor the implementation of the said actions plans and measures reported to the ARMC.

The AC Chairman then briefed the Board on the internal audit reports on any major findings.

The total cost incurred by the Internal Audit Department for the financial year ended 2019 amounted to RM285,641.

NOMINATION & REMUNERATION COMMITTEE

Details of the Composition of the Nomination & Remuneration Committee and its terms and reference are as follows:

COMPOSITION OF THE COMMITTEE

		Chairman/Independent Non-Executive Director
DATUK R. KARUNAKARAN	-	Member/Independent Non-Executive Director
WAN AZFAR BIN DATO'WAN ANNUAR	-	Member/Independent Non-Executive Director
DATO' WAN HASHIM BIN WAN JUSOH	-	

TERMS OF REFERENCE

1. Primary Purpose

a) Propose and recommend suitable candidates to the Board and to fill the seats on Board committees.

(b) Review the composition and effectiveness of the Board and the Board Committees in terms of the required mix of skills, expertise, attributes and core competencies of the Directors as well as the contribution of each individual Director on an annual basis.

(c) Recommend to the Board the framework on terms of employment and elements of remuneration of the Executive Directors.

(d) Review the terms of office and performance of the Committee annually.

(e) Review and recommend to the Board the annual bonus and salary increment of the Executive Directors and the remuneration of the Non-Executive Directors.

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

2. Composition

(a) The Committee shall be wholly comprised of Non-Executive directors, a majority of whom are Independent.

(b) Members of the Committee are appointed by the Board and comprise Board members who will not benefit personally from their decisions and who will give due regard to the interests of shareholders and other stakeholders.

3. Responsibilities

(a) Ensure an appropriate balance of experience and abilities on the Board.

(b) Review from time to time the size, structure and composition of the Board.

(c) Assessment of the independence of directors who have served for a cumulative term of more than nine years, and make appropriate recommendations to the Board.

(d) Consider candidates for appointment, whether as Executive or Non-Executive Directors.

(e) Make recommendations to the Board on the re-appointment of Non-Executive Directors at the end of their term.

(f) Advise the Board and the Chief Executive Officer on the issue of succession planning.

(g) Annual Performance Assessment of the Board of Directors.

(h) Recommend to the Board a competitive compensation and remuneration package for Executive Directors in order to attract talent and experience needed for the continued progress of the Group.

(i) Recommend to the Board a competitive remuneration package for Non-Executive Directors who have the necessary skills and experience to bring independent judgement to bear on the issues of strategy, performance and resources for the success of the Group.

(j) Review and recommend annual compensation and reward for all Directors. A Director should abstain from discussion on his/her own remuneration.

4. Authority

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

5. Reporting

In discharging the above responsibilities, the Committee shall report to the Board on :-

(a) The effectiveness of the present size of the Board of Directors.

(b) The effectiveness of the composition of the Board of Directors and the mix of Executive and Non-Executive Directors.

(c) The existence of, or potential conflicts of interest involving the Board members.

(d) The contribution of individual Directors in decision making at the Board level.

(e) A continuous education program for Board members to upgrade their skills and enhance their effectiveness.

6. Meetings

(a) Meetings of the Committee shall be held as and when necessary but at least twice a year.

(b) The Committee shall be provided with sufficient resources to undertake its duties. It shall have access to the services of the Company Secretary including assisting in planning the committee's work, drawing up meeting agendas, maintenance of minutes, collection and distribution of information and provision of any necessary logistical support.

(c) The meetings of the Committee shall be transparent, with all proceedings recorded and actions documented.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is cognisant of the fact that it is responsible for the adequacy and effectiveness of the Group's system of Risk Management and Internal Control. The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of internal controls and risk management. 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 financial year under review pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility to maintain a sound risk management and internal control system as well as reviewing its adequacy and effectiveness and to put in sufficient safeguards to manage the Group's risks in order to safeguard shareholders' investment and the Group's assets. However, due to the inherent limitations in any system of risk management and internal control, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Thus, the system of internal control put in place can only provide reasonable but would not be an absolute assurance against material misstatements or loss. The significant areas covered by the Group's system of internal control are financial, organisational, operational, compliance and information technology controls.

The Board does not review risk management and internal control systems of its associates as the Board does not have direct control over their operations. Notwithstanding the above, the Group interest is served through representation on the Board of the associates and review of the management accounts and enquiries thereon.

RISK MANAGEMENT

The Board is assisted by Audit & Risk Management Committee ("ARMC") in the oversight of risk management and internal control system of the Group and supported by the Executive Directors and senior management personnel of the Group in implementation of the Board's policies and procedures on risk management and internal control.

The Group has established an enterprise-wide risk management framework based on the guidelines in ISO 31000 to manage risks affecting its business and operations. The Board, with its ARMC and recommendations from the outsourced internal audit function, have established processes for identifying, evaluating and managing the significant risks faced by the core business of the Group, i.e. solar power plant. These processes have been in place for the year under review and up to the date of approval of this statement for inclusion in the annual report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL

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. Some of the key elements of the structure are:

- Organizational structure defining lines of responsibility, delegation of authority, segregation of duties and information flow. Besides ARMC and Nomination and Remuneration Committees, the Board is supported by senior management operationally. These committees convene periodically to meet its strategic business agenda thus ensuring that the Board, properly apprised, maintains effective supervision over the entire operations.

- Policies, procedures and standards have been established within the Group, periodically reviewed and updated by the management in accordance with changes in the operating environment. These standards and procedures 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.

- Business plan including annual budget is prepared for the Group. The Board of Directors review and approve the annual budget.

- Executive directors conduct regular management meetings with management teams of various business units and reviews financial and operational reports in order to monitor the performance and profitability as well as operational issues including internal control matters and risk management of the respective business units.

- Management accounts are prepared on a monthly basis and the actual performance compared with the budgets are prepared and reported to the Board on a quarterly basis, with explanation of any major variances.

- The ARMC, Nomination Committee and Remuneration Committee have been established with defined terms of reference.

- ARMC reviews the quarterly financial results, audited financial statements, the Group's risk profile and internal control issues identified internally and by the Internal Auditors. The Audit Committee also monitors the implementation of the recommendations, if any, proposed by the Internal Auditors.

INTERNAL AUDIT

During the year under review, the Board has engaged an outsourced internal audit service provider ("Outsourced IA") to provide independent internal audit services to core business of the Group. The Outsourced IA adopts a risk-based approach and prepares its audit strategy and plan based on the risk assessment of the business units of the Group. Scheduled internal audits are carried out based on the annual audit plan approved by the Audit Committee. On a quarterly basis, the Outsourced IA presents to the Audit Committee's internal audit report which summarises audit findings and recommendations with respect to the system of internal control and control weaknesses; as well as the effectiveness of the implementation of these recommendations.

The Outsourced IA had performed internal control review of the Group's large-scale solar power plant's operations. Some areas of improvement to internal controls were identified and addressed accordingly. Nevertheless, the identified weaknesses in the internal controls have not resulted in any material or significant losses and/or require further disclosure in this Statement.

CONCLUSION

During the year under review, the Board is of the view that the risk management and internal control system in place is adequate and effective to safeguard shareholders' investment and the Group's assets. Weaknesses highlighted have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report. The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. Nevertheless, the Board and Management maintain a continuing commitment to strengthen the Group's risk management and internal control environment and processes.

This statement is made in accordance with the resolution of the Board of Directors dated 28 February 2020.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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.

CONTENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

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
Profit/(Loss) for the financial year, net of tax		
- Continuing operations	12,711,920	(4,511,313)
- Discontinued operation	955,762	-
	13,667,682	(4,511,313)
Attributable to:		
Owners of the Company	15,281,861	(4,511,313)
Non-controlling interests	(1,614,179)	-
	13,667,682	(4,511,313)

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 2019.

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.

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.

DIRECTORS' REPORT

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.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2019, 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*
Wan Azfar bin Dato' Wan Annuar
Dato' Wan Hashim bin Wan Jusoh*
Soh Eng Hooi
Loh Cheng Keat* (Resigned on 1 January 2020)

* Directors of the Company and certain subsidiaries

Other than as stated above, the names 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 (Ceased on 7 February 2020)
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 1.1.2019	Bought	Sold	At 31.12.2019
Direct interest:				
Makoto Takahashi	20,803,990	-	-	20,803,990
Loh Cheng Keat	4,158,500	-	-	4,158,500
Indirect interest:				
Tee Tuan Sem*#	20,399,382	5,000,000	-	25,399,382

* 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' 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.

DIRECTORS' REPORT

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 RM12,783 and RM5,384 respectively.

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 36 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, 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: 13 March 2020

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM	Group 2018 RM (Restated)	Company 2019 RM	Company 2018 RM
Continuing operations					
Revenue	5	9,734,924	9,584,220	-	-
Direct operating costs		(5,275,553)	(4,982,334)	-	-
Gross profit		4,459,371	4,601,886	-	-
Other income		2,537,821	2,583,231	2,684,557	5,403,716
Gain/(Loss) on disposal of a jointly controlled entity		25,443,249	-	(681,212)	-
Reversal of expected credit loss on financial instruments		864,754	-	864,754	-
Administrative expenses		(9,293,303)	(8,460,901)	(6,554,894)	(5,758,917)
Expected credit losses on financial instruments		-	(75,424,951)	-	(75,634,206)
Other expenses		(1,432,800)	(8,894,641)	(545,292)	(10,446,658)
		18,119,721	(90,197,262)	(4,232,087)	(86,436,065)
Operating profit/(loss)		22,579,092	(85,595,376)	(4,232,087)	(86,436,065)
Finance costs		(4,700,190)	(4,736,933)	(274,186)	(201,871)
Share of results of associates		(3,746,828)	(3,056,083)	-	-
Share of results of a jointly controlled entity		(1,273,239)	(9,850,899)	-	-
Profit/(Loss) before tax	6	12,858,835	(103,239,291)	(4,506,273)	(86,637,936)
Tax (expense)/credit	7	(146,915)	312,183	(5,040)	(155,496)
Profit/(Loss) for the financial year from continuing operations		12,711,920	(102,927,108)	(4,511,313)	(86,793,432)
Profit for the financial year from discontinued operation, net of tax		955,762	877,115	-	-
Profit/(Loss) for the financial year, carried forward		13,667,682	(102,049,993)	(4,511,313)	(86,793,432)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM	Group 2018 RM (Restated)	Company 2019 RM	Company 2018 RM
Profit/(Loss) for the financial year, brought forward		13,667,682	(102,049,993)	(4,511,313)	(86,793,432)
Other comprehensive loss, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Revaluation of warehouse and office buildings		3,302,591	(93,652)	-	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(4,740,685)	(3,771,098)	-	-
Reclassification adjustment of foreign exchange translation reserve upon disposal of a jointly controlled entity		(24,843,479)	-	-	-
		(29,584,164)	(3,771,098)	-	-
Other comprehensive loss for the financial year		(26,281,573)	(3,864,750)	-	-
Total comprehensive loss for the financial year		(12,613,891)	(105,914,743)	(4,511,313)	(86,793,432)
Profit/(Loss) attributable to:					
Owners of the Company					
- From continuing operations		14,562,018	(98,942,916)	(4,511,313)	(86,793,432)
- From discontinued operation		719,843	645,309	-	-
		15,281,861	(98,297,607)	(4,511,313)	(86,793,432)
Non-controlling interests		(1,614,179)	(3,752,386)	-	-
		13,667,682	(102,049,993)	(4,511,313)	(86,793,432)
Total comprehensive loss attributable to:					
Owners of the Company					
- From continuing operations		(12,609,499)	(99,069,040)	(4,511,313)	(86,793,432)
- From discontinued operation		1,585,789	(787,207)	-	-
		(11,023,710)	(99,856,247)	(4,511,313)	(86,793,432)
Non-controlling interests		(1,590,181)	(6,058,496)	-	-
		(12,613,891)	(105,914,743)	(4,511,313)	(86,793,432)
Earnings/(Loss) per share attributable to owners of the Company					
Basic/Diluted (sen)	8	8.090	(51.822)		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	9	114,018,728	241,295,063	10,219,538	10,389,225
Land use rights	10	-	15,137,560	-	-
Intangible assets	11	2,335,632	2,465,389	-	-
Subsidiaries	12	-	-	96,043,654	84,776,848
Interest in associates	13	33,833,875	41,988,397	9,507,500	11,007,500
Interest in a jointly controlled entity	14	-	21,359,324	-	21,568,579
Other investments	15	270,000	270,000	270,000	270,000
Receivables	16	30,233,580	-	30,233,580	-
Amount owing by a subsidiary	18	-	-	12,121,501	12,181,462
Amount owing by a jointly controlled entity	19	-	19,406,566	-	19,197,311
Total non-current assets		180,691,815	341,922,299	158,395,773	159,390,925
Current assets					
Receivables	16	14,597,942	2,779,700	11,113,799	421,691
Amounts owing by subsidiaries	18	-	-	2,509,153	11,288,483
Amount owing by a jointly controlled entity	19	-	4,980,060	-	4,980,060
Tax assets		51,534	309,080	51,534	114,031
Other investments	15	2,762,241	4,392,413	2,762,241	4,392,413
Deposits, cash and bank balances	20	21,908,197	29,153,460	479,848	1,340,864
		39,319,914	41,614,713	16,916,575	22,537,542
Assets of a disposal group classified as held for sale	21	138,546,553	-	-	-
Total current assets		177,866,467	41,614,713	16,916,575	22,537,542
TOTAL ASSETS		358,558,282	383,537,012	175,312,348	181,928,467

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	22	225,670,706	225,670,706	225,670,706	225,670,706
Treasury shares	23	(4,797,033)	(4,797,033)	(4,797,033)	(4,797,033)
Reserves	24	20,304,246	46,585,847	-	-
Accumulated losses		(61,048,231)	(76,306,122)	(82,374,845)	(77,863,532)
		180,129,688	191,153,398	138,498,828	143,010,141
Non-controlling interests		49,742,061	51,332,242	-	-
TOTAL EQUITY		229,871,749	242,485,640	138,498,828	143,010,141
Non-current liabilities					
Loans and borrowings	25	56,163,971	70,394,950	21,253,393	3,333,092
Loans from corporate shareholders	26	-	5,220,627	-	-
Deferred tax liabilities	27	752,286	1,944,183	-	-
Total non-current liabilities		56,916,257	77,559,760	21,253,393	3,333,092
Current liabilities					
Loans and borrowings	25	5,337,270	15,827,523	1,113,270	432,611
Loans from corporate shareholders	26	16,182,931	38,406,098	-	-
Payables	28	1,958,496	9,073,462	500,770	257,722
Amounts owing to subsidiaries	18	-	-	13,946,087	34,894,901
Tax liabilities		146,018	184,529	-	-
		23,624,715	63,491,612	15,560,127	35,585,234
Liabilities of a disposal group classified as held for sale	21	48,145,561	-	-	-
Total current liabilities		71,770,276	63,491,612	15,560,127	35,585,234
TOTAL LIABILITIES		128,686,533	141,051,372	36,813,520	38,918,326
TOTAL EQUITY AND LIABILITIES		358,558,282	383,537,012	175,312,348	181,928,467

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	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 2019

	Note	Total equity RM	Equity attributable to owners of the parent RM	Share capital RM	Treasury shares RM	Accumulated losses 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 2019		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
Total comprehensive loss for the financial year												
Profit/(Loss) for the financial year		13,667,682	15,281,861	-	-	15,281,861	-	-	-	-	-	(1,614,179)
Other comprehensive loss for the financial year												
Revaluation of warehouse and office buildings		3,302,591	1,502,679	-	-	-	1,502,679	1,502,679	-	-	-	1,799,912
Exchange differences on translation of foreign operations		(4,740,685)	(2,964,771)	-	-	-	(2,964,771)	-	-	(2,964,771)	-	(1,775,914)
Reclassified to profit or loss upon disposal of a jointly controlled entity		(24,843,479)	(24,843,479)	-	-	-	(24,843,479)	-	-	(24,843,479)	-	-
Total other comprehensive loss		(26,281,573)	(26,305,571)	-	-	-	(26,305,571)	1,502,679	-	(27,808,250)	-	23,998
Total comprehensive loss for the financial year		(12,613,891)	(11,023,710)	-	-	15,281,861	(26,305,571)	1,502,679	-	(27,808,250)	-	(1,590,181)
Transaction with owners												
Transfer to statutory reserve fund, representing total transaction with owners		-	-	-	-	(23,970)	23,970	-	23,970	-	-	-
At 31 December 2019		229,871,749	180,129,688	225,670,706	(4,797,033)	(61,048,231)	20,304,246	5,257,870	241,554	4,928,403	9,876,419	49,742,061

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	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 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)
Total comprehensive loss for the financial year					
Loss for the financial year, representing total comprehensive loss for the financial year		(4,511,313)	-	-	(4,511,313)
At 31 December 2019		138,498,828	225,670,706	(4,797,033)	(82,374,845)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from operating activities					
Profit/(Loss) before tax:					
- Continuing operations		12,858,835	(103,239,291)	(4,506,273)	(86,637,936)
- Discontinued operation		1,196,758	929,442	-	-
		14,055,593	(102,309,849)	(4,506,273)	(86,637,936)
Adjustments for:					
Amortisation of intangible assets		129,757	129,758	-	-
Amortisation of land use rights		-	389,007	-	-
Bad debts written off		-	-	13,686	-
Depreciation of property, plant and equipment		8,421,505	7,411,230	1,435,385	773,591
Expected credit loss for amount owing by a jointly controlled entity		-	75,424,951	-	75,634,206
Fair value gain on other investments		(116,357)	(15,852)	(116,357)	(15,852)
Gain on voluntary winding-up of subsidiary		-	-	(45,152)	-
Gain on disposal of property, plant and equipment		-	(52,310)	-	-
(Gain)/Loss on disposal of other investments		(105,293)	33,998	(105,293)	33,998
Impairment loss on:					
- interest in an associate		1,086,468	8,829,405	-	-
- interest in a jointly controlled entity		-	-	-	10,383,422
Income distribution from other investments		(269,006)	(443,636)	(269,006)	(443,636)
Interest expense		7,218,191	7,743,373	274,186	201,871
Interest income		(262,669)	(295,370)	(519,019)	(509,556)
(Gain)/Loss on disposal of a jointly controlled entity		(25,443,249)	-	681,212	-
Property, plant and equipment written off		29,723	2,764	4	2,764
Reversal of expected credit loss for amount owing by a jointly controlled entity		(864,754)	-	(864,754)	-
Reversal of provision for employee benefits		(13,799)	(7,022)	(13,799)	(7,022)
Share of results of associates		3,746,828	3,056,083	-	-
Share of results of a jointly controlled entity		1,273,239	9,850,899	-	-
Sub-total carried forward		8,886,177	9,747,429	(4,035,180)	(584,150)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Cash flows from operating activities (continued)					
Sub-total brought forward		8,886,177	9,747,429	(4,035,180)	(584,150)
Unrealised loss/(gain) on foreign exchange		755,600	1,928,390	529,843	(2,780,342)
Operating profit/(loss) before working capital changes		9,641,777	11,675,819	(3,505,337)	(3,364,492)
Changes in working capital:					
Receivables		(1,459,440)	4,836,232	120,894	(244,822)
Payables		164,112	(3,586,588)	256,847	42,671
Net cash generated from/ (used in) operations		8,346,449	12,925,463	(3,127,596)	(3,566,643)
Interest paid		(7,190,342)	(7,589,399)	(274,186)	(201,871)
Tax (paid)/refunded		(1,368)	(1,427,223)	57,457	(193,225)
Net cash from/(used in) operating activities		1,154,739	3,908,841	(3,344,325)	(3,961,739)
Cash flows from investing activities					
Purchase of property, plant and equipment	9	(430,771)	(1,858,937)	(11,867)	(909,577)
Proceeds from disposal of property, plant and equipment		-	52,310	-	-
Acquisition of additional interests in a subsidiary		-	(400,000)	-	-
Capital repayment from an associate		1,500,000	-	1,500,000	-
Cash distribution received from voluntary winding up of a subsidiary		-	-	45,152	-
Proceeds from disposal of a jointly controlled entity	14	4,298,038	-	4,298,038	-
Proceeds from disposal of other investments		-	97,836	-	97,836
Net withdrawal of short-term fund		1,851,822	16,056,116	1,851,822	16,056,116
Withdrawal/(Placement) of deposits		860,002	188,454	860,002	(27,443)
(Advances to)/Repayment from subsidiaries		-	-	(1,988,051)	38,612
Advances to a jointly controlled entity		-	(13,883,373)	-	(13,883,373)
Interest received		531,675	739,006	274,908	480,103
Net cash from investing activities		8,610,766	991,412	6,830,004	1,852,274

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
Cash flows from financing activities					
Shares repurchased		-	(413,079)	-	(413,079)
Drawdown of term loans	(a)	18,669,000	2,395,569	18,669,000	-
Repayments of term loans	(a)	(15,111,723)	(12,568,776)	(437,033)	(413,129)
(Repayments)/Drawdown of unsecured loan from a corporate shareholder	(a)	(16,382,875)	3,257,082	-	-
Payment of lease liabilities	(a)	(611,842)	-	(611,842)	-
Repayments to subsidiaries	(a)	-	-	(21,106,685)	(318)
Net cash used in financing activities		(13,437,440)	(7,329,204)	(3,486,560)	(826,526)
Net decrease in cash and cash equivalents		(3,671,935)	(2,428,951)	(881)	(2,935,991)
Cash and cash equivalents at the beginning of the financial year		28,293,458	32,830,981	480,862	3,416,399
Effects of exchange rates changes on cash and cash equivalents		(1,332,314)	(2,108,572)	(133)	454
Cash and cash equivalents at the end of the financial year	20	23,289,209	28,293,458	479,848	480,862

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(a) Reconciliation of liabilities arising from financing activities:

			<----------Non-cash---------->		
	1.1.2019 RM	Cash flows RM	Acquisition RM	Foreign exchange movement RM	31.12.2019 RM
Group					
Term loans	86,222,473	3,557,277	-	(1,291,895)	88,487,855
Loans from corporate shareholders	43,626,725	(16,382,875)	-	(367,814)	26,876,036
Lease liabilities	-	(611,842)	1,253,835	-	641,993
	129,849,198	(13,437,440)	1,253,835	(1,659,709)	116,005,884
Company					
Term loans	3,765,703	18,231,967	-	(273,000)	21,724,670
Lease liabilities	-	(611,842)	1,253,835	-	641,993
Amounts owing to subsidiaries	34,894,901	(21,106,685)	-	157,871	13,946,087
	38,660,604	(3,486,560)	1,253,835	(115,129)	36,312,750

			<----------Non-cash---------->		
	1.1.2019 RM	Cash flows RM	Acquisition RM	Foreign exchange movement RM	31.12.2019 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

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

1. CORPORATE INFORMATION

Integrated Logistics Berhad ("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 13 March 2020.

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 MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

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

<u>New MFRS</u>

MFRS 16	Leases

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

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

<u>New IC Int</u>

IC Int 23	Uncertainty over Income Tax Treatments

The adoption of the above new MFRS, 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, except for those as discussed below.

2. BASIS OF PREPARATION (cont'd)

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

MFRS 16 Leases

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 *Leases* and IC Int 4 *Determining whether an Arrangement contains a Lease*.

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group and the Company have applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 January 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group and the Company have elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 January 2019. Existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group and the Company have complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

2. BASIS OF PREPARATION (cont'd)

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

MFRS 16 Leases (cont'd)

Impact of the adoption of MFRS 16 (cont'd)

(i) Classification and measurement

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on their assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group and to the Company.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group and the Company:

- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year; and
- separated the total amount of cash paid for leases into principal and interest portions (presented within financing activities) in the statements of cash flows for the current financial year.

<u>*For leases that were classified as operating lease under MFRS 117*</u>

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's and the Company's incremental borrowing rate at the date of initial application.

The right-of-use assets were measured at either:

(a) their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the Group's and the Company's incremental borrowing rate at the date of initial application. The Group and the Company applied this approach to its largest property leases; or
(b) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group and the Company applied this approach to all other leases.

The Group and the Company also applied the following practical expedients wherein they:

(a) applied a single discount rate to a portfolio of leases with similar characteristics;
(b) adjusted the right-of-use assets by the amount of MFRS 137 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review;
(c) applied the exemption not to recognise right-to-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
(d) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
(e) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

2. BASIS OF PREPARATION (cont'd)

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

MFRS 16 Leases (cont'd)

Impact of the adoption of MFRS 16 (cont'd)

(i) Classification and measurement (cont'd)

For land use rights that were classified as intangible assets under MFRS 138

The Group and the Company recognised the carrying amount of the land use rights under MFRS 138 immediately before transition as the carrying amount of the right-of-use assets at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

(ii) Short-term lease and low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term of 12 months or less and leases of low value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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.

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 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.

2. BASIS OF PREPARATION (cont'd)

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

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 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.

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

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

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 3	Business Combinations	1 January 2020/ 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2021#
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2021#
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2021#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2021#
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 136	Impairment of Assets	1 January 2021#

2. BASIS OF PREPARATION (cont'd)

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

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

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (cont'd)		
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2021#
MFRS 138	Intangible Assets	1 January 2021#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2021#

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 MFRS, and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS, and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Amendments to MFRS 3 Business Combinations

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

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.

2. **BASIS OF PREPARATION** (cont'd)

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

2.3.1 (cont'd)

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, and MFRS 7 Financial Instruments: Disclosures

The Malaysian Accounting Standards Board has issued *Interest Rate Benchmark Reform* (Amendments to MFRS 9, MFRS 139 and MFRS 7).

The *Interest Rate Benchmark Reform* amends some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the interbank offered rates reform. In applying the amendments, companies would continue to apply those hedge accounting requirements assuming that the interest rate benchmark associated with the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Applying the amendments, entities are not required to apply the MFRS 139 retrospective assessment but continue to apply hedge accounting to a hedging relationship for which effectiveness is outside of the 80– 125% range during the period of uncertainty arising from the reform.

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error

The amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

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 MFRS, and amendments/improvements to MFRSs.

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. BASIS OF PREPARATION (cont'd)

2.5 Basis of measurement

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

2.6 Use of estimates and judgement

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

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

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

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

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

3.1 Basis of consolidation (cont'd)

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

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.

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.

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.

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

3.1 Basis of consolidation (cont'd)

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

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

(b) Non-controlling interests

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

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

(c) Associates

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

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

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

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

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

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

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

3.1 Basis of consolidation (cont'd)

(d) Joint arrangements

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

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).
- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures.*

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

(e) Transactions eliminated on consolidation

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

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.17(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

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

(b) Translation of foreign operations

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

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

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

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

3.4 Revenue and other income

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 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, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

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.

(a) Rental income

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

(b) Services

Revenue from services is 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.

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

3.4 Revenue and other income (cont'd)

(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.

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.

(b) Defined contribution plans

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

3.6 Borrowing costs

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

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

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

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

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

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

3.7 Income tax

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

(a) Current tax

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

(b) Deferred tax

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

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

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

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

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

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

3.7 Income tax (cont'd)

(b) Deferred tax (cont'd)

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.

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax 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 sales tax included.

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

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 (other than freehold land and warehouse and office buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

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

3.9 Property, plant and equipment (cont'd)

(a) Recognition and measurement (cont'd)

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 as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

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.

(b) Subsequent costs

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

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

3.9 Property, plant and equipment (cont'd)

(c) Depreciation

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

3.10 Leases

Accounting policies applied from 1 January 2019

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

Accounting policies applied until 31 December 2018

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

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

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

3.10 Leases (cont'd)

(a) Lessee accounting

Accounting policies applied from 1 January 2019

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets in Note 9 and lease liabilities in Note 25.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made

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

3.10 Leases (cont'd)

(a) Lessee accounting (cont'd)

Accounting policies applied from 1 January 2019 (cont'd)

Lease liability (cont'd)

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Accounting policies applied until 31 December 2018

For operating leases, the Group and the Company do 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 Other intangible assets

(a) 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 3.17(b).

(b) 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.

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 designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

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

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

3.13 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

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

(i) Financial assets (cont'd)

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**
  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 is in accordance with Note 3.17(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income (FVOCI)**
  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.17(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss (FVPL)**
  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

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

3.13 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

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

(i) Financial assets (cont'd)

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 liabilities 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)

(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.

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.

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

3.13 Financial instruments (cont'd)

(e) Offsetting of financial instruments

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

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.

3.14 Non-current assets or disposal groups held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:
- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal groups are measured at the lower of carrying amount and fair value less costs to sell.

Any impairment loss on the disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property that is measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

3.15 Discontinued operation

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:
- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

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

3.15 Discontinued operation (cont'd)

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-presented as if the operation has been discontinued from the start of the comparative period.

3.16 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 known amount cash and which are subject to an insignificant risk of changes in value.

3.17 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income (FVOCI) 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 losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

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.

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

3.17 Impairment of assets (cont'd)

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

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.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI 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. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.17 Impairment of assets (cont'd)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except non-current assets or disposal groups classified as held for sale) 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 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").

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 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.

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)

3.18 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.

3.19 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.

3.20 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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.21 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.

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.

3.22 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:

Disposal group classified as held for sale

As disclosed in Note 21, on 19 December 2019, the Board of Directors announced a plan to sell an indirect 45.5% owned subsidiary, Integrated Etern Logistics (Suzhou) Co. Limited, which operates in China. The Board of Directors considered that the subsidiary met the criteria to be classified as disposal group classified as held for sale at that date for the following reasons:

- Integrated Etern Logistics (Suzhou) Co. Limited is available for immediate sale and can be sold to a potential buyer in its current condition;
- The Board of Directors had entered into a conditional sale and purchase agreement with a buyer, namely SWJ CN Logiport Pte. Ltd.; and
- The Board of Directors expects negotiations to be finalised and the sale to be completed by second quarter of the year 2020.

The disposal group held for sale measured at the lower of carrying amount and fair value less costs to sell requires significant judgement and estimation.

The carrying amounts of the disposal group held for sale are disclosed in Note 21.

5. REVENUE

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Continuing operations				
Transportation and distribution	400,717	327,743	-	-
Sales of electricity	9,334,207	9,256,477	-	-
	9,734,924	9,584,220	-	-
Discontinued operation (Note 21)				
Warehousing and related value added services	16,055,797	14,942,779	-	-
	25,790,721	24,526,999	-	-

6. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Continuing operations				
Amortisation of intangible assets	129,757	129,758	-	-
Auditors' remuneration:				
- statutory audit:				
- current year	242,634	239,860	86,000	86,000
- under provision in prior year	-	500	-	-
- non statutory audit:				
- current year	14,000	14,000	14,000	14,000
Bad debts written off	-	-	13,686	-
Depreciation of property, plant and equipment	5,166,947	4,495,042	1,435,385	773,591
Directors' remuneration (Note 6(a))	2,209,633	2,149,921	1,703,809	1,522,201
Expense relating to short-term lease	57,000	-	30,000	-
Expense relating to low value assets	15,816	-	13,716	-
Expected credit loss for amount owing by a jointly controlled entity	-	75,424,951	-	75,634,206
Fair value gain on other investments	(116,357)	(15,852)	(116,357)	(15,852)
Gain on disposal of property, plant and equipment	-	(52,310)	-	-
(Gain)/Loss on disposal of other investments	(105,293)	33,998	(105,293)	33,998
Gain on voluntary winding-up of subsidiary	-	-	(45,152)	-
Impairment loss on:				
- interest in an associate	1,086,468	8,829,405	-	-
- interest in a jointly controlled entity	-	-	-	10,383,422
Income distribution from other investments	(269,006)	(443,636)	(269,006)	(443,636)
Interest expense on:				
- term loans	2,615,431	2,840,052	229,786	201,871
- loans from corporate shareholders	2,040,359	1,896,881	-	-
- lease liabilities	44,400	-	44,400	-

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

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

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Continuing operations (cont'd)				
Interest income on:				
- deposits, cash and bank balances	(255,171)	(284,150)	(5,902)	(36,466)
- amount owing by a subsidiary	-	-	(513,117)	(473,090)
(Gain)/Loss on disposal of a jointly controlled entity	(25,443,249)	-	681,212	-
Loss/(Gain) on foreign exchange:				
- realised	36,044	222,199	1,759	1,134
- unrealised	180,196	(224,719)	529,843	(2,780,342)
Planting income	(7,830)	(16,323)	-	-
Property, plant and equipment written off	29,723	2,764	4	2,764
Rental expense on:				
- warehouse	-	775,242	-	721,242
- equipment	-	12,590	-	12,590
Rental income on:				
- land	-	(10,983)	-	-
- warehouse buildings	(1,608,730)	(1,653,730)	(1,608,730)	(1,653,730)
Reversal of expected credit loss for amount owing by a jointly controlled entity	(864,754)	-	(864,754)	-
Reversal of provision for employee benefits	(13,799)	(7,022)	(13,799)	(7,022)
Staff costs:				
- salaries and others	2,065,974	2,369,274	976,332	1,132,479
- contribution to defined contribution plans	161,418	184,493	89,603	96,239

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

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

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Executive directors:				
- salaries and other emoluments	1,871,133	1,774,036	1,365,309	1,146,316
Non-executive directors:				
- fees	318,000	355,885	318,000	355,885
- other emoluments	20,500	20,000	20,500	20,000
	338,500	375,885	338,500	375,885
	2,209,633	2,149,921	1,703,809	1,522,201

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 RM115,750 (2018: RM113,350) and RM115,750 (2018: RM113,350) respectively.

7. TAX EXPENSE/(CREDIT)

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Statements of comprehensive income				
Continuing operations				
Current income tax:				
Taxation in Malaysia:				
- Current income tax charge	5,040	4,519	5,040	-
- Adjustment in respect of prior years	(5,020)	152,696	-	155,496
	20	157,215	5,040	155,496
Taxation outside Malaysia:				
- Current income tax charge	28,275	38,023	-	-
	28,295	195,238	5,040	155,496
Deferred tax (Note 27):				
- Origination of temporary differences	99,184	22,071	-	-
- Adjustment in respect of prior years	19,436	(529,492)	-	-
	118,620	(507,421)	-	-
Tax expense/(credit) from continuing operations	146,915	(312,183)	5,040	155,496
Discontinued operation				
Current income tax (Note 21):				
Taxation outside Malaysia:				
- Current income tax charge	240,996	52,327	-	-
Tax expense from discontinued operation	240,996	52,327	-	-
Total tax expense/(credit) recognised in profit or loss	387,911	(259,856)	5,040	155,496

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

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 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.

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

	Group		**Company**	
	2019 RM	**2018 RM (Restated)**	**2019 RM**	**2018 RM**
Profit/(Loss) before tax from continuing operations	12,858,835	(103,239,291)	(4,506,273)	(86,637,936)
Profit before tax from discontinued operations	1,196,758	929,442	-	-
Profit/(Loss) before tax	14,055,593	(102,309,849)	(4,506,273)	(86,637,936)
Tax at the Malaysian statutory income tax rate of 24% (2018: 24%)	3,373,342	(24,554,364)	(1,081,506)	(20,793,105)
Different tax rates in other countries	1,004,628	1,539,439	-	-
Tax effects arising from:				
- non-taxable income	(6,402,446)	(38,287)	(266,533)	(671,087)
- non-deductible expenses	2,323,345	21,072,354	1,353,079	21,464,192
Tax effect on crystallisation of deferred tax	(31,142)	(31,142)	-	-
Share of results of associates	(13,015)	(44,787)	-	-
Share of results of a jointly controlled entity	305,577	2,364,216	-	-
Utilisation of deferred tax assets not recognised in prior financial years	(320,456)	(363,055)	-	-
Deferred tax assets not recognised during the financial year	133,662	172,566	-	-
Adjustment in respect of prior years:				
- current tax	(5,020)	152,696	-	155,496
- deferred tax	19,436	(529,492)	-	-
Tax expense/(credit) recognised in profit or loss	387,911	(259,856)	5,040	155,496

8. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per share is based on the profit/(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	
	2019	**2018**
	RM	**RM**
		(Restated)
Profit/(Loss) attributable to owners of the Company:		
- Continuing operations (excluding gain on disposal of a jointly controlled entity)	(10,881,231)	(98,942,916)
- Gain on disposal of a jointly controlled entity	25,443,249	-
Continuing operations	14,562,018	(98,942,916)
Discontinued operation	719,843	645,309
	15,281,861	(98,297,607)
Weighted average number of ordinary shares for basic earnings/(loss) per share (unit)	188,900,328	189,683,949
Basic earnings/(loss) per ordinary share (sen)		
- Continuing operations (excluding gain on disposal of a jointly controlled entity)	(5.760)	(52.162)
- Gain on disposal of a jointly controlled entity	13.469	-
Continuing operations	7.709	(52.162)
Discontinued operation	0.381	0.340
	8.090	(51.822)

Diluted earnings/(loss) per share

The diluted earnings/(loss) per share of the Group for the financial years ended 31 December 2019 and 31 December 2018 are same as the basic earnings/(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	Right-of-use assets RM	Total RM
Group									
2019									
Cost/Valuation									
At 1 January 2019	39,107,204	122,701,941	2,057,341	1,773,212	1,341,452	77,469,447	3,331,503	-	247,782,100
Additions	-	-	-	151,825	-	-	278,946	1,253,835	1,684,606
Adjustment on revaluation	-	4,403,459	-	-	-	-	-	-	4,403,459
Elimination of accumulated depreciation on revaluation	-	(2,812,907)	-	-	-	-	-	-	(2,812,907)
Written off	-	-	(99,064)	(18,970)	-	-	-	-	(118,034)
Disposals	-	-	-	(63,569)	-	-	-	-	(63,569)
Transfers	-	3,529,452	-	-	-	-	(3,529,452)	-	-
Transfer from land use rights (Note 10) - effect of adoption of MFRS 16	-	-	-	-	-	-	-	18,839,624	18,839,624
Transfer to disposal group classified as held for sale (Note 21)	-	(122,039,274)	(19,949)	(164,007)	(79,509)	-	-	(18,336,241)	(140,638,980)
Exchange differences	-	(3,105,110)	(547)	(15,482)	(2,183)	-	(80,997)	(503,383)	(3,707,702)
At 31 December 2019	39,107,204	2,677,561	1,937,781	1,663,009	1,259,760	77,469,447	-	1,253,835	125,368,597

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	Right-of-use assets RM	Total RM
Group									
2019									
Accumulated depreciation									
At 1 January 2019	-	94,442	404,732	889,785	784,881	4,313,197	-	-	6,487,037
Depreciation charge for the financial year	-	2,919,958	393,500	240,928	173,706	3,691,744	-	1,001,669	8,421,505
Elimination of accumulated depreciation on revaluation	-	(2,812,907)	-	-	-	-	-	-	(2,812,907)
Written off	-	-	(69,345)	(18,966)	-	-	-	-	(88,311)
Disposals	-	-	-	(63,569)	-	-	-	-	(63,569)
Transfer from land use rights (Note 10) - effect of adoption of MFRS 16	-	-	-	-	-	-	-	3,702,064	3,702,064
Transfer to disposal group classified as held for sale (Note 21)	-	-	(19,949)	(51,228)	(79,509)	-	-	(3,971,043)	(4,121,729)
Exchange differences	-	(52,478)	(547)	(13,240)	(2,183)	-	-	(105,773)	(174,221)
At 31 December 2019	-	149,015	708,391	983,710	876,895	8,004,941	-	626,917	11,349,869
Carrying amount									
At cost	-	-	1,229,390	679,299	382,865	69,464,506	-	626,918	72,382,978
At valuation	39,107,204	2,528,546	-	-	-	-	-	-	41,635,750
At 31 December 2019	39,107,204	2,528,546	1,229,390	679,299	382,865	69,464,506	-	626,918	114,018,728

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								
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								
Cost/Valuation								
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	Office building RM	Equipment, furniture and fittings RM	Motor vehicles RM	Office renovation RM	Right-of-use assets RM	Total RM
Company							
2019							
Cost/Valuation							
At 1 January 2019	4,855,311	2,677,561	1,133,573	1,148,974	1,937,781	-	11,753,200
Additions	-	-	11,867	-	-	1,253,835	1,265,702
Written off	-	-	(18,970)	-	-	-	(18,970)
At 31 December 2019	4,855,311	2,677,561	1,126,470	1,148,974	1,937,781	1,253,835	12,999,932
Accumulated Depreciation							
At 1 January 2019	-	94,442	289,822	658,876	320,835	-	1,363,975
Depreciation charge for the financial year	-	54,573	214,790	151,549	387,556	626,917	1,435,385
Written off	-	-	(18,966)	-	-	-	(18,966)
At 31 December 2019	-	149,015	485,646	810,425	708,391	626,917	2,780,394
Carrying Amount							
At cost	-	-	640,824	338,549	1,229,390	626,918	2,835,681
At valuation	4,855,311	2,528,546	-	-	-	-	7,383,857
At 31 December 2019	4,855,311	2,528,546	640,824	338,549	1,229,390	626,918	10,219,538

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

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Assets held for sale

Property, plant and equipment transferred to the disposal group classified as held for sale amounting to RM136,517,251 relate to assets that are used by Integrated Etern Logistics (Suzhou) Co. Limited (part of warehousing and related value added services segment). See Note 21(a) for further details on the disposal group classified as held for sale.

(b) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM1,684,606 (2018: RM1,858,937) and RM1,265,702 (2018: RM909,577) respectively which are satisfied by the following:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Cash payments on purchase of property, plant and equipment	430,771	1,858,937	11,867	909,577
Finance by way of lease arrangements	1,253,835	-	1,253,835	-
	1,684,606	1,858,937	1,265,702	909,577

(c) 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	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Freehold land	38,311,277	38,311,277	4,855,311	4,855,311
Warehouse and office buildings	2,528,546	122,607,499	2,528,546	2,583,119
Solar photovoltaic	60,244,725	63,419,968	-	-
	101,084,548	224,338,744	7,383,857	7,438,430
Assets of a disposal group classified as held for sale				
- Warehouse and office buildings	122,039,274	-	-	-
- Right-of-use assets	14,365,198	-	-	-
	136,404,472	-	-	-
	237,489,020	224,338,744	7,383,857	7,438,430

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

(d) The freehold land and warehouse and office buildings of the Group and the Company were revalued on 18 May 2015, 5 May 2016 and 31 December 2019 respectively by external independent valuers, having appropriate recognised professional qualification. The valuations are based on comparison method and direct capitalisation method respectively.

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Freehold land	38,640,011	38,640,011	4,855,311	4,855,311
Warehouse and office buildings	2,528,546	117,364,876	2,528,546	2,583,119

(e) 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	**Level 2**	**Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
Group				
31 December 2019				
Freehold land	-	39,107,204	-	39,107,204
Warehouse and office buildings	-	2,528,546	-	2,528,546
	-	41,635,750	-	41,635,750
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
Company				
31 December 2019				
Freehold land	-	4,855,311	-	4,855,311
Office building	-	2,528,546	-	2,528,546
	-	7,383,857	-	7,383,857
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

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

(e) Fair value information (cont'd)

(i) The valuation of freehold land and office building as at 18 May 2015 and 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.

(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.

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 2019 and 31 December 2018.

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

(f) Right-of-use assets

The Group and the Company lease several assets including land use rights and warehouses.

Information about leases for which the Group and the Company are lessees is presented below:

	Group		
	Land use rights RM	**Warehouse RM**	**Total RM**
Carrying amount			
At 1 January 2019	-	-	-
Transfer from land use rights, net of depreciation	15,137,560	-	15,137,560
Additions	-	1,253,835	1,253,835
Depreciation	(374,752)	(626,917)	(1,001,669)
Exchange difference	(397,610)	-	(397,610)
Transfer to disposal group classified as held for sale	(14,365,198)	-	(14,365,198)
At 31 December 2019	-	626,918	626,918

	Company	
	Warehouse RM	**Total RM**
Carrying amount		
At 1 January 2019	-	-
Additions	1,253,835	1,253,835
Depreciation	(626,917)	(626,917)
At 31 December 2019	626,918	626,918

The lease for land use rights is 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 49 years.

The land use rights had been reclassified as assets of a disposal group classified as held for sale (Note 21).

The lease for warehouse has lease term of 1 year.

10. LAND USE RIGHTS

	Group 2019 RM	Group 2018 RM
At 1 January	15,137,560	15,949,202
Transfer to property, plant and equipment (Note 9)		
- effect of adoption of MFRS 16	(15,137,560)	-
Amortisation charge for the financial year	-	(389,007)
Exchange differences	-	(422,635)
At 31 December	-	15,137,560

In previous 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 49 years.

The land use rights is pledged to the financial institutions as security for term loan facilities as disclosed in Note 25.

The land use rights was classified as right-of-use assets upon the adoption of MFRS 16 on 1 January 2019.

11. INTANGIBLE ASSETS

	Group 2019 RM	Group 2018 RM
Customer contract		
Cost		
At 1 January/31 December	2,724,904	2,724,904
Accumulated amortisation		
At 1 January	259,515	129,757
Amortisation charge for the financial year	129,757	129,758
At 31 December	389,272	259,515
Carrying amount		
At 31 December	2,335,632	2,465,389

The fair value of intangible assets is attributable to customer contract arising from the acquisition of a subsidiary in the previous financial year. 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 2019 RM	Company 2018 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
Loans that are part of net investments	73,227,459	61,960,653
	96,043,654	84,776,848

Loans that are part of net investments represent amount owing by subsidiaries which are non-trade in nature, unsecured and interest-free. The settlement of these amounts is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiaries. As the amount is, in substance, part of the Company's net investment in the subsidiaries, 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 2019	Effective equity interest 2018
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%
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%

12. SUBSIDIARIES (cont'd)

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

Name of company	Country of incorporation	Principal activities	Effective equity interest 2019	Effective equity interest 2018
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) Co. Limited #	The People's Republic of China	Warehousing and related value added services and transportation	70%	70%
Integrated Etern Logistics (Suzhou) Co. 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 independent member firm of Baker Tilly International.
^ The subsidiary was consolidated using unaudited management financial statements as it had been placed under Member's Voluntary Winding-up pursuant to Section 439 of the Companies Act 2016 in Malaysia. The Member's Voluntary Winding-up had been completed on 7 February 2020.
* In December 2019, the subsidiary is in the process of striking off with Companies Commission of Malaysia.
> The subsidiary has been reclassified as disposal group held for sale (Note 21).

(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

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

(b) 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
2019						
NCI percentage of ownership interest and voting interest	30%	30%	54.5%	30%		
Carrying amount of NCI	7,209,278	10,210,264	38,075,886	(5,604,977)	(148,390)	49,742,061
(Loss)/Profit allocated to NCI	(1,636,067)	20,594	235,919	(234,625)	-	(1,614,179)
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)

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

(c) **Summarised financial information of material non-controlling interests**

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
2019				
Assets and liabilities				
Non-current assets	43,552,945	-	136,517,251	410
Current assets	51,141,345	34,353,983	2,029,302	65,762,082
Non-current liabilities	(11,168,619)	-	(39,376,153)	(17,316,430)
Current liabilities	(39,455,937)	(12,658,332)	(29,306,390)	(1,403,419)
Net assets	44,069,734	21,695,651	69,864,010	47,042,643
Results				
Revenue	400,717	-	16,055,797	-
(Loss)/Profit for the financial year	(5,453,557)	68,646	432,878	(782,083)
Total comprehensive (loss)/income	(5,453,557)	68,646	432,878	(782,083)
Cash flows information				
Cash flows (used in)/from operating activities	(475,087)	(4,125,311)	4,134,794	(56,344)
Cash flows from/(used in) investing activities	10	770,235	(403,119)	-
Cash flows from/(used in) financing activities	727,786	-	(5,156,546)	55,519
Effects of exchange rate changes on cash and cash equivalents	-	(761,354)	640,958	-
Net changes in cash and cash equivalents	252,709	(4,116,430)	(783,913)	(825)

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

(c) **Summarised financial information of material non-controlling interests** (cont'd)

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
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)

NOTES TO THE FINANCIAL STATEMENTS

13. INTEREST IN ASSOCIATES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unquoted shares, at cost				
At 1 January	5,988,300	5,988,300	11,007,500	11,007,500
Capital reduction	(1,500,000)	-	(1,500,000)	-
At 31 December	4,488,300	5,988,300	9,507,500	11,007,500
Share of results				
At 1 January	4,288,290	4,101,676	-	-
Additions	54,229	186,614	-	-
At 31 December	4,342,519	4,288,290	-	-
	8,830,819	10,276,590	9,507,500	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	(38,254,987)	(29,425,582)	-	-
Additions	(1,086,468)	(8,829,405)	-	-
At 31 December	(39,341,455)	(38,254,987)	-	-
Share of results				
At 1 January	2,677,927	5,920,624	-	-
Additions	(3,801,057)	(3,242,697)	-	-
At 31 December	(1,123,130)	2,677,927	-	-
Exchange differences	(629,045)	1,192,181	-	-
	25,003,056	31,711,807	-	-
	33,833,875	41,988,397	9,507,500	11,007,500
Market value:				
Quoted shares outside Malaysia	25,003,056	31,711,807		

13. **INTEREST IN ASSOCIATES** (cont'd)

Details of the associates are as follows:

Name of company	Country of incorporation	Principal activities	Effective equity interest 2019	Effective equity interest 2018
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 2019.

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

(a) Fair value information

As at 31 December 2019, the fair value of Hengyang Petrochemical Logistics Limited, which is listed on Singapore Exchange Limited, was RM25,003,056 (2018: RM31,711,807) 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
2019			
Assets and liabilities			
Non-current assets	314,793,403	18,333,025	333,126,428
Current assets	49,904,669	2,061,583	51,966,252
Non-current liabilities	(2,561,774)	(2,654,848)	(5,216,622)
Current liabilities	(1,165,255)	(76,477)	(1,241,732)
Net assets	360,971,042	17,663,283	378,634,325
Results			
Revenue	-	1,434,883	1,434,883
(Loss)/Profit for the financial year	(21,690,365)	108,458	(21,581,907)
Total comprehensive (loss)/income	(21,690,365)	108,458	(21,581,907)

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
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)

(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
2019			
Group's share of net assets	53,681,389	7,597,057	61,278,446
Goodwill	11,292,167	1,233,762	12,525,929
Exchange differences	(629,045)	-	(629,045)
Less: Accumulated impairment losses	(39,341,455)	-	(39,341,455)
Carrying amount in the consolidated statement of financial position	25,003,056	8,830,819	33,833,875
Group's share of results	(3,801,057)	54,229	(3,746,828)
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)

14. INTEREST IN A JOINTLY CONTROLLED ENTITY

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Unquoted shares, at cost				
At 1 January	35,066,081	35,066,081	34,716,902	34,716,902
Disposal	(35,066,081)	-	(34,716,902)	-
At 31 December	-	35,066,081	-	34,716,902
Amount owing by a jointly controlled entity	-	56,300,000	-	56,300,000
Less: Accumulated impairment losses				
At 1 January	-	-	(69,448,323)	(59,064,901)
Disposal	-	-	69,448,323	(10,383,422)
At 31 December	-	-	-	(69,448,323)
Share of results				
At 1 January	(71,169,109)	(61,318,210)	-	-
Additions	(1,273,239)	(9,850,899)	-	-
Disposal	72,442,348	-	-	-
At 31 December	-	(71,169,109)	-	-
Exchange differences	-	1,162,352	-	-
	-	21,359,324	-	21,568,579

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

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

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

Name of company	Country of incorporation	Principal activities	Effective equity interest 2019	Effective equity interest 2018
Integrated National Logistics DWC-LLC *	United Arab Emirates	Warehousing and related value added services	-	50%

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

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

(b) Disposal of Integrated National Logistics DWC-LLC

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 ("SSA") with NTDE for the Proposed Disposal for a total purchase consideration of AED45 million.

Upon signing of the SSA on 13 February, the investment in INL was classified as non-current assets held for sale and ceased to be accounted for in the financial statements of the Group using the equity method.

As at the date of classification of non-current asset held for sale, the amount owing by INL was impaired up to the total purchase consideration of AED45 million.

On 2 July 2019, the Company had completed the Proposed Disposal and the effect arising from disposal of INL is as follows:

(i) Summary of the effects of disposal of Integrated National Logistics DWC-LLC:

	Group	
	RM	RM
Recognised:		
Fair value of cash consideration received/receivable		46,610,704
Reclassification adjustment of exchange translation reserve		24,843,479
		71,454,183
Derecognised:		
Fair value of identifiable net assets at disposal date		
Interest in Jointly Controlled Entity	(20,287,597)	
Amount owing by a jointly controlled entity	(25,042,125)	(45,329,722)
		26,124,461
Costs on disposal		(681,212)
Gain on disposal of a jointly controlled entity		25,443,249

	Company
	RM
Fair value of cash consideration received/receivable	46,610,704
Interest in Jointly Controlled Entity	(21,568,579)
Amount owing by a jointly controlled entity	(25,042,125)
Costs on disposal	(681,212)
Loss on disposal of a jointly controlled entity	(681,212)

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

(b) Disposal of Integrated National Logistics DWC-LLC (cont'd)

(ii) Effects of disposal on cash flows:

	Group and Company RM
Cash consideration received	4,979,250
Costs on disposal	(681,212)
Net cash inflows on disposal	4,298,038

The cash consideration is receivable in 60 months, in which the balance receipt of the proceeds for the disposal is split into non-current and current receivables, as disclosed in Note 16.

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

	31.1.2019 RM	31.12.2018 RM
Assets and liabilities		
Non-current assets	281,960,771	286,417,366
Current assets	9,742,769	12,123,231
Non-current liabilities	(136,119,416)	(137,636,984)
Current liabilities	(115,468,489)	(117,766,455)
Net assets	40,115,635	43,137,158

	1.1.2019 to 31.1.2019 RM	1.1.2018 to 31.12.2018 RM
Results		
Revenue	1,042,932	26,958,959
Cost of sales	(2,070,439)	(27,225,574)
Gross loss	(1,027,507)	(266,615)
Other income	7,268	116,865
Administrative expenses	(1,294,179)	(16,405,671)
Finance costs	(232,060)	(3,146,377)
Loss before tax	(2,546,478)	(19,701,798)
Tax expense	-	-
Loss for the financial period/year	(2,546,478)	(19,701,798)

15. OTHER INVESTMENTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-current				
Financial assets designated at fair value through other comprehensive income				
At fair value				
Golf club memberships				
At 1 January	270,000	389,140	270,000	389,140
Disposal	-	(119,140)	-	(119,140)
At 31 December	270,000	270,000	270,000	270,000
Current				
Financial assets at fair value through profit or loss				
At fair value				
Short-term fund	2,762,241	4,392,413	2,762,241	4,392,413

16. RECEIVABLES

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Non-current:					
Other receivables	(a)	30,233,580	-	30,233,580	-
Current:					
Trade receivables	(b)	780,698	833,276	-	-
Other receivables, deposits and prepayments (Note 17)	(a)	13,817,244	1,946,424	11,113,799	421,691
Total trade and other receivables (current)		14,597,942	2,779,700	11,113,799	421,691
Total trade and other receivables (non-current and current)		44,831,522	2,779,700	41,347,379	421,691

16. RECEIVABLES (cont'd)

(a) Included in other receivables is an amount owing by a third party, represents the balance receipts of the proceeds for the disposal of a jointly controlled entity totalling RM41,046,582; of which the current and non-current amounts are RM10,813,002 and RM30,233,580 respectively.

This amount is receivable in 60 months and measured at amortised cost at interest rate of 4.34% per annum.

(b) Trade receivables are non-interest bearing and are generally on 30 to 90 days (2018: 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.

The information about the credit exposure are disclosed in Note 35(c).

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
Other receivables		10,865,200	519,410	10,948,244	359,276
GST refundable		11,659	1,061,798	497	13,769
Deposits	(a)	2,535,480	33,030	17,550	17,550
Prepayments		404,905	332,186	147,508	31,096
		13,817,244	1,946,424	11,113,799	421,691

(a) Included in deposits is an amount of RM2,416,550 (2018: RM Nil) paid for acquiring a piece of freehold land.

18. AMOUNTS OWING BY/(TO) SUBSIDIARIES

		Company	
	Note	2019	2018
		RM	RM
Non-current			
Amount owing by a subsidiary	(a)	12,121,501	12,181,462
Current			
Amounts owing by subsidiaries	(b)	2,509,153	11,288,483
		14,630,654	23,469,945
Current			
Amounts owing to subsidiaries	(b)	13,946,087	34,894,901

(a) This amount is denominated in Hong Kong Dollar, non-trade in nature, unsecured and bears effective interest at rates ranging from 3.76% to 4.43% (2018: at rate of 4.30%) per annum and repayable commencing from year 2020. The amount has been pledged as security to secure term loan 4 of the Group and of the Company as disclosed in Note 25(a).

18. AMOUNTS OWING BY/(TO) SUBSIDIARIES (cont'd)

(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 RM1,317,523 and RM13,946,087 (2018: RM747,224 and RM34,861,200) denominated in Hong Kong Dollar, respectively.

19. AMOUNT OWING BY A JOINTLY CONTROLLED ENTITY

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		RM	**RM**	**RM**	**RM**
Non-current					
Amount owing by a jointly controlled entity		-	61,930,000	-	61,930,000
Less: Expected credit loss		-	(42,523,434)	-	(42,732,689)
	(a)	-	19,406,566	-	19,197,311
Current					
Amount owing by a jointly controlled entity		-	37,881,577	-	37,881,577
Less: Expected credit loss		-	(32,901,517)	-	(32,901,517)
	(b)	-	4,980,060	-	4,980,060
		-	24,386,626	-	24,177,371

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

(b) In the previous financial year, the amount owing by a jointly controlled entity, INL, was non-trade in nature, unsecured and interest-free. Included in this amount was RM4,980,000 denominated in United Arab Emirates Dirham.

(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 31 December 2018, the interest in INL and amount owing by INL were impaired up to the total purchase consideration of AED45 million.

20. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Continuing operations				
Deposits with licensed banks (Note (a))	-	860,002	-	860,002
Cash and bank balances	21,908,197	28,293,458	479,848	480,862
Deposits, cash and bank balances as reported in the statements of financial position	21,908,197	29,153,460	479,848	1,340,864
Less: Deposits with maturity period more than 3 months (Note (a))	-	(860,002)	-	(860,002)
	21,908,197	28,293,458	479,848	480,862
Discontinued operation (Note 21)				
Cash and bank balances	1,381,012	-	-	-
Cash and cash equivalents as reported in the statements of cash flows	23,289,209	28,293,458	479,848	480,862

(a) In the previous financial year, deposits with licensed banks of the Group and of the Company bore interest at a rate of 3.30% per annum with maturity period of 6 months.

(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 RM13,808,075 (2018: RM20,176,370). 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. ASSETS/(LIABILITIES) OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

(a) Assets/(liabilities) of a disposal group classified as held for sale

On 19 December 2019, Integrated Logistics (H.K.) Limited ("ILHK"), an indirect 70% owned subsidiary of the Company entered into a conditional sale and purchase agreement ("SPA") with SWJ CN Logiport Pte. Ltd. ("SWJ") for the disposal by ILHK of its entire 65% equity interest in Integrated Etern Logistics (Suzhou) Co. Limited ("IEL Suzhou").

The assets and liabilities related to IEL Suzhou (part of warehousing and related value added services segment) have been presented as held for sale. The completion of the transaction is expected by the second quarter of 2020.

<u>Assets of a disposal group classified as held for sale</u>

	Group 2019 RM
Property, plant and equipment (Note 9)	136,517,251
Receivables	648,290
Cash and bank balances (Note 20)	1,381,012
	138,546,553

<u>Liabilities of a disposal group classified as held for sale</u>

	Group 2019 RM
Loans and borrowings (Note 25)	27,628,607
Loans from corporate shareholders (Note 26)	10,693,105
Deferred tax liabilities (Note 27)	2,404,935
Payables	7,369,664
Current tax payable	49,250
	48,145,561

21. ASSETS/(LIABILITIES) OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

(b) Discontinued operation

As disclosed in Note (a) above, the Group had discontinued the operation of IEL Suzhou on 19 December 2019. The segment was not a discontinued operation or classified as held for sale as at 31 December 2018 and the comparative statements of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

(i) Analysis of the result of discontinued operation and the result recognised on the disposal group are as follows:

	Group	
	2019	**2018**
	RM	**RM**
		(Restated)
Revenue	16,055,797	14,942,779
Direct operating costs	(8,333,142)	(7,768,419)
Gross profit	7,722,655	7,174,360
Other income	33,425	59,041
Administrative expenses	(4,041,321)	(3,297,519)
Operating profit	3,714,759	3,935,882
Finance costs	(2,518,001)	(3,006,440)
Profit before tax from discontinued operation	1,196,758	929,442
Tax expense	(240,996)	(52,327)
Profit for the financial year from discontinued operation, net of tax	955,762	877,115

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

	Group	
	2019	**2018**
	RM	**RM**
Amortisation of land use rights	-	389,007
Auditors' remuneration	5,379	5,584
Depreciation of property, plant and equipment	3,254,558	2,916,188
Government subsidies	-	(40,731)
Interest expense:		
- term loans	2,196,030	2,731,472
- loans from corporate shareholders	321,971	274,968
Interest income	(7,498)	(11,220)
Unrealised loss on foreign exchange	575,404	2,153,109
Staff salaries and others costs	3,548,367	1,946,904

NOTES TO THE FINANCIAL STATEMENTS

21. ASSETS/(LIABILITIES) OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

(b) Discontinued operation (cont'd)

(iii) Cash flows used in discontinued operation:

	Group	
	2019 RM	2018 RM
Net cash flows from operating activities	4,010,036	2,490,935
Net cash flows used in investing activities	(384,670)	(743,993)
Net cash flows used in financing activities	(4,411,218)	(2,810,586)
	(785,852)	(1,063,644)

22. SHARE CAPITAL

	Number of ordinary shares		Amounts	
	2019 Unit	2018 Unit	2019 RM	2018 RM
Issued and fully paid up:				
At beginning/end of the financial year	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.

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.

For the financial year ended 31 December 2018, 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 financial year.

The details of repurchase of treasury shares in the previous 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

As at 31 December 2019, 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 (2018: RM4,797,033).

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

24. RESERVES

		Group	
		2019	2018
	Note	RM	RM
Asset revaluation reserve	(a)	5,257,870	3,755,191
Statutory reserve fund	(b)	241,554	217,584
Foreign exchange translation reserve	(c)	4,928,403	32,736,653
Other reserve	(d)	9,876,419	9,876,419
		20,304,246	46,585,847

(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.

(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) 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.

25. LOANS AND BORROWINGS

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Continuing operations					
Non-current:					
Term loans	(a)	56,163,971	70,394,950	21,253,393	3,333,092
Current:					
Term loans	(a)	4,695,277	15,827,523	471,277	432,611
Lease liabilities	(b)	641,993	-	641,993	-
		61,501,241	86,222,473	22,366,663	3,765,703
Discontinued operation (Note 21)					
Term loan	(a)	27,628,607	-	-	-
		89,129,848	86,222,473	22,366,663	3,765,703
Total loans and borrowings:					
Term loans	(a)	88,487,855	86,222,473	21,724,670	3,765,703
Lease liabilities	(b)	641,993	-	641,993	-
		89,129,848	86,222,473	22,366,663	3,765,703

(a) Term loans

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Continuing operations					
Non-current					
Secured					
Term loan 1	(i)	-	27,927,280	-	-
Term loan 2	(ii)	2,857,393	3,333,092	2,857,393	3,333,092
Term loan 3	(iii)	34,910,578	39,134,578	-	-
Term loan 4	(iv)	18,396,000	-	18,396,000	-
		56,163,971	70,394,950	21,253,393	3,333,092
Current					
Secured					
Term loan 1	(i)	-	11,170,912	-	-
Term loan 2	(ii)	471,277	432,611	471,277	432,611
Term loan 3	(iii)	4,224,000	4,224,000	-	-
		4,695,277	15,827,523	471,277	432,611
Discontinued operation					
Term loan 1	(i)	27,628,607	-	-	-
Total term loans		88,487,855	86,222,473	21,724,670	3,765,703

25. LOANS AND BORROWINGS (cont'd)

(a) Term loans (cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Continuing operations				
Non-current				
More than one year but less than two years	4,752,005	15,850,155	528,005	455,243
More than two years but less than three years	4,778,024	15,873,970	554,024	479,059
More than three years but less than four years	23,201,326	10,313,577	18,977,326	504,120
More than four years but less than five years	4,833,974	4,754,492	609,974	530,493
More than five years	18,598,642	23,602,756	584,064	1,364,177
	56,163,971	70,394,950	21,253,393	3,333,092
Current				
Not later than one year	4,695,277	15,827,523	471,277	432,611
	60,859,248	86,222,473	21,724,670	3,765,703

(i) Term loan 1

Term loan 1 is denominated in United States Dollar, bears interest at rate ranging from 5.05% to 5.70% (2018: at rate of 5.29%) per annum and is repayable quarterly by 3 instalments of USD500,000 each 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 warehouse buildings and right-of-use assets (Note 9) (2018: land use rights (Note 10)), trade receivables derived from those warehouse buildings and supported by corporate guarantee from the Company.

The term loan had been reclassified as liabilities of a disposal group classified as held for sale (Note 21).

(ii) Term loan 2

Term loan 2 bears interest at rate ranging from 4.82% to 5.62% (2018: at rate of 5.11%) per annum is repayable by monthly instalments of RM51,250 over 53 months followed by monthly instalments of RM54,514 over 60 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).

25. LOANS AND BORROWINGS (cont'd)

(a) Term loans (cont'd)

(iii) Term loan 3

Term loan 3 bears interest at rate ranging from 5.66% to 5.92% (2018: at rate of 5.92%) 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 and solar photovoltaic in property, plant and equipment (Note 9) and supported by corporate guarantee from the Company.

(iv) Term loan 4

Term loan 4 is denominated in Hong Kong Dollar, bears interest at a rate of 3 months HIBOR plus 1% (2018: Nil) per annum and is repayable on 31 March 2023.

The term loan is secured by pledge of the shares of a subsidiary and supported by a subordination deed in relation to all loans and current account balance due by the subsidiary (Note 18) to the Company from time to time.

(b) Lease liabilities

Right-of-use asset of the Group and the Company as disclosed in Note 9 is pledged for lease liabilities. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of lease term. The average interest rate implicit in the leases is 4.82%.

Future minimum lease payments under lease liability together with the present value of net minimum lease payments are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Minimum lease payments:				
Not later than one year	656,242	-	656,242	-
Less: Future finance charges	(14,249)	-	(14,249)	-
Present value of minimum lease payments	641,993	-	641,993	-
Present value of minimum lease payments				
Not later than one year	641,993	-	641,993	-

25. LOANS AND BORROWINGS (cont'd)

(b) Lease liabilities (cont'd)

The movement of lease liabilities is as follows:

	Group and Company	
	2019	2018
	RM	RM
As at 1 January		
- Effect of adoption of MFRS 16	1,253,835	-
Interest on lease liabilities	44,400	-
Rental paid/payable	(656,242)	-
As at 31 December	641,993	-

26. LOANS FROM CORPORATE SHAREHOLDERS

		Group	
		2019	2018
	Note	RM	RM
Continuing operations			
Non-current			
Loans from corporate shareholders	(a)(b)	-	5,220,627
Current			
Loans from corporate shareholders	(a)(b)(c)(d)	16,182,931	38,406,098
		16,182,931	43,626,725
Discontinued operation (Note 21)			
Loans from corporate shareholders	(d)	10,693,105	-
		26,876,036	43,626,725

(a) The loan from a corporate shareholder of a subsidiary, Shun Hing China Investment Limited ("Shun Hing") amounting to RM5,194,929 (2018: RM5,220,627) is denominated in Hong Kong Dollar, unsecured and bears interest at 3 month HIBOR plus 2% (2018: 3 month 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 RM3,104,002 (2018: RM3,119,357) is denominated in Hong Kong Dollar, unsecured, bears interest at 3 month HIBOR plus 2% (2018: 3 month HIBOR plus 2%) per annum and repayable on demand.

(c) The loan from Shun Hing amounting to RM7,884,000 (2018: RM26,410,000) is denominated in Hong Kong Dollar and bears interest at 3 month HIBOR plus 6% (2018: 3 month HIBOR plus 4%) 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 2020 (2018: 30 September 2019).

26. LOANS FROM CORPORATE SHAREHOLDERS (cont'd)

(d) The loan from a corporate shareholder of a subsidiary, Jiangsu Etern Logistic Development Co. Limited amounting to RM10,693,105 (2018: RM8,876,741) is denominated in Renminbi, unsecured and bears interest at a rate of 3% per annum. The loan period is from 1 January 2018 to 31 December 2020 without fixed repayment term.

The loan had been reclassified as liabilities of a disposal group classified as held for sale (Note 21).

27. DEFERRED TAX LIABILITIES

	Group	
	2019	**2018**
	RM	**RM**
At 1 January	1,944,183	2,456,859
Recognised in profit or loss (Note 7)	118,620	(507,421)
Provision on revaluation surplus	1,103,592	(30,862)
Exchange differences	(9,174)	25,607
Transfer to disposal group classified as held for sale (Note 21)	(2,404,935)	-
At 31 December	752,286	1,944,183

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

	Group	
	2019	**2018**
	RM	**RM**
Deferred tax liabilities		
Surplus arising from revaluation of warehouse buildings	23,563	1,334,080
Differences between carrying amount of property, plant and equipment and their tax base	977,118	1,876,383
Customer contract	560,551	591,693
	1,561,232	3,802,156
Deferred tax assets		
Unabsorbed capital allowances	(644,542)	(1,857,973)
Unutilised business losses	(164,404)	-
	(808,946)	(1,857,973)
	752,286	1,944,183

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.

27. DEFERRED TAX LIABILITIES (cont'd)

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

	Group	
	2019	2018
	RM	RM
Unabsorbed capital allowances	51,566,449	52,901,682
Unutilised business losses	9,035,590	8,478,666
	60,602,039	61,380,348

28. PAYABLES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Trade payables	277,073	80,220	-	-
Other payables, deposits and accruals (Note 29)	1,655,523	8,953,543	474,870	218,023
Provision (Note 30)	25,900	39,699	25,900	39,699
	1,958,496	9,073,462	500,770	257,722

The normal trade credit terms granted to the Group and the Company ranges from 45 to 60 days (2018: 45 to 60 days).

29. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Other payables:				
- external parties	3,273	18,082	209	7,583
- corporate shareholders	628,198	520,895	-	-
- an associate	109,374	164,060	109,374	164,060
	740,845	703,037	109,583	171,643
Deposits	-	6,299,692	-	-
Accruals	914,678	1,950,814	365,287	46,380
	1,655,523	8,953,543	474,870	218,023

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	
	2019	2018
	RM	RM
Employee benefits		
At 1 January	39,699	46,721
Reversal during the financial year	(13,799)	(7,022)
At 31 December	25,900	39,699

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

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

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	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM		2019 RM	2018 RM
Revenue													
External revenue	16,055,797	14,942,779	400,717	327,743	9,334,207	9,256,477	-	-	-	-		25,790,721	24,526,999
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-		-	-
Total revenue	16,055,797	14,942,779	400,717	327,743	9,334,207	9,256,477	-	-	-	-	A	25,790,721	24,526,999
Results													
Amortisation of intangible assets	-	-	-	-	129,757	129,758	-	-	-	-		129,757	129,758
Amortisation of land use rights	-	389,007	-	-	-	-	-	-	-	-		-	389,007
Depreciation of property, plant and equipment	3,254,558	2,916,314	-	-	3,731,564	3,721,324	1,435,383	773,592	-	-		8,421,505	7,411,230
Expected credit loss on amount owing by a jointly controlled entity	-	-	-	-	-	-	-	75,424,951	-	-		-	75,424,951
Gain on disposal of a jointly controlled entity	-	-	-	-	-	-	(25,443,249)	-	-	-		(25,443,249)	-
Impairment loss on interest in an associate	1,086,468	8,829,405	-	-	-	-	-	-	-	-		1,086,468	8,829,405
Interest expense	5,070,470	5,381,206	-	-	2,385,645	2,638,180	274,186	201,871	(512,110)	(477,884)		7,218,191	7,743,373

31. SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

	Warehousing and related value added services		Transportation and distribution		Solar energy and related businesses		Others		Adjustments and eliminations		Notes	Total	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM		2019 RM	2018 RM
Results (continued)													
Interest income	(256,767)	(256,397)	-	-	-	(2,507)	(519,019)	(509,556)	513,117	473,090		(262,669)	(295,370)
Non-cash expenses/ (other than depreciation and amortisation)	443,590	1,876,080	-	-	29,719	-	76,565	13,888	-	-	B	549,874	1,889,968
Rental expense	-	-	-	-	29,100	54,000	43,716	733,832	-	-		72,816	787,832
Rental income	-	-	-	-	-	(10,983)	(1,608,730)	(1,653,730)	-	-		(1,608,730)	(1,664,713)
Reversal of expected credit loss on amount owing by a jointly controlled entity	-	-	-	-	-	-	(864,754)	-	-	-		(864,754)	-
Segment (loss)/profit	(3,174,190)	(11,059,793)	9,646	8,950	1,341,416	1,355,219	20,898,788	(79,707,243)	(5,020,067)	(12,906,982)	C, D	14,055,593	(102,309,849)

NOTES TO THE FINANCIAL STATEMENTS

31. SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

Reconciliation of reportable segment revenue, profit or loss, and other material items are as follows:

A Revenue

	2019 RM	2018 RM
Total revenue for reportable segments	25,790,721	24,526,999
Discontinued operation (Note 21)	(16,055,797)	(14,942,779)
Revenue of the Group per consolidated statement of comprehensive income	9,734,924	9,584,220

There is no inter-segment revenue.

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

	2019 RM	2018 RM
Fair value gain on other investments	(116,357)	(15,852)
Gain on disposal of property, plant and equipment	-	(52,310)
Unrealised loss on foreign exchange	755,600	1,928,390
(Gain)/Loss on disposal of other investments	(105,293)	33,998
Property, plant and equipment written off	29,723	2,764
Reversal of provision for employee benefits	(13,799)	(7,022)
	549,874	1,889,968

C Reconciliation of profit or loss

	2019 RM	2018 RM
Total profit/(loss) for reportable segments	14,055,593	(102,309,849)
Discontinued operation (Note 21)	(1,196,758)	(929,442)
Profit/(Loss) of the Group per consolidated statement of comprehensive income	12,858,835	(103,239,291)

31. SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

Reconciliation of reportable segment revenue, profit or loss, and other material items are as follows: (cont'd)

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

	Group	
	2019 RM	2018 RM
Share of results of associates	(3,746,828)	(3,056,083)
Share of results of a jointly controlled entity	(1,273,239)	(9,850,899)
	(5,020,067)	(12,906,982)

(b) Geographical segments

The Group operates in two principal geographical areas of the world:
(i) Malaysia
(ii) The People's Republic of China (including Hong Kong)

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	
	2019 RM	2018 RM
Malaysia	9,334,207	9,256,477
The People's Republic of China (including Hong Kong)	16,456,514	15,270,522
Total revenue for reportable segments	25,790,721	24,526,999

	Non-current assets	
	2019 RM	2018 RM
Malaysia	116,354,360	120,388,350
The People's Republic of China (including Hong Kong)	-	138,509,662
	116,354,360	258,898,012

NOTES TO THE FINANCIAL STATEMENTS

31. SEGMENT INFORMATION (cont'd)

(b) Geographical segments (cont'd)

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

	Group	
	2019 RM	2018 RM
Property, plant and equipment	114,018,728	241,295,063
Land use rights	-	15,137,560
Intangible assets	2,335,632	2,465,389
	116,354,360	258,898,012

(c) Major customers

For warehousing segment, revenue from two (2018: two) major individual customers represented approximately RM16.1 million (2018: RM14.9 million) for the Group's total revenue.

For solar energy segment, revenue from one (2018: one) major individual customer represented approximately RM9.3 million (2018: RM9.3 million) for the Group's total revenue.

32. CAPITAL AND OTHER COMMITMENTS

(a) Capital commitments

The Group has made commitments for the following capital expenditures:

	Group	
	2019 RM	2018 RM
Approved and contracted for, but not provided for:		
- construction of warehouse buildings	-	238,741
- property, plant and equipment	21,748,950	-
	21,748,950	238,741

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	
	2019 RM	2018 RM
Within one year	-	15,582,235
Between two to five years	-	73,970,611
Over five years	-	41,764,133
	-	131,316,979

33. RELATED PARTIES

(a) Identity of related parties

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, 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	
	2019 RM	2018 RM	2019 RM	2018 RM
(Received or receivable from)/Paid or payable to subsidiaries				
- Interest	-	-	(513,117)	(473,090)
- Bad debts written off	-	-	13,686	-
Paid or payable to /(Received or receivable from) an associate				
- Rental of premises	656,242	656,242	656,242	656,242
- Secretarial fee	-	(600)	-	(600)

33. RELATED PARTIES (cont'd)

(c) Compensation of 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Other key management personnel:				
Short-term employee benefits	680,501	772,833	261,055	648,910
Post-employment benefits	52,800	69,534	18,720	54,774
	733,301	842,367	279,775	703,684

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:

(i) Designated fair value through other comprehensive income
(ii) Amortised cost
(iii) Fair value through profit or loss

	2019 RM	2018 RM
Group		
Financial assets		
Designated fair value through other comprehensive income		
Other investments	270,000	270,000
Amortised cost		
Receivables, net of prepayments and GST refundable	44,414,958	1,385,716
Amount owing by a jointly controlled entity	-	24,386,626
Cash and bank balances	21,908,197	29,153,460
	66,323,155	54,925,802
Fair value through profit or loss		
Other investments	2,762,241	4,392,413

34. FINANCIAL INSTRUMENTS (cont'd)

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

	2019 RM	2018 RM
Group (continued)		
Finance liabilities		
Amortised cost		
Loans and borrowings	61,501,241	86,222,473
Loans from corporate shareholders	16,182,931	43,626,725
Payables, net of provision	1,932,596	9,033,763
	79,616,768	138,882,961
Company		
Financial assets		
Designated fair value through other comprehensive income		
Other investments	270,000	270,000
Amortised cost		
Receivables, net of prepayments and GST	41,199,374	376,826
Amounts owing by subsidiaries	14,630,654	23,469,945
Amount owing by a jointly controlled entity	-	24,177,371
Deposits, cash and bank balances	479,848	1,340,864
	56,309,876	49,365,006
Fair value through profit or loss		
Other investments	2,762,241	4,392,413
Financial liabilities		
Amortised cost		
Loans and borrowings	22,366,663	3,765,703
Payables, net of provision	474,870	218,023
Amounts owing to subsidiaries	13,946,087	34,894,901
	36,787,620	38,878,627

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 (2018: 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					
2019					
Financial assets					
Other investments					
- golf club membership	-	270,000	-	270,000	270,000
- short-term fund	2,762,241	-	-	2,762,241	2,762,241
	2,762,241	270,000	-	3,032,241	3,032,241
2018					
Financial assets					
Other investments					
- golf club memberships	-	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

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 of the Group 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 2019					
Financial assets and liabilities not held in functional currencies:					
Amounts owing by subsidiaries					
Hong Kong Dollar	-	-	-	13,381,842	13,381,842
Deposits, cash and bank balances					
Hong Kong Dollar	-	21,088	21,088	21,088	21,088
Singapore Dollar	30,604	-	30,604	-	-
United States Dollar	67,761	-	67,761	-	-
Receivables					
United Arab Emirates Dirham	-	41,046,582	41,046,582	41,046,582	41,046,582
Loans and borrowings					
Hong Kong Dollar	-	(18,396,000)	(18,396,000)	(18,396,000)	(18,396,000)
Amounts owing to subsidiaries					
Hong Kong Dollar	-	-	-	(13,946,087)	(13,946,087)

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 of the Group 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 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
Loans and borrowings					
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)

NOTES TO THE FINANCIAL STATEMENTS

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"), Singapore Dollar ("SGD") and United States Dollar ("USD").

The following table demonstrates the sensitivity to a reasonably possible change in the AED, HKD, SGD 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	
	2019 RM	2018 RM	2019 RM	2018 RM
AED				
- strengthened 1% (2018: 1%)	311,954	185,338	311,954	183,748
- weakened 1% (2018: 1%)	(311,954)	(185,338)	(311,954)	(183,748)
HKD				
- strengthened 1% (2018: 1%)	(139,649)	-	(143,938)	(166,687)
- weakened 1% (2018: 1%)	139,649	-	143,938	166,687
SGD				
- strengthened 1% (2018: 1%)	233	-	-	-
- weakened 1% (2018: 1%)	(233)	-	-	-
USD				
- strengthened 1% (2018: 1%)	515	(297,916)	-	161
- weakened 1% (2018: 1%)	(515)	297,916	-	(161)

(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 RM492,228 (2018: RM863,988) 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			
	2019		2018	
	RM	% of total	RM	% of total
Malaysia	694,189	89%	676,157	81%
The People's Republic of China	86,509	11%	157,119	19%
	780,698	100%	833,276	100%

As at 31 December 2019, 89% (2018: 81%) of the Group's total trade receivables was due from one (2018: one) major customer who was involved in solar energy activities.

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 impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit 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	Trade receivables Current	Total
At 31 December 2019		
Expected credit loss rate	0%	0%
Gross carrying amount at default	780,698	780,698
Expected credit losses	-	-
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

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

(c) Credit risk (cont'd)

Other receivables and other financial assets (cont'd)

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.

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.

As at the end of the reporting date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets. Refer to Note 3.17(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 RM39,134,578 (2018: RM82,456,770) and RM Nil (2018: RM17,593,750) 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 or the Company will not be able to meet its financial obligations when they fall due. The Group's exposure to liquidity risk arises principally from loans and borrowings.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that 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**
2019					
Group					
Financial liabilities					
Loans and borrowings	61,501,241	7,607,209	64,354,885	20,829,349	92,791,443
Loans from corporate shareholders	16,182,931	17,076,238	-	-	17,076,238
Payables, net of provision	1,932,596	1,932,596	-	-	1,932,596
	79,616,768	26,616,043	64,354,885	20,829,349	111,800,277
Company					
Financial liabilities					
Loans and borrowings	22,366,663	1,277,770	41,427,911	598,205	43,303,886
Payables, net of provision	474,870	474,870	-	-	474,870
Amounts owing to subsidiaries	13,946,087	13,946,087	-	-	13,946,087
Financial guarantees contracts	-	39,134,578	-	-	39,134,578
	36,787,620	54,833,305	41,427,911	598,205	96,859,421

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

(d) Liquidity risk (cont'd)

Maturity analysis: (cont'd)
The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations: (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**
2018					
Group					
Financial liabilities					
Loans and borrowings	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					
Loans and borrowings	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

NOTES TO THE FINANCIAL STATEMENTS

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) 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. On 2 July 2019, the Company had completed the Proposed Disposal.

(b) On 17 June 2019, IL Power Sdn. Bhd., an indirect wholly owned subsidiary of the Company had entered into a Sale and Purchase Agreement ("SPA") with Kai Sik Latex Products Sdn. Bhd. to acquire a freehold vacant agriculture land situated in Bandar Sungai Petani, Daerah Kuala Muda, Kedah, measuring 78.92 hectares on an as is where is basis but subject to the endorsement by Tenaga Nasional Berhad on the Land vide presentation number 5748/2007, conditions of title whether express or implied contained in the document of title and the terms and conditions as contained in the SPA for a total cash consideration of RM24.2 million.

(c) On 19 December 2019, Integrated Logistics (H.K.) Limited ("ILHK"), an indirect 70% owned subsidiary of the Company and Etern Holdings Limited ("Etern Holdings") have entered into a conditional sale and purchase agreement with SWJ CN Logiport Pte. Ltd. ("SWJ") for the disposal by ILHK of its entire 65% equity interest and the disposal by Etern Holdings of its entire 35% equity interest in Integrated Etern Logistics (Suzhou) Co. Limited to SWJ.

Subsequent to the financial year end, the Board announced the circular to shareholders in relation to the proposed disposal of Integrated Etern Logistics (Suzhou) Co. Limited for a cash consideration of RMB217.2 million subject to adjustment sum. On 10 March 2020, the Board has convened an Extraordinary General Meeting ("EGM") in relation to the proposed disposal and it is duly approved by the shareholders by way of poll at the EGM held.

37. 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 2019 and 31 December 2018.

37. CAPITAL MANAGEMENT (cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Loans and borrowings	61,501,241	86,222,473	22,366,663	3,765,703
Loans from corporate shareholders	16,182,931	43,626,725	-	-
Payables, net of provision	1,932,596	9,033,763	474,870	218,023
Amount owing to subsidiaries	-	-	13,946,087	34,894,901
Total debts	79,616,768	138,882,961	36,787,620	38,878,627
Less: Deposits, cash and bank balances	(21,908,197)	(29,153,460)	(479,848)	(1,340,864)
Less: Short-term fund	(2,762,241)	(4,392,413)	(2,762,241)	(4,392,413)
Net debt	54,946,330	105,337,088	33,545,531	33,145,350
Total equity	229,871,749	242,485,640	138,498,828	143,010,141
Debt-to-equity ratio	24%	43%	24%	23%

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 are 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 2019 and 31 December 2018.

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 52 to 157 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 2019 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: 13 March 2020

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 52 to 157 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 13 March 2020.

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 2019 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 52 to 157.

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 2019, 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 judgement, 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.

Group

Assets/(Liabilities) of a disposal group classified as held for sale (Note 21 to the financial statements)

We focused on this area because there is a risk that held for sale assets may not be appropriately classified. Further, the valuation of the Group's assets and liabilities of a disposal group classified as held for sale at the lower of the carrying amount and fair value less cost to sell requires significant judgement and estimation.

Our response:

Our audit procedures included, among others:

- reviewing the assessment by the Group whether the assets meet the criteria of MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* for presentation as assets held for sale by evaluating whether the available evidence sufficiently corroborate the Group's commitment to sell the assets and the probability of sale to be completed within one year from the date of classification;
- reviewing the assessment by the Group on the valuation of the assets of the disposal group as the lower of the carrying amount and fair value less cost to sell; and
- reviewing disclosure to accounting records and other supporting documentation.

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

Key Audit Matters (cont'd)

Company

We have determined that there are no key audit matters to be communicated in our report which arise from the audit of the financial statements of the Company.

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: 13 March 2020

PROPERTIES OF ILB GROUP

As at 31 December 2019

Location	Description	Age of Building (Years)	Tenure	Area (sq. ft.)		NBV @ 31-12-2019 (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	6,498,140 29,923,091	2019*
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	7,867,058 28,162,909 63,953,274	2019*
Lot 1552, Seberang Perai Utara, Pulau Pinang	Land with Solar Plant	2.65	Freehold	Land- Plant-	175,527	800,000 9,219,781	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 60,244,725	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 2,528,546	2016
			Total			**247,508,801**	

ANALYSIS OF SHAREHOLDINGS
as at 28 February 2020

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		No. of Shares *		% of Issued Shares	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	786	53	25,804	920	0.01	0.00
100 - 1,000	335	4	138,046	1,125	0.07	0.00
1,001 - 10,000	2,558	39	8,689,003	143,343	4.60	0.08
10,001 - 100,000	673	33	18,089,199	1,182,421	9.58	0.63
100,001 - to less than 5% of issued shares	110	17	48,603,210	28,621,033	25.73	15.15
5% and above of issued shares	4	1	62,602,234	20,803,990	33.14	11.01
Total	**4,466**	**147**	**138,147,496**	**50,752,832**	**73.13**	**26.87**
Grand Total		**4,613**		**189,900,328**		**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.	Citicorp Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd (1)	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.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Tuan Sem	10,334,776	5.47
6.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Hongkong & Shanghai Banking Corporation Limited (PB-HKDIV-ACCL)	6,642,000	3.52
7.	Hassan Mohammad Kazem Ahmadi	5,000,000	2.65
8.	United Asia Success Limited	4,542,148	2.40
9.	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd (SFS)	4,500,000	2.38
10.	Loh Cheng Keat	4,158,500	2.20
11.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Win Kee (8106483)	3,754,700	1.99
12.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	3,462,818	1.83
13.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-Res)	3,206,300	1.70
14.	Anastasia Amanda Beh Gaik Sim	2,690,000	1.42
15.	Tan Bee Kong	1,629,100	0.86
16.	Lee Chin Chai	1,350,486	0.71
17.	Chow Chin Yann	1,323,800	0.70
18.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Han Siong	1,217,400	0.64

ANALYSIS OF SHAREHOLDINGS
as at 28 February 2020

No.	Name of shareholder	No. of shares held	% of issued shares*
19.	Chng Kok Leong	1,086,600	0.58
20.	Motohiko Tachibana	941,544	0.50
21.	Goh Theow Hiang	936,735	0.50
22.	Teoh Ean Kee	908,200	0.48
23.	Wang Jim	888,800	0.47
24.	Yeoh Teng Lye	823,700	0.44
25.	Quek Tuan Soon	794,000	0.42
26.	Yeoh Hsiao Wye	731,900	0.39
27.	Ong Aik Bin	720,000	0.38
28.	Lim Hong Liang	668,144	0.35
29.	Tan Choon San	645,000	0.34
30.	Tai Me Teck	570,996	0.30
	Total	**136,599,095**	**72.30**

** 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 2020 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	25,017,451	1	13.24	381,931	2	0.24
Makoto Takahashi	20,803,990	3	11.01	-	-	-
Wan Azfar bin Dato' Wan Annuar	-	-	-	-	-	-
Dato' Wan Hashim bin Wan Jusoh	-	-	-	-	-	-
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.

Substantial Shareholders

The substantial shareholders of the Company as at 28 February 2020 are as follows :-

Name of Shareholder	Direct No. of Shares	Note	% of issued Shares*	Indirect No. of Shares	Note	% of issued Shares*
Tee Tuan Sem	25,017,451	1	10.60	381,931	2	0.24
Makoto Takahashi	20,803,990	3	11.01	-	-	-
Urusharta Jamaah Sdn Bhd Citigroup Nominees (Tempatan) Sdn Bhd	20,584,783	4	10.90	-	-	-
Etern Group (HK) Co. Limited Kenanga Nominees (Asing) Sdn Bhd	17,000,000	5	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.
4. Held through Citigroup Nominees (Tempatan) Sdn Bhd
5. Held through Kenanga Nominees (Asing) Sdn Bhd

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

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