# COMPLETE LOGISTIC SERVICES BERHAD

(716241-X)

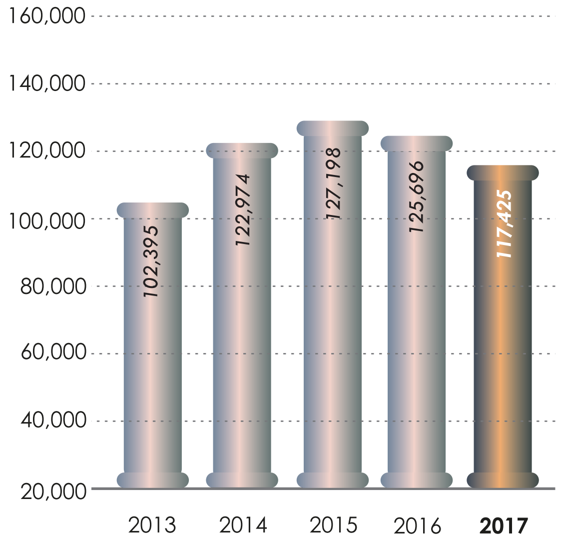
# 2017

## Annual Report

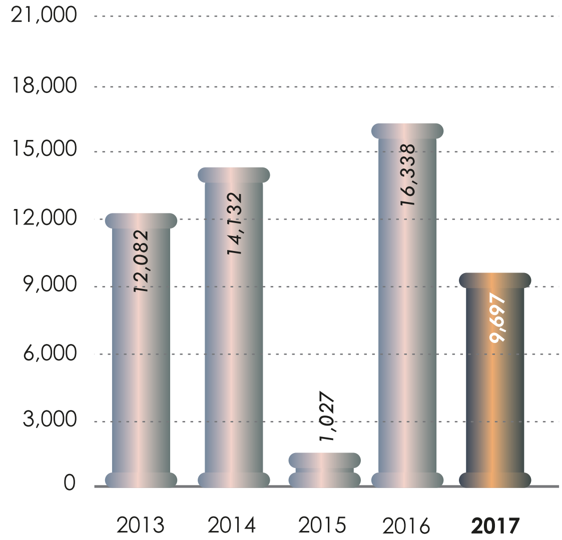
# 5 Years Financial Highlights

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| Revenue (RM'000) | 102,395 | 122,974 | 127,198 | 125,696 | **117,425** |
| Profit After Tax (RM'000) | 12,082 | 14,132 | 1,027 | 16,338 | **9,697** |
| Shareholders' Equity (RM'000) | 87,717 | 102,381 | 101,125 | 118,248 | **128,858** |
| Net Assets Per Share (Sen) | 73.3 | 85.5 | 84.0 | 97.0 | **105.0** |
| Basic Earnings Per Ordinary Share (Sen) | 10.0 | 11.7 | 0.8 | 13.3 | **7.8** |

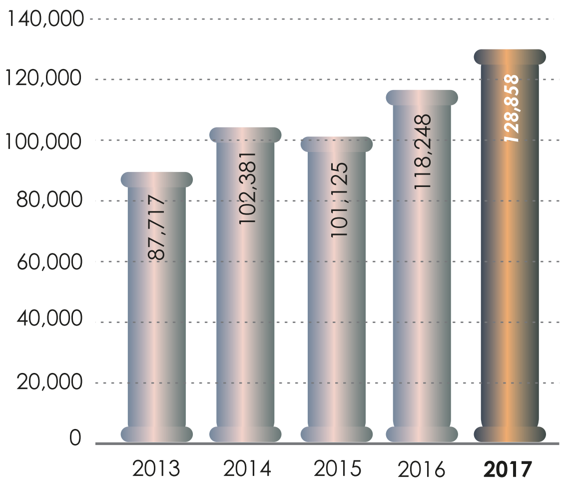
Revenue (RM'000)




Profit After Tax (RM'000)

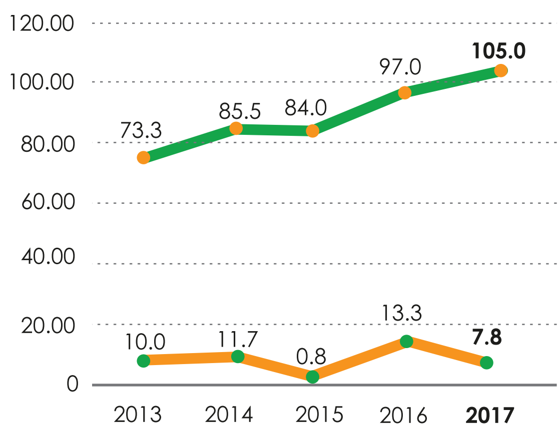



Shareholders' Equity (RM'000)




Net Assets Per Share (Sen)

Basic Earnings Per Ordinary Share (Sen)



# 12th Annual General Meeting

***PLACE***

Nilai Inland Port,
1st Floor,
PT 3907, Nilai Industrial Estate,
71800 Nilai,
Negeri Sembilan Darul Khusus

***TIME***

Tuesday,
22 August 2017 at
11.00 a.m.

# CONTENTS

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Dr. Ibrahim Bin Ahmad**
*(Executive Chairman)*

**Law Hee Ling**
*(Managing Director)*

**Ng Yoon Kin**
*(Executive Director)*

**Chia Kah Ying**
*(Executive Director)*

**Tan Sri Dato' Seri Law Hieng Ding**
*(Independent Non-Executive Director)*

**Yet Kiong Siang**
*(Independent Non-Executive Director)*

**Datuk Iskandar Bin Sarudin**
*(Independent Non-Executive Director)*

## AUDIT COMMITTEE

*CHAIRMAN*
**Tan Sri Dato' Seri Law Hieng Ding**

*MEMBERS*
**Yet Kiong Siang**
**Datuk Iskandar Bin Sarudin**

## REMUNERATION COMMITEE

*CHAIRMAN*
**Tan Sri Dato' Seri Law Hieng Ding**

*MEMBERS*
**Law Hee Ling**
**Yet Kiong Siang**

## NOMINATION COMMITEE

*CHAIRMAN*
**Tan Sri Dato' Seri Law Hieng Ding**

*MEMBERS*
**Ng Yoon Kin**
**Yet Kiong Siang**

## COMPANY SECRETARIES

**Chia Ong Leong** (MIA 4797)

## REGISTERED OFFICE

82-F Jalan Pulasan
41000 Klang
Selangor Darul Ehsan
Tel : +603-3371 4725
Fax : +603-3372 4128

## HEAD OFFICE

No. 25, Jalan Berangan
42000 Port Klang
Selangor Darul Ehsan
Tel : +603-3168 0757
Fax : +603-3167 1145
Website : www.complete-group.com

## AUDITORS

Crowe Horwath (AF 1018)
Level 16 Tower C, Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : +603-2788 9999
Fax : +603-2788 9998

## SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01,
Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel : +603-2783 9299
Fax : +603-2783 9222

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market

**(716241-X)**
**COMPLETE LOGISTIC SERVICES BERHAD**

100% Bagai Pertama Sdn Bhd (545483-A)
*Shipowner/provision of marine transportation services*

100% Complete Container Services Sdn Bhd (543015-W)
*Shipowner/provision of marine transportation services*

100% Complete Logistic Specialists Sdn Bhd (445588-V)
*Total logistic services provider*

100% Complete Marine Services Sdn Bhd (490761-A)
*Shipowner/provision of marine transportation services*

100% Complete Shipping Sdn Bhd (471084-X)
*Shipowner/provision of marine transportation services*

100% Dolphin Shipping Agency Sdn Bhd (507526-A)
*Trading of freight*

65% Ecocentre Sdn Bhd (832539-W)
*Processing & trading of rubber dust, trading of tyres, lubricants and related products, provision of tyres maintenance services*

100% Gems Logistics Sdn Bhd (949999-H)
*Investment holding*

100% Guper Industrial Park Sdn Bhd (1147401-H)
*Dormant*

100% Guper Integrated Logistics Sdn Bhd (420531-V)
*Total Logistic services with haulage, forwarding & other associated services*

100% Guper Properties Sdn Bhd (632797-D)
*Insurance agent*

100% Guper Resources Sdn Bhd (519580-A)
*Investment holding*

100% Island Network Sdn Bhd (466999-W)
*General trading*

100% Malsuria Logistics Sdn Bhd (463630-M)
*Shipowner/provision of marine transportation services*

100% Malsuria (M) Sdn Bhd (234248-P)
*Shipowner/provision of marine transportation services*

100% Malsuria Tanker Services Sdn Bhd (376604-H)
*Shipowner/provision of marine transportation services*

100% Pengangkutan Sekata Sdn Bhd (154036-K)
*Lorry transport operator*

- 100% Dian Pahlawan Sdn Bhd (432061-W)
  *Lorry transport operator*
- 100% Sin Hiap Hoe Trading & Transport Sdn Berhad (39285-T)
  *Lorry transport operator*

100% Sierra Jaya Sdn Bhd (266651-P)
*Shipowner/provision of marine transportation services*

100% Ultra Trinity Sdn Bhd (1069230-D)
*Investment holding*

## BUSINESS OVERVIEW

We are principally an investment holding company whilst the activities of our subsidiaries include provision of total logistics services, ship owners, provision of marine transportation services and general trading.

The Group provides comprehensive logistic services that encompass the integration of both the shipping and land transportation.

*Logistics Segment*

The Logistics segment includes services such as container haulage, lorry transportation (tanker, bulk cargo, side curtain), warehousing (bonded and general), custom brokerage & forwarding services and trading of freight.

Our land transportation services cover areas within Peninsular Malaysia and our hubs are located in Port Klang, Nilai, Jasin and Pasir Gudang. Currently we have warehouses in Port Klang, Nilai and Pasir Gudang. We are the owner and operator of the Nilai Inland Port in Nilai, Negeri Sembilan.

*Marine Segment*

The Group presently owns and operates a fleet of 5 motorized vessels that provide marine transportation for general break-bulk/conventional cargoes and project cargoes that require total logistics or door to door handling. Our shipping routes cover Peninsular Malaysia, Sabah, Sarawak and Indonesia.

We aim to provide a “convenient one stop” solution for all our customers’ logistics requirements, whether on a point to point or door to door service basis.

## FINANCIAL PERFORMANCE

| **Financial Highlights** | **2017** | **2016** | **2015** | **2014** | **2013** |
|---|---|---|---|---|---|
| Revenue (RM’000) | 117,425 | 125,696 | 127,198 | 122,974 | 102,395 |
| Profit After Tax (RM’000) | 9,697 | 16,338 | 1,027 | 14,132 | 12,082 |
| Basic Earnings Per Ordinary Share (Sen) | 7.8 | 13.3 | 0.8 | 11.7 | 10.0 |
| Total Assets | 166,839 | 153,754 | 136,193 | 140,257 | 125,793 |
| Cash and Cash Equivalents | 9,062 | 21,738 | 15,949 | 11,588 | 11,623 |
| Total Borrowings | 16,269 | 20,521 | 15,950 | 16,751 | 18,733 |
| Shareholders’ Equity (RM’000) | 128,858 | 118,248 | 101,125 | 102,381 | 87,717 |
| Net Assets Per Share (Sen) | 105.0 | 97.0 | 84.0 | 85.5 | 73.3 |
| Debt/Equity Ratio (%) | 12.6 | 17.4 | 15.8 | 16.4 | 21.4 |

### Comparison – FY 2017 / FY 2016

| **Financial Year Ended** | **31.03.2017** | **31/03/2016** | **Variance** | |
|---|---|---|---|---|
| | **RM’000** | **RM’000** | **RM’000** | **%** |
| Revenue | 117,425 | 125,696 | -8,271 | -6.6% |
| Profit/(Loss) After Tax | 9,697 | 16,338 | -6,641 | -40.6% |
| Logistics Revenue | 106,904 | 105,736 | +1,168 | +1.1% |
| Logistics Profit After Tax | 8,328 | 10,390 | -2,062 | -19.8% |
| Marine Revenue | 14,182 | 17,633 | -3,451 | -19.6% |
| Marine Profit After Tax | 1,463 | 5,733 | -4,270 | -74.5% |

In FY 2017, the revenue of the Group dropped by RM8.2 million (6.6%) as compared to FY 2016. In tandem, the Group reported a decrease in profit after tax of RM6.6 million (40.6%).

The lower revenue was due to poor business environment in the marine and trading segments. The shipping industry was gloomy during the financial year and contributed to the lower revenue and profit after tax. The lower revenue in the trading segment was mainly due to completion of a project by a customer in the financial year. The project involved the supplying of certain construction materials.

While the revenue of the Logistics segment was quite consistent with the previous financial year, the performance of the land transportation activities has declined due to increased competition in the market and slowdown in the business of certain customers.

During the year, the Group's capital expenditure on acquisition of land, construction of warehouses and addition of operating equipment of about RM24.6 million were financed from internally generated funds.

## OPERATING ACTIVITIES

The Logistics segment is the main contributor to the Group. The land logistics business experienced a challenging year where market was very competitive and operating costs were rising.

During the financial year, the Group acquired two pieces of land, one in Pulau Indah and the other in Pasir Gudang. The Company also acquired a wholly owned subsidiary which owned two pieces of land in Pulau Indah. These acquisitions were in line with the ongoing plan of the Group to expand its land logistic businesses into warehousing and cater for its depot and inhouse workshop needs.

The construction of two warehouses commenced during the financial year. The one in Pulau Indah with warehouse space of 70,000 sq. ft. is expected to be completed in the first quarter of FY 2018 whereas the other one in Port Klang Free Zone with warehouse space of 140,000 sq. ft. is expected to be completed in the third quarter of FY 2018. These warehouses are expected to generate income for FY 2018.

The Marine segment faced another challenging year with tonnage overcapacity in the market due to slow demand growth.

## ANTICIPATED KNOWN RISKS

### Competition

The marine transportation and logistics services industry has moderate barriers to entry as evidenced by the large number of players in the market and hence, competition among the existing players is considerably high. However, our proven track record, in-depth industry knowledge and experience, skilled manpower, established process management, good business relationship with customers and coupled with our ability to deliver consistent quality services and to provide integrated logistics services would enable us to stay competitive.

### Fuel Costs

Fuel costs form a significant portion of our total operating costs and hence, any drastic fluctuation in fuel costs would inevitably affect our financial performance.

The financial impact of an increase in fuel costs may be ameliorated by passing the increased costs to our customers via fuel surcharge, except for confirmed fixed rates arrangement that has been agreed with customers. The Group will continuously review and negotiate new rates with shorter tenure with customers should the fuel price increases beyond our cost limit.

### Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arising from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

In the event of significant delay or default in payment by our major customers, it may adversely affect our financial position and our Group's results should there be any impairment made for the bad or doubtful debts. To mitigate the impact, we will continuously assess the credit standing of the customers, have in place a tight credit control system and take legal action if necessary.

## FORWARD-LOOKING STATEMENT

The shipping industry's downturn began in 2008, after the onset of the financial crisis and has not recovered since due to slow demand growth which increases overcapacity as well as putting pressure on freight rates. The recent abolishment of the Cabotage Policy for East Malaysia has affected our marine segment since its implementation and is expected to continue to affect the already depressed shipping industry. The Board expects the shipping industry to stay at a depressed level and remain weak in the next financial year.

The Group will continue to focus on the land logistics business particularly in developing its warehousing facilities. The warehouses that are expected to be completed subsequent to the financial year end are expected to contribute positively to the Group's results in the next financial year. In view of the business slowdown in the cement industry, the Board expects the lorry transportation business to slow down too.

The Board expects a challenging year ahead as the domestic economy has not shown any sign of a stable recovery. The Board will continue to emphasise on strategies to maximise operational efficiencies and explore new business opportunities that will enhance the growth of the Group.

**DATO' DR IBRAHIM BIN AHMAD**

Malaysian
Male
Aged 62

Executive Chairman

Dato' Dr Ibrahim was appointed to our Board on 1 June 2012. He is a substantial shareholder of the Company. Dato' Ibrahim holds a Master Degree in Business Administration from the University of Western Sydney, Australia and obtained a Professional Doctorate in Business Administration, from Isle International University.

Prior to getting involved in the logistic industry, he held senior management positions in various international companies. He started his career in the logistic industry when he was appointed the Chief Executive Officer of Port Klang Distribution Park Sdn Bhd ("PKDP"). From the performances and experiences in PKDP, he was entrusted to initiate and develop Guper Integrated Logistics Sdn Bhd as its pioneer Chief Executive Officer.

Apart from his vast expertise, experiences and exposure, he was appointed Chief Executive Officer, State Economic Development Corporation ("SEDC"), Negeri Sembilan, where he strategically repositioned the business, raised SEDC to a higher level, thus creating a differentiated value proposition to the stakeholder.

His experiences extend across all levels of managements, strategic direction and business acumen. He held various positions, among them, Chairman of Logistics "Think Tank Group", under the Prime Minister's Department.

There is no conflict of interest with the Company except for those transactions disclosed in pages 25 and 26 of this Report, note 32 to the Financial Statements and the circular on recurrent related party transactions.

**LAW HEE LING**

Malaysian
Male
Aged 52

Managing Director

Mr. Law is the Managing Director and founder of our Group. He is a substantial shareholder of the Company.

He was appointed to our Board on 30 October 2006. Mr Law is a businessman with over 30 years of experience in the shipping industry. He started his career in shipping in 1983 where he was exposed to all aspects of the shipping operations, marketing and finance. In 1988 he started his own logistics agency business and subsequently ventured into marine transportation services in 1995. Since then, he has expanded our Group's business activities to cover marine transportation services, logistics operations and general trading. He is responsible for the overall management and operations of our Group.

Mr Law is a member of our Remuneration Committee. There is no conflict of interest with the Company except for those transactions disclosed in pages 25 and 26 of this Report, note 32 to the Financial Statements and the circular on recurrent related party transactions.

**NG YOON KIN**

Malaysian
Male
Aged 65

Executive Director

Mr. Ng was appointed to our Board on 12 December 2012.

In 1976, Mr Ng first ventured into general lorry transportation business in Selangor and progressively expanded his transportation business from a general cargo transporter to highly specialised bulk tank carrier, serving the specific transportation needs of the cement, beverages, pre-cast concrete, packaging, audio products industries as well as to provide transportation support to integrated logistic services providers. He has more than 40 years' experience in various aspects of the transportation business in Peninsular Malaysia.

Mr Ng is a member of the Nomination Committee. There is no conflict of interest with the Company except for those transactions disclosed in pages 25 and 26 of this Report, note 32 to the Financial Statements and the circular on recurrent related party. transactions

**CHIA KAH YING**

Malaysian
Female
Aged 49

Executive Director

Madam Chia was appointed to our Board on 2 July 2007. She is a Certified Public Accountant with the Malaysian Institute of Certified Public Accountants.

She was with Ernst & Young, Malaysia between 1993 and 1997. In 1998 she joined the logistics industry and later joined our Group in 2006.

**TAN SRI DATO' SERI LAW HIENG DING**

Malaysian
Male
Aged 82

Independent Non-Executive Director

Tan Sri Dato' Seri Law was appointed to our Board on 2 July 2007. Tan Sri graduated from Nanyang University in 1960 with a Bachelor's degree of Commerce in Accountancy and Banking.

He joined the Sarawak United People's Party ("SUPP") in the 1960s and was elected a councillor for the Sibu Urban District Council from 1964 to 1981. He also served as the Chairman of the Sibu Urban District Council from 1978 to 1981. He was elected as a Member of Parliament for the constituency of Sarikei in 1982, a position which he held for 6 consecutive terms.

Between 1976 to 1987 he served as the Parliamentary Secretary in the Ministry of Housing and Local Government in 1976 and the Ministry of Science, Technology and Environment ("MOSTE") from 1976 to 1987. Subsequently, he was appointed as the Federal Deputy Minister of MOSTE where he served for 2 terms from 1987 to 1990, after which he was appointed as Minister of MOSTE from 1990 to 2004.

Tan Sri is the Chairman of the Audit Committee, Remuneration Committee and Nomination Committee.

**YET KIONG SIANG**

Malaysian
Male
Aged 59

Independent
Non-Executive
Director

Mr. Yet was appointed to our Board on 23 January 2009. He is a Chartered Accountant with the Malaysian Institute of Accountants. He is also a member of the Association of Chartered Certified Accountants, Chartered Tax Institute of Malaysia and Institute of Internal Auditors of Malaysia.

Mr. Yet is the proprietor of an audit firm. He has over 30 years of experience in the fields of auditing, taxation and management consultancy.

Mr Yet is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

**DATUK ISKANDAR BIN SARUDIN**

Malaysian
Male
Aged 62

Independent
Non-Executive
Director

Datuk Iskandar was appointed to our Board on 8 April 2015. Datuk Iskandar Bin Sarudin graduated from the University of Malaya with Bachelor of Arts (Hons.) Degree in Malay Studies.

Datuk Iskandar began his distinguished diplomatic career in the Administrative and Diplomatic Service of the Ministry of Foreign Affairs (“Ministry”) in 1979 where he was appointed as the Assistant Secretary at the Asean National Secretariat. Datuk Iskandar had many interesting and challenging diplomatic assignments in his 35 years’ service with the Ministry. He was tasked by the Ministry to establish the Malaysian Embassy in the Republic of Chile in 1991 and in Bosnia and Herzegovina in 1996. He was also the Deputy Secretary General of the Ministry and High Commissioner to Sri Lanka and Maldives, Ambassador to Philippines, prior to his posting as the Ambassador of Malaysia to the People’s Republic of China in 2010. He was also the Ambassador of Malaysia to Mongolia concurrently accredited from Beijing (since March 2011). Datuk Iskandar retired from the Malaysia civil services in April 2015.

Datuk Iskandar is a member of the Audit Committee.

Datuk Iskandar currently also sits on the Board of Aeon Co. (M) Bhd.

**ADDITIONAL INFORMATION ON BOARD OF DIRECTORS**

1. Family relationship with directors and/or substantial shareholders

   None of the Directors of the Company have any family relationship with the other Directors and/or substantial shareholders of the Company.

2. Conflict of Interest

   Other than as disclosed above, none of the Directors of the Company have any conflict of interest with the Company.

3. Convictions for offences

   None of the Directors of the Company have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year, other than traffic offences, if any.

4. Attendance at Board Meetings

   The Board of Directors' attendance record at Board meetings held during the financial year ended 31 March 2017 can be found on page 15 of this Report.

**KOH SEN CHUN**

Malaysian
Male
Aged 42

General Manager
Haulage and Freight
Trading Divisions

Mr Koh started his career with Bendera Shipping Agencies Sdn Bhd as Sales Coordinator in 1992 and during the subsequent years, prior to joining our Group, he worked in a few shipping related services companies, namely, Lam Soon (M) Berhad, Kumpac Container Lines (M) Sdn Bhd, SL Freight System (M) Sdn Bhd and Simba Logistics (M) Sdn Bhd with primarily job functions on sales and marketing related activities.

Mr Koh joined our Group in 2003 as Marketing Manager of our subsidiary, Dolphin Shipping Sdn Bhd, and was later promoted as Director of the said subsidiary. In year 2014, he was appointed as General Manager of our subsidiary, Guper Integrated Logistics Sdn Bhd, in charge of the business development and operation of Nilai Inland Port.

**YAU LIAN YEOW**

Malaysian
Male
Aged 48

Manager
Property Management
& Planning Services

Mr Yau possesses a Diploma in Electro Mechanical Engineering. Mr. Yau started his career in manufacturing industry, with over ten years' experience in production and engineering divisions.

Mr Yau joined our Group in 2011 as Manager in charge of tyre maintenance services, processing & trading of rubber dust. He is currently the manager in charge of the Property Management and Planning Services, responsible for the overall land logistics fleet maintenance and management. Mr Yau is also a director of our subsidiary, Ecocentre Sdn Bhd.

**HANIZA BINTI DATO' DR IBRAHIM**

Malaysian
Female
Aged 39

Manager
Corporate Affairs,
Admin & Human Resource

Puan Haniza holds a LLB Hons. (UiTM), Diploma in Syariah Law and Practise from International Islamic University Malaysia (IIUM) and also obtained a LLM in Legal Aspects of Marine Law from the University Technology Mara (UiTM) Shah Alam, Selangor Darul Ehsan. She started her career as a lawyer in Messrs Faisal Ghaffar and Co. in May 2004.

Puan Haniza joined Guper Integrated Logistics Sdn Bhd in 2006 as Manager in charge of the corporate affairs, administration and human resource of the company. She is also a director of Guper Integrated Logistics Sdn Bhd.

Puan Haniza is the daughter of our Executive Chairman, Dato' Dr Ibrahim Bin Ahmad.

**Notes:**

Saved as disclosed, none of the Key Senior Management has:

1. any family relationship with the other Directors and/or major shareholders of the Company;
2. any conflict of interest with the Company; and
3. been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year, other than traffic offences, if any.

The Board of Directors ("Board") of Complete Logistic Services Berhad ("the Company") remains committed towards ensuring that high standard of corporate governance is maintained throughout the Company and its subsidiaries ("the Group"). Hence, the Board is fully dedicated to continuously evaluate the Group's corporate governance practices and procedures with a view to ensure the principles and best practices in corporate governance as promulgated by the Malaysian Code on Corporate Governance 2012 ("the Code") is applied and adhered to in the best interests of stakeholders. The Board is pleased to report to the shareholders the manner in which the Group has applied the principles and complied with the best practices of the Code during the financial year.

## ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### Roles and Responsibilities

The main focus of the Board is on the overall strategic leadership, identification and management of principal risks and, development and control of the Group. The Board has delegated specific responsibilities to Board Committees, all of which discharge the duties and responsibilities within their respective Terms of Reference.

The key responsibilities of the Board include the following:

- reviewing and approving the strategic corporate plan of the Group;
- overseeing the conduct of the Group's business operations and performance;
- identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- reviewing the adequacy and integrity of the Group's internal controls system;
- ensuring succession planning for top management;
- overseeing the development and implementation of a policy to enable effective communication with its shareholders and other stakeholders;
- approving new ventures, material acquisitions and disposals of undertakings and properties;

### Access to Information

In furtherance of their duties, the Board has full and unrestricted access to any information pertaining to the Group as well as to the advice and services of the Company Secretary and independent professional adviser whenever appropriate, at the Group's expense.

### Company Secretary

The Company Secretary is responsible for ensuring that the Board procedures and relevant laws and regulations are complied with and advises the Board on issues relating to corporate governance, compliance with laws, rules, procedures and regulatory requirements. The Company Secretary attends and ensures that all meetings of the Board and Board Committees are properly convened and proceedings are properly recorded.

## STRENGTHEN COMPOSITION

### Composition and Balance

The Company is currently led by an effective and experienced seven (7) member Board, comprising four (4) Executive Directors and three (3) Independent Non-Executive Directors. This composition complies with the Bursa Malaysia Securities Berhad ("Bursa") Listing Requirements that requires at least two (2) Directors or one third (1/3) of the Board whichever is higher, are Independent Directors. The profiles of the members of the Board are set out on pages 7 to 9 of this Report.

The Executive Directors are primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operations and developing the Group's business strategies.

The role of the Independent Non-Executive Directors is to provide objective and independent judgement to the decision making of the Board and as such provides an effective check and balance to the Board's decision making processes.

The Board composition brings together an extensive group of experienced Directors from diverse backgrounds that have a wide range of skills and experience in areas relevant to managing and directing the Group's operations.

### Appointment and Re-election of Directors

Any new appointments to the Board will require deliberation by the full Board guided with formal recommendations by the Nomination Committee. Board members who are appointed by the Board are subject to retirement at the first AGM of the Company subsequent to their appointment. Article 95 of the Company's Articles of Association also provides that at least one-third (1/3) of the Directors shall retire by rotation at each AGM and that all Directors shall retire once every three (3) years. A retiring Director shall be eligible for re-election.

Independent directors who had served a cumulative term exceeding nine (9) years are required to submit themselves for re-election annually and with justification from the Board.

### Gender Diversity

The Board does not have gender diversity policies in place. The Board believes that the appointment of Board members should be based on experience, character, integrity and competence, regardless of gender. The Company currently has one (1) female director, Chia Kah Ying on its Board.

### Nomination Committee

The Nomination Committee comprises two (2) Independent Non-Executive Directors and one Executive Director as follows:

| Name | Designation |
|---|---|
| Tan Sri Dato' Seri Law Hieng Ding | Chairman |
| Yet Kiong Siang | Member |
| Ng Yoon Kin | Member |

The Nomination Committee is empowered by the Board of Directors and its terms of reference is to assist the Board of Directors in its responsibilities in nominating new Directors to the Board and Board Committees. The Committee also reviews the Board of Directors composition and balance as well as considering the Board of Directors' succession planning.

The Committee considers that the current mix of skills and experiences of its members is sufficient for the discharge of their duties and responsibilities effectively.

The Nomination Committee met twice during the financial year, attended by all its members.

### Remuneration Committee

The Remuneration Committee comprises two (2) Independent Non-Executive Directors and one Executive Director as follows:

| Name | Designation |
|---|---|
| Tan Sri Dato' Seri Law Hieng Ding | Chairman |
| Yet Kiong Siang | Member |
| Law Hee Ling | Member |

The Remuneration Committee is responsible for recommending to the Board the framework for the remuneration package of each Executive Director. Remuneration packages are structured such as to attract, retain and motivate the Directors, and are reflective of the Director's experience and level of responsibilities.

None of the Executive Directors participate in any way in determining their individual remuneration. The remuneration of the Executive Directors is reviewed annually. The remuneration and entitlements of the Independent Non-Executive Directors are decided by the Board as a whole.

The Remuneration Committee met once during the financial year, attended by all its members.

**Directors' Remuneration**

Details of remuneration of Directors of the Company during the financial year ended 31 March 2017 are as follows:

| | Executive Directors RM | Independent Non-Executive Directors RM | Total RM |
|---|---|---|---|
| Salary | 883,500 | - | 883,500 |
| Bonus | 254,000 | - | 254,000 |
| Fees | - | 72,000 | 72,000 |
| Other Benefits | 128,474 | 22,750 | 151,224 |
| Benefits in Kind | 49,625 | - | 49,625 |
| **Total** | **1,315,599** | **94,750** | **1,410,349** |

The details of the Directors' remuneration by band are disclosed in Note 31 to the Financial Statements on page 80 of this Report.

Details of individual Director's remuneration are not disclosed in this Report as the Board considers that the above remuneration disclosure by band and analysis between Executive and Independent Non-Executive Directors satisfies the accountability and transparency aspects of the Code.

## REINFORCE INDEPENDENCE

**Tenure of Independent Director**

The Board, noted the recommendations of the Code that the tenure of an independent director shall not exceed a cumulative term of nine (9) years. The Board must justify and seek shareholders' approval at general meeting if the Board intends to retain the Director as Independent Director. The tenure of all the Independent Non-Executive Directors have not exceeded cumulative term of nine (9) years except for Tan Sri Dato' Seri Law Hieng Ding who was appointed to the Board on 2 July 2007. Tan Sri Dato' Seri Law Hieng Ding has given written notice that he wishes to retire at the forthcoming Annual General Meeting.

**Separation of Roles of Chairman and Managing Director**

The roles of the Chairman and Managing Director are clearly distinct to ensure that there is a balance of power and authority. The Chairman is primarily responsible for the effective and efficient conduct and working of the Board and ensuring that members have timely access to relevant information, whilst the Managing Director is responsible for the daily management of the Group's operations and implementation of the policies and strategies adopted by the Board.

### Chairman

Our Chairman is an Executive Director and the Board noted the recommendation of the Code that the board must comprise a majority of independent directors where the chairman of the board is not an independent director. The Board currently consists of four Executive Directors and three Independent Non-Executive Directors. However, the Board supports Dato' Dr Ibrahim Bin Ahmad's continuation as the Executive Chairman of the Company as the Board was satisfied that notwithstanding the executive position, the Chairman has continued to discharge his duties effectively and has extensive experience and detailed knowledge on the Group's business activities. The Board is of the opinion that the Executive Chairman is capable of acting on behalf of shareholders and stakeholders in their best interest since he has significant relevant interest in the Company.

## FOSTER COMMITMENT

### Board Meetings

During the financial year ended 31 March 2017 the Board met five (5) times, where they deliberated and considered matters relating to the Group's financial performance, investments, corporate development, strategic issues and business plan. The meeting attendance records of the Directors who held office are set out below:

| Name of Director | Status of Directorship | No. of Meetings Attended |
|---|---|---|
| Dato' Dr Ibrahim Bin Ahmad | Executive Chairman | 3/5 |
| Law Hee Ling | Managing Director | 5/5 |
| Ng Yoon Kin | Executive | 4/5 |
| Chia Kah Ying | Executive | 5/5 |
| Tan Sri Dato' Seri Law Hieng Ding | Independent Non-Executive | 5/5 |
| Yet Kiong Siang | Independent Non-Executive | 5/5 |
| Datuk Iskandar Bin Sarudin | Independent Non-Executive | 5/5 |

### Place, date and time of Board Meeting

| | Place of meeting | Date | Time |
|---|---|---|---|
| 1. | No. 25, Jalan Berangan, 42000 Port Klang. | 26.05.2016 | 12.00 p.m. |
| 2. | No. 25, Jalan Berangan, 42000 Port Klang. | 11.07.2016 | 11.00 a.m. |
| 3. | 18, Lorong Damansara Endah,<br>Damansara Heights, 50490 Kuala Lumpur. | 25.08.2016 | 11.10 a.m. |
| 4. | No. 25, Jalan Berangan, 42000 Port Klang. | 23.11.2016 | 11.00 a.m. |
| 5. | No. 25, Jalan Berangan, 42000 Port Klang. | 22.02.2017 | 12.30 p.m. |

Board meetings are structured with a pre-set agenda which encompasses all aspects of matters under discussion. The Board papers are circulated to the Directors in advance of the Board meetings for their deliberation. All meetings of the Board are duly recorded in the Board Minutes. Senior Management may be invited to attend these meetings to explain and clarify matters tabled.

### Directors' Training

All the Directors of the Company have attended and successfully completed the Mandatory Accreditation Programme as prescribed by Bursa.

The Directors will continue to undergo relevant training programmes to further enhance their skills and knowledge and to keep abreast with relevant changes in laws, regulations and the business environment.

| Directors | Training/Seminar Attended |
|---|---|
| Law Hee Ling | ➢ The Strategy, the Leadership, the Stakeholders and the Board<br>➢ How to Leverage on AGMs for Better Engagement with Shareholders |
| Ng Yoon Kin | ➢ Anti-Corruption & Integrity – Foundation of Corporate Sustainability |
| Chia Kah Ying | ➢ The Strategy, the Leadership, the Stakeholders and the Board<br>➢ Share Capital at no Par Value, Share Buybacks and Redeemable Preference Shares: Accounting Implications<br>➢ How to Leverage on AGMs for Better Engagement with Shareholders<br>➢ Corporate Tax Issue for 2016 & 2017<br>➢ CA2016 – Key Revamp Updates with Integrated Tax Planning Opportunity |
| Yet Kiong Siang | ➢ Transfer Pricing Seminar 2016 – Advance Level<br>➢ Nomination Committee Program Part 2 – Effective Board Evaluations<br>➢ GST Conference 2016<br>➢ Risk Management Programme – I Am Ready to Manage Risk<br>➢ 2017 Budget Seminar<br>➢ Stamp Duty Legislation Updates |
| Datuk Iskandar Bin Sarudin | ➢ Independent Directors Programme : The Essence of Independence |

## UPHOLD INTEGRITY IN FINANCIAL REPORTING

### Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to ensure that the financial statements and quarterly announcements are prepared in accordance with the Companies Act 2016 and applicable approved accounting standards so as to offer a balanced and comprehensive assessment of the Group's financial position and prospects.

A Statement of Directors' Responsibility is set out on page 23 of this Report.

### Internal Control

The Group's Statement on Risk Management and Internal Control is set out on pages 21 and 22 of this Report to provide an overview on the state of internal control throughout the year.

During the financial year, the Group outsourced the internal audit unit to an independent professional firm to assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the internal control system in the key activities within the Group. In relation to the internal audit function, having considered the Group's operational requirements, the Board is of the view that the Group current function is sufficient to meet its needs. Nevertheless, this arrangement shall be reviewed annually to ensure that it continues to meet the Group's requirements. The internal auditor reports directly to the Audit Committee independent from the management of the Group.

### Relationship with External Auditors

The role of the Audit Committee in relation to the external auditors is explained in the Audit Committee Report set out on pages 18 to 20 of this Report.

The Board, through the Audit Committee, has always maintained an appropriate and transparent relationship with the external auditors. The Audit Committee had assessed the external auditors' suitability, technical competence and independence. Being satisfied with the assessment, the Audit Committee recommended the re-appointment of the external auditors to the Board, upon which the shareholders' approval will be sought at the coming Annual General Meeting ("AGM").

## SHAREHOLDERS

### Shareholders and Investors Relations

The Board acknowledges the importance of accountability to the shareholders. Timely releases of the financial results on a quarterly basis, press releases and announcements provide an overview of the Group's performance and operations to its shareholders.

Information disseminated to the investment community is in accordance with Bursa disclosure rules and regulations. The Board has taken steps to ensure that no market sensitive information is disclosed to any party prior to making an official announcement to Bursa.

### Annual General Meeting

The Annual General Meeting ("AGM") is the principal platform for dialogue with the shareholders. At the AGM, the Board presents the progress and performance of the Group and provides shareholders the opportunity to raise questions pertaining to business issues, concerns and operations in general.

The Board of Directors ("the Board") of Complete Logistic Services Berhad ("the Company") is pleased to present the Audit Committee ("the Committee") Report for the financial year ended 31 March 2017.

## TERMS OF REFERENCE

### Composition

The Committee comprises three (3) Independent Non-Executive Directors and the attendance records of each member at the five (5) meetings held during the financial year ended 31 March 2017 are as follows:-

| Name | Designation | No. of Meetings Attended |
|---|---|---|
| Tan Sri Dato' Seri Law Hieng Ding | Chairman | 5/5 |
| Yet Kiong Siang | Member | 5/5 |
| Datuk Iskandar Bin Sarudin | Member | 5/5 |

The Committee, appointed from amongst the Board, shall comprise
(a) no fewer than three (3) members;
(b) a majority of members being Independent Non-Executive Directors;
(c) an Independent Non-Executive Director to act as the Chairman of the Committee; and
(d) at least one member of the Audit Committee:-
  (i) must be a member of the Malaysian Institute of Accountants; or
  (ii) if not a member of the Malaysian Institute of Accountant, must have at least three (3) years' working experience and:
    - must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  (iii) fulfils such other requirements as prescribed by Bursa.

No Alternate Director shall be appointed as a member of the Committee.

### Meetings

The Committee meeting shall be held not less than four (4) times a year. The Chairman of the Committee may call a meeting of the Committee if requested by the internal or external auditors.

The Company Secretary shall be responsible for drawing up the agenda and circulating it to the Committee members prior to each meeting and shall be responsible for recording the minutes of meetings of the Committee, and circulating them to the members.

The Committee may, at its discretion, invite Executive Directors (non-members), members of management, auditors and representatives of the auditors to attend the Committee meetings.

The Committee is authorised by the Board to perform the following:

(a) investigate any activities within its terms of reference;
(b) seek any information it requires from the internal and external auditors, and any employees. All employees are directed to co-operate with any request made by the Committee;
(c) have direct communication channels with the external auditors and independent professionals carrying out the internal audit function;
(d) obtain external, legal or other independent professional advice and to secure the attendance of external parties with relevant experience and expertise, at the Group's expense if it considers necessary, in discharging its duties; and
(e) be able to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees, where deemed necessary.

**Functions and Responsibilities**

The functions and duties of the Committee shall be to:

(a) consider the appointment and re-appointment of the external auditors, the audit fees and any questions of their resignation or dismissal;
(b) ensure the effectiveness of the internal control system and in particular review the internal audit reports and external auditors' management letters and management's responses;
(c) discuss with the internal and external auditors, their scope, procedures, audit results and reports;
(d) review and report to the Board the following:
  (i) the audit plan;
  (ii) the evaluation of the system of internal control;
  (iii) the auditors' reports;
  (iv) the assistance and co-operation given by the employees of the Group to the auditors;
  (v) the performance of internal audit function;
  (vi) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
    - changes in or implementation of major accounting policy;
    - significant or unusual events;
    - compliance with accounting standards and other legal requirements; and
    - accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group;
  (vii) any related party transaction and conflict of interest situation that may arise within the Company and its subsidiaries ("the Group") including any transaction, procedure or course of conduct that raises questions of management integrity; and
  (viii) any letter of resignation from the external auditors and whether there is any reason to believe that the external auditors are not suitable for re-appointment.
(e) promptly report to Bursa on any matters reported to the Board which have not been satisfactorily resolved resulting in a breach of the Listing Requirements;
(f) submit to the Board a report on the summary of activities of the Committee in the discharge of its functions and responsibilities in respect of each financial year; and
(g) perform such other functions and duties as may be agreed to by the Committee and the Board.

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The following activities were undertaken by the Committee during the financial year:

(a) ensure the principal risks of the Group were identified and assessed on a periodic basis;
(b) reviewed the adequacy of the scope and coverage of audit plans proposed by auditors and approved the audit plans for audit execution;
(c) reviewed the external auditors' reports in relation to their financial audit and resolved the accounting issues arising from the audit conducted;
(d) reviewed the Group's quarterly unaudited and annual audited results and recommended to the Board for approval prior to its release to Bursa;
(e) reviewed the year-end audited financial statements, the audit planning memorandum and the management letter issued by the external auditors;
(f) reviewed the audit findings, recommendations for improvement and corrective action taken by Management on the audit findings;
(g) considered and recommended to the Board for approval on the audit fees payable to the internal and external auditors;
(h) reviewed the annual internal audit programme and plan;
(i) reviewed the related party transactions entered into by the Group;
(j) reviewed the acquisition/disposal of investment/fixed assets; and
(k) reviewed the allocation of options offered to the eligible employees to ensure compliance with the By-laws of the Shares Issuance Scheme.

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

During the financial year, the Group's internal audit function was outsourced to an independent professional firm to ensure that the system of internal control is adequate and effective. The internal audit function reports directly to the Audit Committee.

The internal audit function executes the audits based on audit plan approved by the Audit Committee. The results of the audit review are periodically reported to the Audit Committee. The internal audits conducted had not revealed any weaknesses which would result in material losses, contingencies or uncertainties that would require separate disclosure in the Group's annual report.

The Board of Directors of Complete Logistic Services Berhad ("the Board") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

## RESPONSIBILITY

The Board affirms its overall responsibility for the establishment of a sound risk management framework and internal control system with regular reviews to ensure its adequacy and integrity to safeguard shareholders' investments and Group's assets. In view of the limitations that are inherent in any system of risk management and internal control, such systems are designed to minimise and manage rather than to eliminate risk of failure to achieve the Group's business objectives.

The Board has received assurance from the Group Managing Director and Finance Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

## KEY PROCESSES

During the financial year under review, the Board has in place an on-going process for the identification, evaluation and management of significant risks faced by the Group. It covers periodic reviews and monitors the effectiveness of the Group's system of risk management and internal control, compliance with laws, rules and regulations and adaptation for business environment changes.

## KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The key elements of the Group's risk management and internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below:

### 1. Risk Management System

The Board is dedicated to strengthen the Group's risk management to manage its key business risks within the Group and to implement appropriate controls to manage these risks.

Risk Management is regarded by the Board to be an integral part of business operations. During the year, key business risks and its mitigating controls are identified, assessed and deliberated where significant risks affecting the Group's strategic and business plans are escalated to the Board at their scheduled meetings.

The above mentioned risk management practices of the Group served as the on-going processes to identify, evaluate and manage significant risks for the year under review and up to the date of approval of this statement for inclusion in the annual report.

### 2. Internal Control System

(i) An organisation structure with clearly defined lines of responsibility;
(ii) Financial results which are reviewed quarterly by the Audit Committee and approved by the Board;
(iii) The Audit Committee reviews the internal and external audit findings and discusses with the Board on actions to be taken on issues identified;
(iv) Effective reporting system to ensure timely generation of financial information for management review and decision;
(v) The Executive Directors are actively involved in the running of the Group's businesses and operations and report to the Board on significant matters that may affect the Group;

## INTERNAL AUDIT FUNCTION

The independent outsourced professional firm assisted the Board and the Audit Committee in providing independent assessment on the adequacy and effectiveness of the internal control system in the key activities within the Group. They report directly to the Audit Committee.

During the financial year ended 31 March 2017, internal audits were carried out in accordance with the risk based internal audit plan approved by the Audit Committee. The business processes reviewed were sales and marketing, credit control and collection of the land transportation division, and vessel maintenance management and procurement of the marine transportation division. The results of the audit reviews were discussed with Senior Management and subsequently, the audit findings, including the recommendations for improvement were reported to the Audit Committee at the quarterly meetings. In addition, follow up reviews on previous audit areas were also carried out to ensure that corrective actions have been implemented in a timely manner and the results of the follow up reviews were also reported to the Audit Committee in the quarterly meetings.

Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in the annual report.

Total professional fees paid for outsourcing of internal audit function for the financial year ended 31 March 2017 was RM45,000.

## REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Bursa Malaysia Securities Berhad’s Main Market Listing Requirement, the External Auditors have reviewed this Statement on Risk Management & Internal Control for inclusion in the 2017 Annual Report. Their review was performed in accordance with recommended Practice Guide (RPG) 5 (revised): 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. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respect, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Directors of Listed Issuers to be set out, nor is factual inaccurate.

## CONCLUSION

The Board remains committed towards operating a sound risk management framework and internal control system and recognises that the system must continuously evolve to support the Group’s operations and business environment. As such, the Board will put in place appropriate action plans to further enhance and strengthen the Group’s risk management and internal control environment.

For the financial year under review and up to the date of approval of this statement for inclusion in the annual report, the Board is satisfied with the adequacy and effectiveness of the Group’s risk management and internal control system. There were no material losses that have arisen from any inadequacy or failure of the Group’s system of internal control which require additional disclosure in the financial statements.

This Statement is made in accordance with the resolution of the Board of Directors dated 17 July 2017.

The Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their results and cash flows in accordance with the provisions of the Act and applicable approved accounting standards in Malaysia.

In preparing the financial statements for financial year ended 31 March 2017, the Directors have considered and applied appropriate accounting policies and approved accounting standards on a consistent basis and made judgment and estimates that are reasonable and prudent.

The Directors are responsible for ensuring that proper accounting records are kept in accordance with the Act. The Directors also have overall responsibility in taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 17 July 2017.

The following disclosures are made pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"):

## 1. Utilisation of Proceeds

During the financial year, the Company had increased its issued and paid-up capital from 122,438,000 shares to 123,761,000 shares through the issuance of 1,060,000 new ordinary shares at RM0.62 per share and 263,000 new ordinary shares at RM0.68 per share from the exercise of options under the Share Issuance Scheme. The shares were issued for cash consideration and the proceeds of RM836,040 were utilized as working capital.

## 2. Audit and Non-Audit Fees

The details of the audit and non-audit fees paid/payable for the financial year ended 31 March 2017 are as follows:

| | Group RM | Company RM |
|---|---|---|
| Audit Fee | 203,000 | 35,000 |
| Non-Audit Fee | | |
| ● Statement on Risk Management and Internal Control | 5,000 | 5,000 |
| | 208,000 | 40,000 |

## 3. Deviation in Results

There was no variance by more than 10% between the audited results for the financial year ended 31 March 2017 and the unaudited results for the same financial year previously announced.

## 4. Profit Guarantee

No profit guarantee was issued by the Company.

## 5. Material Contracts

There was no material contracts of the Company and its subsidiaries, involving directors' and major shareholders' interests, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

## 6. Corporate Social Responsibility

The Group acknowledges its corporate social responsibility in the social environment it operates. The Group remained committed to care for the environment and its employees and has continuously undertaken the following activities:

(1) Environmental/Social
- Recycling of paper based products.
- Staff welfare programme - Providing food aids to certain families of employees.

(2) Human Resources
- Participation by employees in external skill enhancement programmes/trainings.
- Organising staff functions to foster caring relationship amongst the employees of the Group.
- Staff training/team buildings.

## 7. Recurrent Related Party Transactions of Revenue or Trading Nature

Details of recurrent related party transactions entered into between the Company and its subsidiaries and related parties during the financial year ended 31 March 2017 pursuant to the Shareholders' Mandate obtained by the Company at the last Annual General Meeting held on 18 August 2016 are as follows:

The types of RRPT of a revenue and trading nature which are to be covered under the Proposed Renewal of Shareholders' Mandate are as follows:-

| | Transacting parties | Interested parties | Nature of relationship | Nature of transaction with CLSB Group | Aggregate value RM'000 |
|---|---|---|---|---|---|
| 1. | ATE Technology Group Sdn Bhd ("ATE") and its subsidiaries ("ATE Group") | Law Hee Ling ("LHL")<br>Dato' Dr Ibrahim Bin Ahmad ("DIA")<br>Ng Yoon Kin ("NYK") | LHL [through his major shareholding in Dolphin Assets Sdn Bhd ("DASB")], DIA and NYK are the major shareholders of Keith Avenue Sdn Bhd ("KA"), a major shareholder of ATE. LHL is a director of ATE and ATE Tech. NYK is a director of ATE and all its subsidiaries. | - Sales of spare parts by ATE Group.<br>- Supply of lubricants and consumables to ATE Group.<br>- Provision of insurance agency services to ATE Group. | 156<br>-<br>- |
| 2. | East West Freight Services Sdn Bhd ("EWF") | LHL | LHL is a director and an indirect major shareholder of EWF through his direct shareholdings in DASB, a major shareholder of EWF. | - Provision of logistics/ haulage/ freighting services to EWF.<br>- Provision of forwarding & related services by EWF.<br>- Renting of office premise to EWF.<br>- Provision of insurance agency services to EWF. | 3,516<br>1,549<br>24<br>- |
| 3. | East West Logistics Sdn Bhd ("EWL") | LHL | LHL is an indirect major shareholder of EWL through his direct shareholding in DASB, a major shareholder of EWL. | - Provision of warehousing & related services by EWL.<br>- Provision of insurance agency services to EWL. | 194<br>- |
| 4. | Jetpack Technologies Sdn Bhd ("JTSB") | Lim Kok Onn ("LKO") | LKO is a major shareholder of JTSB. | - Provision of freighting services to JTSB. | 42 |

| | Transacting parties | Interested parties | Nature of relationship | Nature of transaction with CLSB Group | Aggregate value RM'000 |
|---|---|---|---|---|---|
| 5. | Marine Liferaft Service Centre Sdn Bhd ("MLSC") | DIA | DIA is a director and major shareholder of MLSC. | - Supply of fuel by MLSC. | 3,327 |
| 6. | SJA Freight Services Sdn Bhd ("SJA") | LHL<br><br>DIA | LHL is an indirect major shareholder of SJA through his direct shareholding in DASB, a major shareholder of SJA.<br><br>DIA is a director and major shareholder of SJA.<br><br>Leon Law Li Yion, son of LHL, is a director of SJA. | - Provision of logistic services to SJA.<br>- Provision of forwarding/related services by SJA. | 3,286<br><br>32 |
| 7. | L.K.W. Enterprise Sdn Bhd ("LKW") and its subsidiaries ("LKW Group") | LHL | LHL is a director and indirect major shareholder of LKW through his major shareholding in DASB, a major shareholder of LKW. | - Provision of logistic services to LKW Group. | 733 |

# FINANCIAL STATEMENTS

## 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 March 2017.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

## RESULTS

| | Group RM | Company RM |
|---|---|---|
| Profit/(Loss) after tax | 9,697,169 | (193,476) |
| Attributable to: | | |
| Owners of the Company | 9,544,840 | (193,476) |
| Non-controlling interests | 152,329 | - |
| | 9,697,169 | (193,476) |

## DIVIDENDS

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

## ISSUE OF SHARES AND DEBENTURES

During the financial year,

(a) the Company increased its issued and paid-up share capital from RM61,219,000 to RM67,464,127 by way of:
   (i) an issuance of 1,060,000 new ordinary shares from the exercise of options under the Company's Share Issuance Scheme at the exercise price as disclosed in Note 14 to the financial statements which amounted to RM887,220; and
   (ii) an issuance of 263,000 new ordinary shares from the exercise of option under the Company's Share Issuance Scheme at the exercise price as disclosed in Note 14 to the financial statements which amounted to RM210,926; and
   (iii) the transfer of share premium pursuant to Section 618(2) of the Companies Act 2016 amounting to RM5,146,981 and become part of the Company's share capital.

## ISSUE OF SHARES AND DEBENTURES (continued)

(b) there were no issues of debentures by the Company.

Relevant details on the issued and paid-up share capital are disclosed in Note 12 to the financial statements.

## TREASURY SHARES

During the financial year, there were no treasury shares being purchased, sold or cancelled by the Company. As at 31 March 2017, the Company held a total number of 319,300 treasury shares out of its 123,761,000 issued and fully paid-up ordinary shares at a carrying amount of RM131,249.

Relevant details on the treasury shares are disclosed in Note 15 to the financial statements.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Share Issuance Scheme ("SIS").

In previous financial years, the Company granted share options to eligible directors and employees of the Group under the SIS approved by the shareholders of the Company at the extraordinary general meeting held on 25 September 2013 to subscribe for a total of 6,400,000 ordinary shares at an exercise price of RM0.62 per share ("SIS 1"), out of which a total of 140,000 (2016: Nil) ordinary shares was forfeited during the financial year due to the resignations of employees and total of 1,332,000 (2016: 1,274,000) ordinary shares is exercisable at the end of the reporting period.

The salient features of the SIS are as follows:

(a) Eligible directors and employees are those who have been confirmed in service on the date of offer;
(b) The aggregate number of shares to be issued under the SIS shall not be more than 15% of the issued and paid-up share capital of the Company;
(c) The SIS shall be in force for a period of 5 years from the first grant date and may be extended for a further 5 years at the discretion of the Board of Directors;
(d) The option price shall not be at a discount of more than 10% from the 5-day weighted average market price of the shares of the Company preceding the date of offer;
(e) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate or as determined by the SIS Committee;
(f) All new ordinary shares issued upon exercise of the share options granted under the SIS will rank pari passu in all respects with the existing ordinary shares of the Company; and
(g) The share options granted to eligible Directors and employees will lapse when they are no longer in employment with the Group.

During the financial year, the Company granted share options to eligible directors and employees of the Group under the SIS to subscribe for a total of 845,000 ordinary shares at an exercise price of RM0.68 per share ("SIS 2"), out of which a total of 214,000 ordinary shares is exercisable at the end of the reporting period.

During the financial year, a total of 1,323,000 and 190,000 ordinary shares under the SIS were exercised and forfeited respectively by the eligible directors and employees of the Group.

Relevant details on the SIS are disclosed in Note 14 to the financial statements.

**OPTIONS GRANTED OVER UNISSUED SHARES (continued)**

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of holders to whom options have been granted to subscribe for less than 60,000 ordinary shares. The option holders other than the Directors whose details are disclosed in the Directors' Interests, who were granted options to subscribe for 60,000 ordinary shares or more are as follows:

| | Number of options over ordinary shares | | | |
|---|---|---|---|---|
| | At 1.4.2016 | Granted | Exercised | At 31.3.2017 |
| **Shares options of the Company** | | | | |
| Lim Kok Onn | 400,000 | - | (300,000) | 100,000 |
| Koh Sen Chun | 120,000 | - | (60,000) | 60,000 |
| Yau Lian Yeow | 118,000 | 10,000 | (78,000) | 50,000 |
| Leong Kim Mok | 112,000 | - | - | 112,000 |
| Chong Weh Lian | 79,000 | 20,000 | (35,000) | 64,000 |
| Mardzita Bt Yahya | 73,000 | - | (23,000) | 50,000 |
| Teo Shaw Ting | 64,000 | 20,000 | (44,000) | 40,000 |
| Yap Kai Yin | 64,000 | 100,000 | (91,000) | 73,000 |
| Woon Sheen Li | 60,000 | 10,000 | (36,000) | 34,000 |
| Nor Haidzan Binti Abd Halim | 60,000 | 30,000 | (32,000) | 58,000 |
| Hong Chee Siong | 60,000 | - | - | 60,000 |
| Mazilan Bin Ahmad | 50,000 | 10,000 | - | 60,000 |
| Saadiah Bt Abdullah | 42,000 | 10,000 | (28,000) | 24,000 |
| Hisamudin Bin Markam | 42,000 | - | (28,000) | 14,000 |
| Noraini Binti Abd Aziz | 40,000 | - | (10,000) | 30,000 |
| Amir Muliadi Bin Alias | 36,000 | - | (24,000) | 12,000 |
| Catherine Tan Bee Shuen | 36,000 | 30,000 | (24,000) | 42,000 |
| Choo Kin San | 34,000 | 20,000 | (34,000) | 20,000 |
| Hanita Binti Yusof | 32,000 | - | (16,000) | 16,000 |
| Md Lias Bin Yahya | 32,000 | 10,000 | (22,000) | 20,000 |
| Siti Fariza Binti Miskam | 30,000 | 30,000 | (27,000) | 33,000 |
| Lim Pey Luang | 28,000 | - | (14,000) | 14,000 |
| Erwan Bin Sitam | 28,000 | - | (14,000) | 14,000 |
| Yeoh Swee Hoon | 28,000 | 10,000 | (20,000) | 18,000 |
| Chan Pak Yan | 24,000 | 20,000 | (28,000) | 16,000 |
| Lim Wen Pei | 24,000 | 30,000 | (32,000) | 22,000 |
| Lee Lay Mun | 24,000 | - | (12,000) | 12,000 |
| Suzilawati Binti Mohd Zain | 20,000 | 30,000 | (23,000) | 27,000 |
| Arjunaidi Bin Ariffin | 20,000 | 10,000 | (16,000) | 14,000 |
| Goh Wee Wee | 20,000 | 10,000 | (14,000) | 16,000 |
| Suzi Hazlinna Binti Kamarudin | - | 70,000 | (40,000) | 30,000 |

**DIRECTORS**

The name of directors of the Company who served during the financial year until the date of this report are as follows:

Law Hee Ling
Chia Kah Ying
Tan Sri Dato' Seri Law Hieng Ding
Dato' Dr Ibrahim Bin Ahmad
Ng Yoon Kin
Yet Kiong Siang
Datuk Iskandar Bin Sarudin

**DIRECTORS (CONT'D)**

The name of directors of the Company's subsidiaries who served during the financial year until the date of this report, not including those directors mentioned above, are as follows:

Lim Kok Onn
Haniza Binti Ibrahim
Koh Sen Chun
Yau Lian Yeow

In accordance with Article 95 of the Company's Articles of Association, Dato' Dr Ibrahim Bin Ahmad and Datuk Iskandar Bin Sarudin retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

**DIRECTORS' INTERESTS**

The Directors holding office at the end of the financial year and their beneficial interests in the shares and options over unissued shares of the Company and its related corporations during the financial year ended 31 March 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows:

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | **At 1.4.2016** | **Bought** | **Sold** | **At 31.3.2017** |
| **Shares in the Company** | | | | |
| **Direct interests:** | | | | |
| Tan Sri Dato' Seri Law Hieng Ding | 2,000 | - | - | 2,000 |
| Dato' Dr Ibrahim Bin Ahmad | 100,000 | - | - | 100,000 |
| Chia Kah Ying | 1,440,800 | - | - | 1,440,800 |
| Law Hee Ling | 13,794,500 | - | - | 13,794,500 |
| Ng Yoon Kin | 256,300 | - | - | 256,300 |
| **Indirect interests:** | | | | |
| Dato' Dr Ibrahim Bin Ahmad | 11,000,000 | - | - | 11,000,000 |
| Law Hee Ling | 45,571,100 | - | - | 45,571,100 |
| Ng Yoon Kin | 7,667,000 | - | - | 7,667,000 |

| | Number of options over unissued ordinary shares | | | |
|---|---|---|---|---|
| | **At 1.4.2016** | **Granted** | **Exercised** | **At 31.3.2017** |
| **Shares options of the Company** | | | | |
| Dato' Dr Ibrahim Bin Ahmad | 200,000 | - | - | 200,000 |
| Chia Kah Ying | 400,000 | - | - | 400,000 |
| Law Hee Ling | 400,000 | - | - | 400,000 |
| Ng Yoon Kin | 300,000 | - | - | 300,000 |

By virtue of his interest in the shares and options over shares of the Company, Law Hee Ling is also deemed to be interested in the shares and options over unissued shares of all the subsidiaries to the extent that the Company has an interest.

The other Directors holding office at the end of the financial year had no interest in the shares and options over unissued shares of the Company and its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of remuneration received or due and receivables by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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 other than those transactions disclosed in Note 32 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Group or the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of share options pursuant to the Share Issuance Scheme of the Company.

The details of the Directors' remuneration paid or payable to the Directors of the Company during the financial year are disclosed in Note 31 to the financial statements.

## OTHER STATUTORY INFORMATION

### (I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and have satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required; and
- (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

- (i) which would render the amount written off for bad debts or the amount of allowance for impairment losses in the financial statements of the Group and of the Company inadequate to any material extent;
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
- (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (ii) no contingent or other liability has become enforceable, or is likely to become enforceable within the period of 12 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.

## OTHER STATUTORY INFORMATION (CONT'D)

### (III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

## INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors of the Company were RM9,000.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 35 to the financial statements.

## SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 36 to the financial statements.

## AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 25 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors as part of the terms of its audit engagement against any claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial year.

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

**Law Hee Ling**
Director

**Chia Kah Ying**
Director

17 July 2017

Kuala Lumpur

# STATEMENT BY DIRECTORS
## PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 39 to 96 have been drawn up in accordance with 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 of 31 March 2017 and their financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out in Note 37, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

On behalf of the Board,

**Law Hee Ling**
Director

**Chia Kah Ying**
Director

17 July 2017

Kuala Lumpur

# STATUTORY DECLARATION
## PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Chia Kah Ying, being the Director primarily responsible for the financial management of Complete Logistic Services Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 96 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly )
declared by the abovenamed at )
Kuala Lumpur in the )
Federal Territory on )
17 July 2017 )

**Chia Kah Ying**

Before me:

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Complete Logistic Services Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 39 to 96.

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 March 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### *Recoverability of trade receivables*

Refer to Note 10 to the financial statements

*Key Audit Matter*

Trade receivables are a major component of the financial position of the Group. Given the economic downturn due to the low global crude oil price, the risk of customers becoming insolvent may be high. Accordingly, there is significant judgement involved in the assessment of recoverability of receivables, particularly regarding customers' credit risk, payment behaviour, business activeness and adequacy of allowance for impairment losses of trade receivables.

*How our audit addressed the Key Audit Matter*

Our audit procedures included, among others:

- Reviewed ageing analysis of trade receivables and tested the reliability thereof;
- Reviewed subsequent cash collections for major trade receivables and overdue amounts;
- Made inquiries of management regarding the action plans to recover overdue amounts;
- Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection.

**Key Audit Matters (continued)**

***Property, Plant and Equipment ("PPE")***

Refer to Note 7 to the financial statements

| *Key Audit Matter* | *How our audit addressed the Key Audit Matter* |
|---|---|
| Given the lack of recovery in the market, management regularly monitors the carrying value of its vessels on a vessel-by-vessel basis. If there are indicators of impairment or any indication that an impairment loss may no longer exist or may have decreased, management had estimated the recoverable amount of the vessel based on the higher of its fair value less cost to sell (by obtaining broker's valuations which are indicative) and its value in use (by preparing a discounted cash flows of the future cash flows expected to be derived from the vessel).<br><br>These assessments are significant to our audit as they had involved complex and subjective management judgement and is based on assumptions that are affected by expected future market and economic conditions. | Our audit procedures included, among others:<br><br>• Reviewed management's estimate of the recoverable amount and tested the cash flows forecast for their accuracy;<br>• Evaluated the appropriateness and reasonableness of the key assumptions by considering prior budget accuracy, comparison to recent performance and our understanding of the business, trend analysis, and historical results;<br>• Performed sensitivity analysis over the key assumptions to understand the impact of changes; and<br>• Evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money. |

***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 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 a going concern, disclosing, as applicable, matters related to going concern 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.

**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 a 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.

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 8 to the financial statements.

## OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 37 on page 97 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## 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 content of this report.

**Crowe Horwath**
Firm No: AF 1018
Chartered Accountants

**Ngiam Mia Teck**
Approval No: 3000/07/18(J)
Chartered Accountant

17 July 2017

Kuala Lumpur

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 |
| | Note | RM | RM | RM | RM |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 7 | 122,521,779 | 96,528,333 | 149,062 | 216,838 |
| Investments in subsidiaries | 8 | - | - | 59,444,970 | 58,964,970 |
| | | 122,521,779 | 96,528,333 | 59,594,032 | 59,181,808 |
| **Current assets** | | | | | |
| Inventories | 9 | 1,075,078 | 854,024 | - | - |
| Trade and other receivables | 10 | 32,681,278 | 33,069,353 | 41,554,400 | 25,257,644 |
| Tax recoverable | | 1,498,632 | 1,564,146 | 7,185 | - |
| Cash and cash equivalents | 11 | 9,061,883 | 21,738,082 | 3,260,685 | 13,240,179 |
| | | 44,316,871 | 57,225,605 | 44,822,270 | 38,497,823 |
| | | 166,838,650 | 153,753,938 | 104,416,302 | 97,679,631 |
| **Equity and liabilities** | | | | | |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 12 | 67,464,127 | 61,219,000 | 67,464,127 | 61,219,000 |
| Retained earnings | 13 | 61,073,398 | 51,528,558 | 25,193,511 | 25,386,987 |
| Other reserves | 14 | 451,736 | 5,631,303 | 451,736 | 5,631,303 |
| Treasury shares | 15 | (131,249) | (131,249) | (131,249) | (131,249) |
| **Shareholders' equity** | | 128,858,012 | 118,247,612 | 92,978,125 | 92,106,041 |
| Non-controlling interests | | 687,656 | 535,327 | - | - |
| **Total equity** | | 129,545,668 | 118,782,939 | 92,978,125 | 92,106,041 |
| **Non-current liabilities** | | | | | |
| Borrowings (secured) | 16 | 11,330,088 | 10,997,477 | - | - |
| Deferred tax liabilities | 19 | 5,480,001 | 4,787,870 | - | - |
| | | 16,810,089 | 15,785,347 | - | - |
| **Current liabilities** | | | | | |
| Trade and other payables | 20 | 15,543,820 | 9,662,061 | 11,438,177 | 5,550,502 |
| Borrowings (secured) | 16 | 4,939,073 | 9,523,591 | - | - |
| Tax liabilities | | - | - | - | 23,088 |
| | | 20,482,893 | 19,185,652 | 11,438,177 | 5,573,590 |
| **Total liabilities** | | 37,292,982 | 34,970,999 | 11,438,177 | 5,573,590 |
| **Total equity and liabilities** | | 166,838,650 | 153,753,938 | 104,416,302 | 97,679,631 |

***The accompanying notes form an integral part of these financial statements.***

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| Revenue | 23 | 117,424,613 | 125,696,432 | 164,000 | 2,534,000 |
| Cost of sales | 24 | (96,402,501) | (98,897,724) | - | - |
| Gross profit | | 21,022,112 | 26,798,708 | 164,000 | 2,534,000 |
| Other income | | 1,624,247 | 2,097,400 | 363,258 | 704,148 |
| Marketing and distribution costs | | (690,397) | (820,642) | - | - |
| Administrative expenses | | (5,751,535) | (6,133,523) | (122,073) | (122,002) |
| Other expenses | | (2,997,264) | (4,041,004) | (528,646) | (611,585) |
| Finance costs | | (1,006,683) | (1,113,265) | - | - |
| Profit/(Loss) before tax | 25 | 12,200,480 | 16,787,674 | (123,461) | 2,504,561 |
| Tax expense | 26 | (2,503,311) | (449,816) | (70,015) | (106,296) |
| Profit/(Loss) after tax | | 9,697,169 | 16,337,858 | (193,476) | 2,398,265 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income/(expenses) | | 9,697,169 | 16,337,858 | (193,476) | 2,398,265 |
| Profit/(Loss) after tax attributable to: | | | | | |
| Owners of the Company | | 9,544,840 | 16,228,083 | (193,476) | 2,398,265 |
| Non-controlling interests | | 152,329 | 109,775 | - | - |
| | | 9,697,169 | 16,337,858 | (193,476) | 2,398,265 |
| Total comprehensive income/(expenses) attributable to: | | | | | |
| Owners of the Company | | 9,544,840 | 16,228,083 | (193,476) | 2,398,265 |
| Non-controlling interests | | 152,329 | 109,775 | - | - |
| | | 9,697,169 | 16,337,858 | (193,476) | 2,398,265 |
| Basic earnings per ordinary share (sen) | 27 | 7.8 | 13.3 | | |
| Diluted earnings per ordinary share (sen) | 27 | 7.7 | 13.2 | | |

***The accompanying notes form an integral part of these financial statements.***

| Group | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital RM | Share premium RM | Share option reserve RM | Treasury shares RM | Retained earnings RM | Total RM | Non-controlling interests RM | Total equity RM |
| At 1 April 2015 | 60,736,000 | 4,502,015 | 717,740 | (131,249) | 35,300,475 | 101,124,981 | 425,552 | 101,550,533 |
| Share option value | - | - | 295,628 | - | - | 295,628 | - | 295,628 |
| Issued during the financial year (Note 12) | 483,000 | 644,966 | (529,046) | - | - | 598,920 | - | 598,920 |
| Total transactions with owners | 483,000 | 644,966 | (529,046) | - | - | 598,920 | - | 598,920 |
| Profit after tax/Total comprehensive income | - | - | - | - | 16,228,083 | 16,228,083 | 109,775 | 16,337,858 |
| At 31 March/1 April 2016 | 61,219,000 | 5,146,981 | 484,322 | (131,249) | 51,528,558 | 118,247,612 | 535,327 | 118,782,939 |
| Share option value | - | - | 229,520 | - | - | 229,520 | - | 229,520 |
| Effects of Companies Act 2016 (Note 12) | 5,146,981 | (5,146,981) | - | - | - | - | - | - |
| Issued during the financial year (Note 12) | 1,098,146 | - | (262,106) | - | - | 836,040 | - | 836,040 |
| Total transactions with owners | 1,098,146 | - | (262,106) | - | - | 836,040 | - | 836,040 |
| Profit after tax/Total comprehensive income | - | - | - | - | 9,544,840 | 9,544,840 | 152,329 | 9,697,169 |
| At 31 March 2017 | 67,464,127 | - | 451,736 | (131,249) | 61,073,398 | 128,858,012 | 687,656 | 129,545,668 |

***The accompanying notes form an integral part of these financial statements.***

# STATEMENTS OF CHANGES IN EQUITY (continued)
## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

| Company | Share capital RM | Share premium RM | Share option reserve RM | Treasury shares RM | Retained earnings RM | Total equity RM |
|---|---|---|---|---|---|---|
| At 1 April 2015 | 60,736,000 | 4,502,015 | 717,740 | (131,249) | 22,988,722 | 88,813,228 |
| Share option value | - | - | 295,628 | - | - | 295,628 |
| Issued during the financial year (Note 12) | 483,000 | 644,966 | (529,046) | - | - | 598,920 |
| Profit after tax/Total comprehensive income | - | - | - | - | 2,398,265 | 2,398,265 |
| At 31 March/1 April 2016 | 61,219,000 | 5,146,981 | 484,322 | (131,249) | 25,386,987 | 92,106,041 |
| Share option value | - | - | 229,520 | - | - | 229,520 |
| Effects of Companies Act 2016 (Note 12) | 5,146,981 | (5,146,981) | - | - | - | - |
| Issued during the financial year (Note 12) | 1,098,146 | - | (262,106) | - | - | 836,040 |
| Loss after tax/Total comprehensive expenses | - | - | - | - | (193,476) | (193,476) |
| At 31 March 2017 | 67,464,127 | - | 451,736 | (131,249) | 25,193,511 | 92,978,125 |

***The accompanying notes form an integral part of these financial statements.***

| | Note | Group 2017 RM | Group 2016 RM | Company 2017 RM | Company 2016 RM |
|---|---|---|---|---|---|
| **Cash flows from/(used in) operating activities** | | | | | |
| Profit/(Loss) before tax | | 12,200,480 | 16,787,674 | (123,461) | 2,504,561 |
| Adjustments for: | | | | | |
| Bad debts written off | | - | 157,035 | - | - |
| Depreciation of property, plant and equipment | 7 | 7,560,830 | 7,277,290 | 67,776 | 67,775 |
| Dividend income from subsidiaries | 23 | - | - | (80,000) | (2,450,000) |
| Gain on bargain purchase | | (147,887) | - | - | - |
| Gain on disposal of a subsidiary | | (1,343) | - | (50,000) | - |
| Goodwill written off | | - | 271,828 | - | - |
| Impairment loss on: | | | | | |
| - property, plant and equipment | 7 | 640,000 | 355,653 | - | - |
| - trade receivables | 10 | - | 425,156 | - | - |
| Interest expense | | 1,006,683 | 1,113,265 | - | - |
| Interest income | | (363,237) | (506,652) | (313,223) | (404,148) |
| Net (gain)/loss on disposal of property, plant and equipment | | (7,096) | 269,396 | - | 833 |
| Net unrealised (gain)/loss on foreign exchange | | (57,557) | 67,071 | - | - |
| Reversal of impairment loss on: | | | | | |
| - trade receivables | 10 | (79,456) | - | - | - |
| Share option expense | | 229,520 | 295,628 | 229,520 | 295,628 |
| Operating profit/(loss) before working capital changes | | 20,980,937 | 26,513,344 | (269,388) | 14,649 |
| Changes in working capital: | | | | | |
| Inventories | | (221,054) | (540,345) | - | - |
| Trade and other receivables | | 525,088 | 5,345,778 | - | (15,000) |
| Trade and other payables | | 2,666,309 | (3,281,650) | (2,325) | (298,550) |
| Cash generated from/(used in) operations | | 23,951,280 | 28,037,127 | (271,713) | (298,901) |
| Tax paid | | (2,116,513) | (3,187,293) | (100,288) | (98,500) |
| Tax refunded | | 322,478 | 212,573 | - | 572 |
| Net cash from/(used in) operating activities | | 22,157,245 | 25,062,407 | (372,001) | (396,829) |

***The accompanying notes form an integral part of these financial statements.***

# STATEMENTS OF CASH FLOWS (continued)
## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| **Cash flows (used in)/from investing activities** | | | | | |
| Dividend income received | | - | - | 80,000 | 2,450,000 |
| Interest received | | 363,237 | 506,652 | 313,223 | 404,148 |
| Net cash outflow from the acquisition of a subsidiary | 29 | (356,761) | - | (480,000) | (2) |
| Net cash inflow from the disposal of a subsidiary | 30 | 47,165 | - | 50,000 | - |
| Proceeds from disposal of property, plant and equipment | | 72,300 | 422,459 | - | 800 |
| Purchase of property, plant and equipment | 7 | (24,648,552) | (22,305,258) | - | (2,000) |
| Advances to subsidiaries | | - | - | (16,296,756) | (1,171,105) |
| Net cash (used in)/from investing activities | | (24,522,611) | (21,376,147) | (16,333,533) | 1,681,841 |
| **Cash flows (used in)/from financing activities** | | | | | |
| Additional/(Withdrawal of) fixed deposits pledged to licensed banks | | 123,718 | (18,494) | - | - |
| Advances from subsidiaries | | - | - | 5,890,000 | 2,380,000 |
| Drawdown of term loans | | 530,000 | 12,835,000 | - | - |
| Interest paid | | (1,006,683) | (1,113,265) | - | - |
| Proceeds from shares issued | | 836,040 | 598,920 | 836,040 | 598,920 |
| Repayment of hire purchase liabilities | | (4,289,293) | (4,818,588) | - | - |
| Repayment of term loans | | (7,017,572) | (4,869,108) | - | - |
| Net cash (used in)/from financing activities | | (10,823,790) | 2,614,465 | 6,726,040 | 2,978,920 |
| Net changes in cash and cash equivalents | | (13,189,156) | 6,300,725 | (9,979,494) | 4,263,932 |
| Cash and cash equivalents at the beginning of financial year | | 21,396,169 | 15,095,444 | 13,240,179 | 8,976,247 |
| Cash and cash equivalents at the end of financial year | 11 | 8,207,013 | 21,396,169 | 3,260,685 | 13,240,179 |

*The accompanying notes form an integral part of these financial statements.*

## 1 CORPORATE INFORMATION

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

The registered office of the Company is located at 82-F, Jalan Pulasan, 41000 Klang, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 25, Jalan Berangan, 42000 Port Klang, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 17 July 2017.

## 2. PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3 BASIS OF PREPARATION

The financial statements of the Group and the Company are prepared in compliance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act 2016 in Malaysia.

## 4 SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Basis of accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors’ best knowledge of events and actions, the actual results could differ from those estimates.

### 4.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2017.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

## 4 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.2 Basis of consolidation (continued)

(a) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the parent.

(d) Loss of control

Upon the loss of control of a subsidiary, the gain or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## 4 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.3 Property, plant and equipment and depreciation

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and the carrying amount of the replaced parts are derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the item and restoring the site on which it is located for which the Group is obligated to incur when the item is acquired, if applicable.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Construction work-in-progress are stated at cost and will be transferred to the relevant category of long-term assets and depreciated accordingly when the assets are completed and ready for their intended use.

Freehold land and construction work-in-progress are not depreciated. Depreciation of other property, plant and equipment is computed on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Leasehold land | Lease terms |
| Buildings | 2% |
| Containers | 10% |
| Motor vehicles | 20% |
| Office equipment | 20% |
| Operating equipment | 10% |
| Plant and machinery | 10% |
| Vessel equipment | 10% |
| Vessels | 50 years |

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. A writedown is made if the carrying amount exceeds the recoverable amount (see Note 4.7).
The residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

**4 SIGNIFICANT ACCOUNTING POLICIES (continued)**

### 4.4 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

### 4.5 Investments

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses. On the disposal of investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Subsidiaries are entities over which the Group and the Company have the power to govern the financial and operating policies so as to obtain benefits from their activities.

Investments in subsidiaries are eliminated on consolidation.

### 4.6 Intangible assets - Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

## 4 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.7 Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which the reversal of the impairment loss is treated as revaluation increase.

### 4.8 Inventories

Inventories are stated at the lower of cost and net realisable value.
Cost is determined using the first-in, first-out formula. The cost of spare parts, consumables and trading goods comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition.
Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.
Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

### 4.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.
A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

## 4 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.9 Financial instruments (continued)

#### 4.9.1 Financial instruments recognised in the statements of financial position

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

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definition in MFRS 132. Interest, dividends, losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distribution to holders of an equity instrument is debited directly to equity, net of any related tax effect.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

#### 4.9.2 Classification

The Group classifies its financial assets in the following categories: held-to-maturity investments, financial assets at fair value through profit or loss, loans and receivables financial assets, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at every reporting date.

(a) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using effective interest method less any impairment loss, with interest income recognised in profit or loss on effective yield basis.

During the financial year, the Group did not hold any investments in this category.

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets or non-current assets. Financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date. Fair value through profit or loss also comprises contingent consideration in a business combination.

During the financial year, the Group did not hold any financial assets in this category.

## 4 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.9 Financial instruments (continued)

#### 4.9.2 Classification (continued)

(c) Loans and receivables financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as trade and other receivables.

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

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months after the reporting period.

During the financial year, the Group did not hold any financial assets in this category.

#### 4.9.3 Recognition and derecognition

Purchases and sales of investments are recognised on trade date, the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

#### 4.9.4 Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

#### 4.9.5 Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in the fair value reserve within equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity are included in profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investment in equity instrument whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

**4 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.9 Financial instruments (continued)**

**4.9.6 Determination of fair value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using various techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models refined to reflect the issuer's specific circumstances and others, where appropriate.

**4.9.7 Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investment classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is transferred from equity to profit or loss. Impairment losses recognised in profit or loss on equity investments are not reversed through profit or loss.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through the use of an allowance account. The amount of the loss shall be recognised in profit or loss.

**4.9.8 Financial instruments not recognised in the statements of financial position**

There were no financial instruments not recognised in the statements of financial position.

**4.10 Financial assets**

(a) Receivables

Trade receivables and other receivables, including amounts owing by an associate and related parties, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Receivables are not held for trading purposes.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, deposits with financial institutions and other short-term, highly liquid investments which are readily convertible to cash and are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

## 4 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.11 Financial liabilities

(a) Payables

Liabilities for trade and other payables, including amounts owing to the associate and related parties, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(b) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value of the consideration received less directly attributable costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(c) Derecognition

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

### 4.12 Equity instruments

Ordinary shares are recorded at the proceeds received. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Dividends to shareholders are recognised in equity in the period in which they are declared.

### 4.13 Treasury shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchases, sales, issue or cancellation of treasury shares.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

### 4.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 4 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.15 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Taxes in the statements of profit or loss comprise current tax and deferred tax.

(a) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable. In addition, receivables and payables are also stated with the amount of GST included.

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

**4 SIGNIFICANT ACCOUNTING POLICIES (continued)**

### 4.16 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

### 4.17 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 specific 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 liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

### 4.18 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

## 4 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.18 Employee benefits

(c) Share-based payment transactions

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

### 4.19 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency transactions and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such a forward contracts are used. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at exchange rates ruling at the end of the reporting period with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

### 4.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts, rebates and Goods and Services Tax ("GST").

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

**4 SIGNIFICANT ACCOUNTING POLICIES (continued)**

### 4.20 Revenue recognition

(a) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.

(b) Services

Revenue from logistics services is recognised upon services rendered.

(c) Dividend income

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

(d) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight-line basis.

### 4.21 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### 4.22 Related parties

A party is related to an entity (referred to as the "reporting entity") if:

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**4 SIGNIFICANT ACCOUNTING POLICIES (continued)**

### 4.22 Related parties

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any members of a Group of which it is a part, provide key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

### 4.23 Fair value measurements

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's 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. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

- (i) Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- (ii) Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

## 4 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.24 Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effect of all dilutive potential ordinary shares, which comprise share options granted to employees.

## 5 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

5.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):

**Description**

MFRS 14 Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101: Disclosure Initiative
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants
Amendments to MFRS 127: Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

5.2 At the date of authorisation of these financial statements, the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group:

| Description | Effective Date |
|---|---|
| MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) | 1 January 2018 |
| MFRS 15 Revenue from Contracts with Customers | 1 January 2018 |
| MFRS 16 Leases | 1 January 2019 |
| IC Interpretation 22 Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions | 1 January 2018 |
| Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts | 1 January 2018 |
| Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred until further notice |
| Amendments to MFRS 15: Effective Date of MFRS 15 | 1 January 2018 |
| Amendments to MFRS 15: Clarification to MFRS 15 'Revenue from Contracts with Customers' | 1 January 2018 |
| Amendments to MFRS 107: Disclosure Initiative | 1 January 2017 |
| Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses | 1 January 2017 |
| Amendments to MFRS 140 – Transfers of Investment Property | 1 January 2018 |

## 5 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

5.2 At the date of authorisation of these financial statements, the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group: (continued)

| Description | Effective Date |
|---|---|
| Annual Improvements to MFRS Standards 2014 – 2016 Cycles: | |
| • Amendments to MFRS 12: Clarification of the Scope of Standard | 1 January 2017 |
| Annual Improvements to MFRS Standards 2014 – 2016 Cycles: | |
| • Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters | |
| • Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value | 1 January 2018 |

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is not expected to have any significant effects to the financial statements of the Group upon their initial application except as follows:

*MFRS 9 (IFRS 9 issued by IASB in July 2014)*

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

*MFRS 15: Revenue from Contracts with Customers & Amendments to MFRS 15: Effective Date of MFRS 15 & Amendements to MFRS 15: Clarifications to MFRS 15 to MFRS 15*

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

*Amendments to MFRS 107: Disclosure Initiative*

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

## 6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical judgements made in applying accounting policies

There are no critical judgements made by the management in the process of applying the Group's and the Company's accounting policies that have significant effects on the amounts recognised in the financial statements.

(b) Key sources of estimation of uncertainties

The key assumptions concerning the future and other key sources of estimation of uncertainties at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Income tax and deferred tax

Judgement is required in determining the capital allowances and the deductibility of certain expenses when estimating the provision for income taxes. There were transactions during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities based on estimation of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax, if any, in the periods in which the outcome is known.

(ii) Depreciation of property, plant and equipment

The costs of the vessels are depreciated to their residual values on a straight-line basis over their useful lives. The management estimates their useful lives to be 50 years. These are common life expectancies applied in the shipping industry. Regular and proper maintenance on these assets could impact their economic useful lives and residual values, therefore future depreciation charges could be revised.

(iii) Credit risk

The Group has no major concentration of credit risk as at 31 March 2017 except for trade receivables amounting to RM6.1 million (2016: RM6.1 million) which have exceeded the credit terms granted. The Directors believe that there is no credit risk on these trade receivables based on the Group's historical experience in their collections. Accordingly, no additional allowance for impairment of trade receivables is made for these trade receivables. However, where there are amounts not recoverable, these amounts will have an impact on the consolidated statement of profit or loss and other comprehensive income. The maximum exposures of credit risk to other receivables are represented by their carrying amounts in the statements of financial position.

## 6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Key sources of estimation of uncertainties (continued)

(iv) Fair value of financial instruments

The methods and assumptions used by the management to determine the fair values of financial instruments are as follows:

(aa) The carrying amounts of financial assets and liabilities maturing within 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(bb) In respect of long-term borrowings, the carrying amounts approximated their fair values as they are on floating rates and are repriced to market interest rates for liabilities with similar risk profiles.

(v) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(vi) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vii) Share based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimate of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

## 7 PROPERTY, PLANT AND EQUIPMENT

| Group<br>Carrying amount | At 1 April RM | Additions RM | Acquisition of a subsidiary RM | Disposals RM | Reclassification RM | Impairment loss RM | Depreciation RM | At 31 March RM |
|---|---|---|---|---|---|---|---|---|
| **2016/2017** | | | | | | | | |
| Freehold land | 15,236,540 | - | - | - | - | - | - | 15,236,540 |
| Leasehold land | 16,749,842 | 9,613,240 | 9,610,928 | - | - | - | (363,394) | 35,610,616 |
| Buildings | 11,557,622 | 640,000 | - | - | 5,355,386 | (640,000) | (312,853) | 16,600,155 |
| Containers | 980 | - | - | - | - | - | (980) | - |
| Motor vehicles | 919,318 | 475,999 | - | (5,334) | - | - | (370,887) | 1,019,096 |
| Office equipment | 507,336 | 111,381 | - | - | - | - | (226,165) | 392,552 |
| Operating equipment | 31,447,629 | 4,577,125 | - | (59,870) | - | - | (5,821,520) | 30,143,364 |
| Plant and machinery | 12,472 | 380,000 | - | - | - | - | (12,180) | 380,292 |
| Vessel equipment | 366,435 | 95,518 | - | - | - | - | (72,807) | 389,146 |
| Vessels | 16,206,224 | - | - | - | - | - | (380,044) | 15,826,180 |
| Construction work-in-progress | 3,523,935 | 8,755,289 | - | - | (5,355,386) | - | - | 6,923,838 |
| | 96,528,333 | 24,648,552 | 9,610,928 | (65,204) | - | (640,000) | (7,560,830) | 122,521,779 |
| **2015/2016** | | | | | | | | |
| Freehold land | 15,236,540 | - | - | - | - | - | - | 15,236,540 |
| Leasehold land | 2,994,469 | 13,903,666 | - | - | - | - | (148,293) | 16,749,842 |
| Buildings | 11,825,844 | - | - | - | - | - | (268,222) | 11,557,622 |
| Containers | 1,960 | - | - | - | - | - | (980) | 980 |
| Motor vehicles | 935,454 | 363,608 | - | (790) | - | - | (378,954) | 919,318 |
| Office equipment | 697,863 | 56,806 | - | (1,633) | - | - | (245,700) | 507,336 |
| Operating equipment | 31,877,860 | 6,383,034 | - | (689,432) | - | (355,653) | (5,768,180) | 31,447,629 |
| Plant and machinery | 43,826 | - | - | - | - | - | (31,354) | 12,472 |
| Vessel equipment | 422,397 | 28,450 | - | - | - | - | (84,412) | 366,435 |
| Vessels | 16,557,419 | - | - | - | - | - | (351,195) | 16,206,224 |
| Construction work-in-progress | - | 3,523,935 | - | - | - | - | - | 3,523,935 |
| | 80,593,632 | 24,259,499 | - | (691,855) | - | (355,653) | (7,277,290) | 96,528,333 |

## 7 PROPERTY, PLANT AND EQUIPMENT (continued)

**Group**

| | Cost RM | Accumulated depreciation RM | Accumulated impairment loss RM | Carrying amount RM |
|---|---|---|---|---|
| **At 31.3.2017** | | | | |
| Freehold land | 15,236,540 | - | - | 15,236,540 |
| Leasehold land | 36,245,448 | (634,832) | - | 35,610,616 |
| Buildings | 19,406,797 | (2,166,642) | (640,000) | 16,600,155 |
| Containers | 9,800 | (9,800) | - | - |
| Motor vehicles | 3,240,378 | (2,221,282) | - | 1,019,096 |
| Office equipment | 1,567,352 | (1,174,800) | - | 392,552 |
| Operating equipment | 78,791,485 | (48,292,468) | (355,653) | 30,143,364 |
| Plant and machinery | 1,092,923 | (712,631) | - | 380,292 |
| Vessel equipment | 1,015,857 | (626,711) | - | 389,146 |
| Vessels | 61,862,021 | (16,497,512) | (29,538,329) | 15,826,180 |
| Construction work-in-progress | 6,923,838 | - | - | 6,923,838 |
| | 225,392,439 | (72,336,678) | (30,533,982) | 122,521,779 |
| **At 31.3.2016** | | | | |
| Freehold land | 15,236,540 | - | - | 15,236,540 |
| Leasehold land | 17,021,280 | (271,438) | - | 16,749,842 |
| Buildings | 13,411,411 | (1,853,789) | - | 11,557,622 |
| Containers | 9,800 | (8,820) | - | 980 |
| Motor vehicles | 2,774,379 | (1,855,061) | - | 919,318 |
| Office equipment | 1,455,971 | (948,635) | - | 507,336 |
| Operating equipment | 74,394,960 | (42,591,678) | (355,653) | 31,447,629 |
| Plant and machinery | 1,132,923 | (1,120,451) | - | 12,472 |
| Vessel equipment | 920,339 | (553,904) | - | 366,435 |
| Vessels | 61,862,021 | (16,117,468) | (29,538,329) | 16,206,224 |
| Construction work-in-progress | 3,523,935 | - | - | 3,523,935 |
| | 191,743,559 | (65,321,244) | (29,893,982) | 96,528,333 |

(a) During the financial year, the Group made the following cash payments to acquire property, plant and equipment:

| | 2017 RM | 2016 RM |
|---|---|---|
| Purchase of property, plant and equipment | 24,648,552 | 24,259,499 |
| Financed by hire purchase arrangements | - | (1,954,241) |
| Cash payments | 24,648,552 | 22,305,258 |

(b) The property, plant and equipment acquired under hire purchase arrangements are as follows:

| | 2017 RM | 2016 RM |
|---|---|---|
| **Carrying amount** | | |
| Motor vehicles | 228,385 | 146,609 |
| Operating equipment | 1,100,539 | 13,154,552 |
| | 1,328,924 | 13,301,161 |

Details of the terms and conditions of hire purchase arrangements are disclosed in Note 17.

## 7 PROPERTY, PLANT AND EQUIPMENT (continued)

(c) The following property, plant and equipment have been charged to licensed banks as disclosed in Note 18 for banking facilities granted to the Group:

| | 2017<br>RM | 2016<br>RM |
|---|---|---|
| **Carrying amount** | | |
| Freehold land | 14,044,232 | 15,145,348 |
| Leasehold land | 27,723,122 | 13,807,624 |
| Buildings | 968,827 | 9,617,098 |
| Operating equipment | 3,154,852 | 2,790,825 |
| | 45,891,033 | 41,360,895 |

(d) Certain building, operating equipment and vessels (2016: operating equipment and vessels) of the Group were not in operations. The carrying amount of a building had been fully impaired amounting to RM640,000 which was recognised in "other expenses" line item of the statement of profit or loss and other comprehensive income. Whereas for operating equipment and vessels, no additional impairment loss was required during the financial year. In the previous financial year, the impairment loss of RM355,653 was recognised in "other expenses" line item of the statement of profit or loss and other comprehensive income.

| Company | At 1 April<br>RM | Addition<br>RM | Disposal<br>RM | Depreciation<br>RM | At 31 March<br>RM |
|---|---|---|---|---|---|
| **2016/2017** | | | | | |
| Office equipment | 216,838 | - | - | (67,776) | 149,062 |
| **2015/2016** | | | | | |
| Office equipment | 284,246 | 2,000 | (1,633) | (67,775) | 216,838 |

| | Cost<br>RM | Accumulated depreciation<br>RM | Carrying amount<br>RM |
|---|---|---|---|
| **At 31.3.2017** | | | |
| Office equipment | 338,872 | (189,810) | 149,062 |
| **At 31.3.2016** | | | |
| Office equipment | 338,872 | (122,034) | 216,838 |

## 8 INVESTMENTS IN SUBSIDIARIES

| Company | 2017<br>RM | 2016<br>RM |
|---|---|---|
| **Unquoted shares, at cost** | | |
| At 1 April 2016/2015 | 58,964,970 | 58,964,968 |
| Acquisition (Note 29) | 480,000 | 2 |
| At 31 March | 59,444,970 | 58,964,970 |

**8 INVESTMENTS IN SUBSIDIARIES (continued)**

Details of the subsidiaries are as follows:

| Name of company | Principal Place of Business/Country of Incorporation | Percentage of issued share Effective interest 2017 | 2016 | Principal activities |
|---|---|---|---|---|
| Bagai Pertama Sdn. Bhd. # | Malaysia | 100% | 100% | Shipowner/provision of marine transportation services |
| Complete Container Services Sdn. Bhd. # | Malaysia | 100% | 100% | Shipowner/provision of marine transportation services |
| Complete Logistic Specialists Sdn. Bhd. | Malaysia | 100% | 100% | Total logistics services provider |
| Complete Marine Services Sdn. Bhd. | Malaysia | 100% | 100% | Shipowner/provision of marine transportation services |
| Complete Shipping Sdn. Bhd. # | Malaysia | 100% | 100% | Shipowner/provision of marine transportation services |
| Complete Tug & Barge Sdn. Bhd. # | Malaysia | - | 100% | Shipowner/provision of marine transportation services |
| Dolphin Shipping Agency Sdn. Bhd. | Malaysia | 100% | 100% | Trading of freight |
| Ecocentre Sdn. Bhd. | Malaysia | 65% | 65% | Processing and trading of rubber, dust trading of tyres, lubricants and related products, provision of tyres maintenance services |
| Gems Logistics Sdn. Bhd. # | Malaysia | 100% | 100% | Investment holding |
| Guper Industrial Park Sdn. Bhd. # | Malaysia | 100% | 100% | Dormant since incorporation |
| Guper Integrated Logistics Sdn. Bhd. | Malaysia | 100% | 100% | Total logistic services with, haulage forwarding and other associated services |
| Guper Properties Sdn. Bhd. # | Malaysia | 100% | 100% | Insurance agents |
| Guper Resources Sdn. Bhd. # | Malaysia | 100% | 100% | Investment holding |
| Island Network Sdn. Bhd. | Malaysia | 100% | 100% | General trading |
| Malsuria Logistics Sdn. Bhd. | Malaysia | 100% | 100% | Shipowner/provision of marine transportation services |
| Malsuria (M) Sdn. Bhd. | Malaysia | 100% | 100% | Shipowner/provision of marine transportation services |
| Malsuria Tanker Services Sdn. Bhd. | Malaysia | 100% | 100% | Shipowner/provision of marine transportation services |

**8 INVESTMENTS IN SUBSIDIARIES (continued)**

| Name of company | Principal Place of Business/Country of Incorporation | Percentage of issued share Effective interest 2017 | 2016 | Principal activities |
|---|---|---|---|---|
| Pengangkutan Sekata Sdn. Bhd. | Malaysia | 100% | 100% | Lorry transport operator |
| Sierra Jaya Sdn. Bhd. | Malaysia | 100% | 100% | Shipowner/provision of marine transportation services |
| Ultra Trinity Sdn. Bhd. # | Malaysia | 100% | - | Investment holding |
| Subsidiary of Pengangkutan Sekata Sdn. Bhd. | | | | |
| Dian Pahlawan Sdn. Bhd. # | Malaysia | 100% | 100% | Lorry transport operator |
| Sin Hiap Hoe Trading & Transport Sdn. Berhad # | Malaysia | 100% | 100% | Lorry transport operator |

# Not audited by Messrs. Crowe Horwath

(a) In the previous financial year, an impairment loss of RM660,459 was recognised in "other expenses" line item of the statement of profit or loss and other comprehensive income, as the recoverable amount of the investments in subsidiaries is lower than the carrying amount as a result of the continuing losses of the subsidiary.

(b) The non-controlling interests at the end of the reporting period comprise the following:

| Group | 2017 RM | 2016 RM |
|---|---|---|
| Ecocentre Sdn. Bhd. ("Ecocentre") | 687,656 | 535,327 |

The summarised financial information (before intra-group elimination) for the subsidiary that has non-controlling interests that are material to the Group is as follows:

| | Ecocentre 2017 RM | 2016 RM |
|---|---|---|
| **At 31 March** | | |
| Non-current assets | 25,931 | 64,619 |
| Current assets | 4,061,828 | 3,171,928 |
| Non-current liabilities | (2,466) | (3,107) |
| Current liabilities | (2,120,559) | (1,703,934) |
| Net assets | 1,964,734 | 1,529,506 |
| **Financial year ended 31 March** | | |
| Revenue | 9,069,294 | 9,614,019 |
| Profit after tax/Total comprehensive income | 435,228 | 313,643 |
| Total comprehensive income attributable to non-controlling interests | 152,329 | 109,775 |
| Net cash from operating activities | 21,306 | 83,142 |
| Net cash from investing activities | 4,748 | 1,227 |
| Net cash used in financing activities | (138,266) | (318,767) |

## 9 INVENTORIES

| Group | 2017 RM | 2016 RM |
|---|---|---|
| Trading goods, at cost | 1,075,078 | 854,024 |

None of the inventories is carried at net realisable values.

Inventories recognised as cost of sales are disclosed in Note 24.

## 10 TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| **Trade receivables** | | | | |
| Third parties | 26,710,640 | 28,438,604 | - | - |
| Related parties | 2,436,761 | 2,195,701 | - | - |
| Less: Impairment loss on third party receivables | (1,008,342) | (1,145,816) | - | - |
| | 28,139,059 | 29,488,489 | - | - |
| **Other receivables** | | | | |
| Subsidiaries | - | - | 41,537,400 | 25,240,644 |
| Other receivables | 1,279,518 | 717,422 | - | - |
| Deposits | 2,157,287 | 1,794,675 | 2,000 | 2,000 |
| Prepayments | 1,105,414 | 1,068,767 | 15,000 | 15,000 |
| | 4,542,219 | 3,580,864 | 41,554,400 | 25,257,644 |
| | 32,681,278 | 33,069,353 | 41,554,400 | 25,257,644 |

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 1 to 4 months (2016: 1 to 4 months).

(b) Movement of the impairment loss on third party receivables is as follows:

| Group | 2017 RM | 2016 RM |
|---|---|---|
| At 1 April 2016/2015 | (1,145,816) | (2,068,887) |
| Addition | - | (425,156) |
| Reversal | 79,456 | - |
| Written off | 36,728 | 1,348,227 |
| Disposal of a subsidiary | 21,290 | - |
| At 31 March | (1,008,342) | (1,145,816) |

(c) Amounts owing by subsidiaries represent payments made on behalf, which are unsecured, interest-free and repayable on demand.

## 11 CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| Fixed deposits with licensed banks | 3,192,370 | 11,940,424 | 3,027,370 | 11,651,706 |
| Cash and bank balances | 5,869,513 | 9,797,658 | 233,315 | 1,588,473 |
| As per statements of financial position | 9,061,883 | 21,738,082 | 3,260,685 | 13,240,179 |
| Fixed deposits pledged to licensed banks | (165,000) | (288,718) | - | - |
| Bank overdraft | (689,870) | (53,195) | - | - |
| As per statements of cash flows | 8,207,013 | 21,396,169 | 3,260,685 | 13,240,179 |

(a) Fixed deposits of the Group at the end of the reporting period have maturity periods ranging from 1 to 12 (2016: 1 to 12) months.

(b) Effective interest rate of the fixed deposits of the Group range from 3.05% to 3.10% (2016: 3.10% to 4.30%) per annum.

## 12 SHARE CAPITAL

| | 2017 | | 2016 | |
|---|---|---|---|---|
| **Group and Company** | **Number of shares** | **RM** | **Number of shares** | **RM** |
| Ordinary shares of RM0.50 each: | | | | |
| Authorised | N/A | N/A | 200,000,000 | 100,000,000 |
| Issued and fully paid-up: | | | | |
| Ordinary Shares with No Par Value (2016 - Par Value of RM0.50 Each) | | | | |
| At 1 April 2016/2015 | 122,438,000 | 61,219,000 | 121,472,000 | 60,736,000 |
| Issued during the financial year | 1,323,000 | 1,098,146 | 966,000 | 483,000 |
| Transfer from share premium account | - | 5,146,981 | - | - |
| At 31 March | 123,761,000 | 67,464,127 | 122,438,000 | 61,219,000 |

N/A Not applicable due to the adoption of the Companies Act 2016 as disclosed below.

On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

## 13 RETAINED EARNINGS

### Company

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

## 14 OTHER RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| **Non-distributable** | | | | |
| Share premium | - | 5,146,981 | - | 5,146,981 |
| Share option reserve | 451,736 | 484,322 | 451,736 | 484,322 |
| | 451,736 | 5,631,303 | 451,736 | 5,631,303 |

### Share option reserve

The share option reserve represents the equity-settled share options granted to directors and employees of the Group.

In previous financial years, the Company granted share options to eligible directors and employees of the Group under the Share Issuance Scheme ("SIS") approved by the shareholders of the Company at the extraordinary general meeting held on 25 September 2013 to subscribe for a total of 6,400,000 ordinary shares at an exercise price of RM0.62 per share ("SIS 1"), out of which a total of 140,000 (2016: Nil) ordinary shares was forfeited during the financial year due to the resignations of employees and total of 1,332,000 (2016: 1,274,000) ordinary shares is exercisable at the end of the reporting period.

During the financial year, the Company has granted share options to eligible directors and employees of the Group under the SIS approved by the shareholders of the Company at the extraordinary general meeting held on 25 September 2013 to subscribe for a total of 845,000 ordinary shares at an exercise price of RM0.68 per share ("SIS 2"), out of which a total of 50,000 ordinary shares was forfeited due to the resignations of employees and a total of 214,000 ordinary shares is exercisable at the end of the reporting period.

The share options granted are exercisable at any time from the date of offer up to the date of expiry on 18 November 2018 subject to a maximum percentage of 40% (2016: 20%) of the total number of share options granted in each year from the date of offer. Where the maximum percentage of the share options for a particular period is not fully exercised, the unexercised share options shall be carried forward to the next period and shall not be subject to the maximum percentage for the next period.

During the financial year, a total of 1,060,000 (2016: 966,000) ordinary shares under the SIS 1 and 263,000 ordinary shares under the SIS 2 were exercised by the eligible directors and employees of the Group.

The number and weighted average exercise prices ("WAEP") of share options are as follows:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| **Company** | **WAEP** | **Number of options** | **WAEP** | **Number of options** |
| **SIS 1** | | | | |
| Outstanding at 1 April 2016/2015 | RM0.62 | 3,714,000 | RM0.62 | 4,680,000 |
| Exercised | RM0.62 | (1,060,000) | RM0.62 | (966,000) |
| Forfeited | RM0.62 | (140,000) | RM0.62 | - |
| Outstanding at 31 March | RM0.62 | 2,514,000 | RM0.62 | 3,714,000 |
| Exercisable at 31 March | RM0.62 | 1,332,000 | RM0.62 | 1,274,000 |

## 14 OTHER RESERVES (continued)

| Company | 2017 WAEP | 2017 Number of options | 2016 WAEP | 2016 Number of options |
|---|---|---|---|---|
| **SIS 2** | | | | |
| Outstanding at 1 April 2016/2015 | - | - | - | - |
| Granted | RM0.68 | 845,000 | - | - |
| Exercised | RM0.68 | (263,000) | - | - |
| Forfeited | RM0.68 | (50,000) | - | - |
| Outstanding at 31 March | RM0.68 | 532,000 | - | - |
| Exercisable at 31 March | RM0.68 | 214,000 | - | - |

The fair value of share options is measured using Black-Scholes model taking into account the following assumptions:

| | SIS 1 | SIS 2 |
|---|---|---|
| Fair value at grant date | RM0.217 | RM0.122 |
| Exercise price | RM0.62 | RM0.68 |
| Share price at grant date | RM0.69 | RM0.75 |
| Weighted average share price | RM0.65 | RM0.71 |
| Expected life | 5 years | 874 days |
| Expected dividend yield | 0% | 0% |
| Expected volatility | 22.62% | 8.19% |
| Risk-free rate | 3.10% | 3.05% |

## 15 TREASURY SHARES

This amount relates to the acquisition cost of treasury shares net of proceeds received from their subsequent sale or issuance. The shares purchased were retained as treasury shares in accordance with Section 127 of the Companies Act 2016 and are presented as a deduction from the shareholders' equity.

During the financial year, there were no treasury shares being purchased, sold or cancelled by the Company.

As at 31 March 2017, the Company held a total number of 319,300 treasury shares out of its 123,761,000 issued and fully paid-up ordinary shares at a carrying amount of RM131,249.

## 16 BORROWINGS (SECURED)

| Group | 2017 RM | 2016 RM |
|---|---|---|
| **Non-current liabilities** | | |
| Hire purchase liabilities | 76,388 | 1,383,418 |
| Term loans | 11,253,700 | 9,614,059 |
| | 11,330,088 | 10,997,477 |
| **Current liabilities** | | |
| Bank overdraft | 689,870 | 53,195 |
| Hire purchase liabilities | 323,969 | 3,306,232 |
| Term loans | 3,925,234 | 6,164,164 |
| | 4,939,073 | 9,523,591 |
| | 16,269,161 | 20,521,068 |
| **Total borrowings** | | |
| Bank overdraft | 689,870 | 53,195 |
| Hire purchase liabilities (Note 17) | 400,357 | 4,689,650 |
| Term loans (Note 18) | 15,178,934 | 15,778,223 |
| | 16,269,161 | 20,521,068 |

Bank overdraft is secured by:

(a) a corporate guarantee of the Company; and
(b) a personal guarantee of certain Directors and/or directors of a subsidiary.

## 17 HIRE PURCHASE LIABILITIES

| Group | 2017 RM | 2016 RM |
|---|---|---|
| Minimum hire purchase payments: | | |
| - not later than 1 year | 335,235 | 3,482,246 |
| - later than 1 year but not later than 5 years | 77,614 | 1,422,746 |
| Total minimum hire purchase payments | 412,849 | 4,904,992 |
| Less: Future interest charges | (12,492) | (215,342) |
| Present value of hire purchase liabilities (Note 16) | 400,357 | 4,689,650 |

Information on the financial risks of hire purchase liabilities are disclosed in Note 34.1(c).

## 18 TERM LOANS

| Group | 2017 RM | 2016 RM |
|---|---|---|
| **Non-current portion** | | |
| Repayable between 1 and 2 years | 3,461,429 | 3,037,039 |
| Repayable between 2 and 5 years | 6,841,183 | 4,636,912 |
| Repayable more than 5 years | 951,088 | 1,940,108 |
| | 11,253,700 | 9,614,059 |
| **Current portion** | | |
| Repayable within 1 year | 3,925,234 | 6,164,164 |
| Total term loans (Note 16) | 15,178,934 | 15,778,223 |

Term loans are secured by:

(a) a facility agreement as principal instrument;
(b) a corporate guarantee of the Company as disclosed in Note 22;
(c) certain property, plant and equipment of the Group as disclosed in Note 7; and
(d) a personal guarantee of certain Directors and/or directors of a subsidiary.

Details of term loans are as follows:

| | 2017 RM | 2016 RM |
|---|---|---|
| Term loan I | 350,656 | 2,996,557 |
| Term loan II | 174,560 | 1,270,696 |
| Term loan III | 2,302,450 | 2,837,793 |
| Term loan IV | 3,218,859 | 3,795,545 |
| Term loan V | 4,107,300 | 4,877,632 |
| Term loan VI | 2,921,757 | - |
| Term loan VII | 2,103,352 | - |
| | 15,178,934 | 15,778,223 |

| | Number of monthly instalments | | Monthly instalments RM | Commencement month of repayment | Effective interest rate per annum 2016 % | Effective interest rate per annum 2015 % |
|---|---|---|---|---|---|---|
| Term loan I | 96 | | 227,879 | July 2010 | 5.10 | 5.10 |
| Term loan II | 60 | | 94,861 | April 2012 | 5.60 | 5.60 |
| Term loan III | 60 | | 100,869 | September 2015 | 5.38 | 5.35 |
| Term loan IV | 84 | * | 47,858 | August 2015 | 4.57 | 4.62 |
| Term loan V | 84 | * | 63,929 | September 2015 | 4.57 | 4.62 |
| Term loan VI | 84 | * | 45,477 | August 2015 | 4.57 | - |
| Term loan VII | 84 | * | 32,739 | August 2015 | 4.57 | - |

* The monthly instalments comprising principal loan repayment only.

Information on the financial risks of term loans are disclosed in Note 34.1(c).

## 19 DEFERRED TAX LIABILITIES

(a) Deferred tax liabilities and assets are made up as follows:

| Group | 2017 RM | 2016 RM |
|---|---|---|
| At 1 April 2016/2015 | 4,787,870 | 5,577,575 |
| Recognised in profit or loss (Note 26) | 692,131 | (789,705) |
| At 31 March | 5,480,001 | 4,787,870 |
| Presented after appropriate offsetting: | | |
| Deferred tax assets | (244,895) | (150,453) |
| Deferred tax liabilities | 5,724,896 | 4,938,323 |
| | 5,480,001 | 4,787,870 |

(b) Components and movements of deferred tax liabilities and assets prior to offsetting are as follows:

| Deferred tax liabilities<br>Group | Property, plant and equipment RM | Total RM |
|---|---|---|
| At 1 April 2015 | 5,832,132 | 5,832,132 |
| Recognised in profit or loss | (893,809) | (893,809) |
| At 31 March/1 April 2016 | 4,938,323 | 4,938,323 |
| Recognised in profit or loss | 786,573 | 786,573 |
| At 31 March 2017 | 5,724,896 | 5,724,896 |

| Deferred tax assets<br>Group | Unutilised tax losses RM | Unabsorbed capital allowances RM | Provisions RM | Total RM |
|---|---|---|---|---|
| At 1 April 2015 | (14,298) | (130,762) | (109,497) | (254,557) |
| Recognised in profit or loss | (13,813) | 99,513 | 18,404 | 104,104 |
| At 31 March/1 April 2016 | (28,111) | (31,249) | (91,093) | (150,453) |
| Recognised in profit or loss | 8,612 | (10,464) | (92,590) | (94,442) |
| At 31 March 2017 | (19,499) | (41,713) | (183,683) | (244,895) |

(c) Amounts of temporary differences for which no deferred tax assets have been recognised are as follows:

| Group | 2017 RM | 2016 RM |
|---|---|---|
| Unutilised tax losses | 2,104,574 | 2,528,235 |
| Others | 197,382 | 218,672 |
| | 2,301,956 | 2,746,907 |

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

## 20 TRADE AND OTHER PAYABLES

| | Group 2017 RM | Group 2016 RM | Company 2017 RM | Company 2016 RM |
|---|---|---|---|---|
| **Trade payables** | | | | |
| Third parties | 8,860,186 | 5,315,446 | 4,200 | 3,600 |
| Related parties | 620,225 | 293,435 | - | - |
| | 9,480,411 | 5,608,881 | 4,200 | 3,600 |
| **Other payables** | | | | |
| Other payables | 1,691,590 | 2,024,367 | 3,219 | 6,611 |
| Related parties | 32,780 | 10,855 | - | - |
| Subsidiaries | - | - | 11,319,258 | 5,429,258 |
| Director | 2,000,000 | - | - | - |
| Accruals | 2,339,039 | 2,017,958 | 111,500 | 111,033 |
| | 6,063,409 | 4,053,180 | 11,433,977 | 5,546,902 |
| | 15,543,820 | 9,662,061 | 11,438,177 | 5,550,502 |

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranged from 1 to 4 months (2016: 1 to 4 months).

(b) Amounts owing to related parties represent advances and payments made on behalf which are unsecured, interest-free and repayable on demand.

(c) Amounts owing to subsidiaries represent advances and payments made on behalf which are unsecured, interest-free and repayable on demand.

(d) Amount owing to a Director represents advances and payments made on behalf which are unsecured, interest-free and repayable on demand.

## 21 CAPITAL COMMITMENT

| Group | 2017 RM | 2016 RM |
|---|---|---|
| Approved and contracted for: | | |
| Purchase of property, plant and equipment | 16,040,427 | 3,918,208 |

## 22 FINANCIAL GUARANTEE CONTRACTS

| Company | 2017 RM | 2016 RM |
|---|---|---|
| **Secured** | | |
| Corporate guarantee given to licensed banks for banking facilities granted to subsidiaries (Note 18) | 10,493,039 | 12,834,861 |

## 23 REVENUE

| | Group 2017 RM | Group 2016 RM | Company 2017 RM | Company 2016 RM |
|---|---|---|---|---|
| Sale of goods | 4,464,745 | 7,913,976 | - | - |
| Rendering of services | 112,959,868 | 117,782,456 | - | - |
| Dividend income from subsidiaries | - | - | 80,000 | 2,450,000 |
| Management fee receivable | - | - | 84,000 | 84,000 |
| | 117,424,613 | 125,696,432 | 164,000 | 2,534,000 |

## 24 COST OF SALES

| Group | 2017 RM | 2016 RM |
|---|---|---|
| Inventories sold (Note 9) | 12,970,595 | 14,553,264 |
| Services rendered | 83,431,906 | 84,344,460 |
| | 96,402,501 | 98,897,724 |

## 25 PROFIT/(LOSS) BEFORE TAX

| | Group 2017 RM | Group 2016 RM | Company 2017 RM | Company 2016 RM |
|---|---|---|---|---|
| Profit/(Loss) before tax is arrived at after (charging)/crediting: | | | | |
| Auditors' remuneration: | | | | |
| Statutory audits | | | | |
| - current year | (203,000) | (191,000) | (35,000) | (34,000) |
| - underprovision in prior years | - | (16,900) | - | - |
| Other audit services | (5,000) | (5,000) | (5,000) | (5,000) |
| Bad debts written off | - | (157,035) | - | - |
| Depreciation of property, plant and equipment (Note 7) | (7,560,830) | (7,277,290) | (67,776) | (67,775) |
| Directors' remuneration: | | | | |
| Directors of the Company | | | | |
| - fees | (72,000) | (71,533) | (72,000) | (71,533) |
| - other emoluments | (1,288,724) | (1,405,607) | (22,750) | (15,000) |
| Directors of the subsidiaries | | | | |
| - other emoluments | (376,137) | (425,361) | - | - |
| Goodwill written off | - | (271,828) | - | - |
| Impairment losses on: | | | | |
| - property, plant and equipment (Note 7) | (640,000) | (355,653) | - | - |
| - trade receivables (Note 10) | - | (425,156) | - | - |
| Interest expense on: | | | | |
| - bank overdraft | (32,059) | (45,996) | - | - |
| - hire purchase | (175,842) | (391,919) | - | - |
| - term loans | (798,782) | (675,350) | - | - |
| Loss on disposal of property, plant and equipment | (6,584) | (300,151) | - | (833) |
| Realised loss on foreign exchange | (145,552) | (351,569) | - | - |

## 25 PROFIT/(LOSS) BEFORE TAX (continued)

| | Group 2017 RM | Group 2016 RM | Company 2017 RM | Company 2016 RM |
|---|---|---|---|---|
| Profit/(Loss) before tax is arrived at after (charging)/crediting:(continued) | | | | |
| Rental of premises | - | (420,000) | - | - |
| Share option expense | (229,520) | (295,628) | (229,520) | (295,628) |
| Unrealised loss on foreign exchange | (9,821) | (67,071) | - | - |
| Bad debts recovered | 40,000 | 2,000 | - | - |
| Dividend income from subsidiaries (Note 23) | - | - | 80,000 | 2,450,000 |
| Gain on bargain purchase | 147,887 | - | - | - |
| Gain on disposal of a subsidiary | 1,343 | - | 50,000 | - |
| Gain on disposal of property, plant and equipment | 13,680 | 30,755 | - | - |
| Interest income from: | | | | |
| - fixed deposits | 297,522 | 439,500 | 297,522 | 397,808 |
| - others | 65,715 | 67,152 | 15,701 | 6,340 |
| Rental income from: | | | | |
| - office | 57,600 | 57,600 | - | - |
| - operating equipment | 97,200 | 64,800 | - | - |
| Reversal of impairment loss on: | | | | |
| - trade receivables (Note 10) | 79,456 | - | - | - |
| Realised gain on foreign exchange | 461,172 | 485,206 | - | - |
| Unrealised gain on foreign exchange | 67,378 | - | - | - |

## 26 TAX EXPENSE

| | Group 2017 RM | Group 2016 RM | Company 2017 RM | Company 2016 RM |
|---|---|---|---|---|
| Current tax | 1,955,672 | 2,235,159 | 75,315 | 113,088 |
| Deferred tax (Note 19) | 768,318 | (245,262) | - | - |
| | 2,723,990 | 1,989,897 | 75,315 | 113,088 |
| Overprovision in prior years: | | | | |
| Current tax | (144,492) | (995,638) | (5,300) | (6,792) |
| Deferred tax (Note 19) | (76,187) | (544,443) | - | - |
| | (220,679) | (1,540,081) | (5,300) | (6,792) |
| | 2,503,311 | 449,816 | 70,015 | 106,296 |

Current tax expense is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable profit for the fiscal year.

A subsidiary of the Company was granted Investment Tax Allowance under the Promotion of Investments Act 1986. Under this allowance, the subsidiary enjoys a maximum of 70% deduction from income tax on its statutory income from approved activities for 5 years from 15 April 2012 to 14 April 2017.

The shipping income of the Group is exempted from tax under Section 54A of the Income Tax Act 1967 and the tax exemption was extended up to the year of assessment 2020 via a letter from the Ministry of Finance dated 27 November 2015.

## 26 TAX EXPENSE (continued)

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the statutory tax rate of the Group and the Company is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2017 RM** | **2016 RM** | **2017 RM** | **2016 RM** |
| Profit/(Loss) before tax | 12,200,480 | 16,787,674 | (123,461) | 2,504,561 |
| Tax rate of 24% (2016: 24%) | 2,928,115 | 4,029,042 | (29,631) | 601,095 |
| Tax effects in respect of: | | | | |
| Non-allowable expenses | 912,153 | 354,154 | 136,146 | 171,993 |
| Non-taxable income | (85,095) | (79,713) | (31,200) | (660,000) |
| Utilisation of deferred tax assets not recognised in prior years | (235,682) | (341,487) | - | - |
| Deferred tax assets not recognised | 83,889 | 75,345 | - | - |
| Tax-exempt income | (879,390) | (2,047,444) | - | - |
| | 2,723,990 | 1,989,897 | 75,315 | 113,088 |
| Overprovision in prior years: | | | | |
| Current tax | (144,492) | (995,638) | (5,300) | (6,792) |
| Deferred tax | (76,187) | (544,443) | - | - |
| | 2,503,311 | 449,816 | 70,015 | 106,296 |

Subject to the agreement of the Inland Revenue Board, certain subsidiaries have unabsorbed capital allowances and unutilised tax losses amounting to approximately RM12,919,000 (2016: RM12,862,000) and RM20,288,000 (2016: RM21,827,000) respectively which are available to offset against their future taxable profits.

## 27 EARNINGS PER ORDINARY SHARE

(a) Basic

The basic earnings per ordinary share has been calculated based on the consolidated profit after tax attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

| **Group** | **2017 RM** | **2016 RM** |
|---|---|---|
| Profit after tax (RM) | 9,544,840 | 16,228,083 |
| Weighted average number of ordinary shares in issue: | | |
| At 1 April 2016/2015 | 122,118,700 | 121,152,700 |
| Effect of new ordinary shares issued | 78,420 | 444,909 |
| At 31 March | 122,197,120 | 121,597,609 |
| Basic earnings per ordinary share (sen) | 7.8 | 13.3 |

## 27 EARNINGS PER ORDINARY SHARE (continued)

(b) Diluted

The diluted earnings per ordinary share has been calculated based on the consolidated profit after tax attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue after adjustment for the effects all dilutive potential ordinary shares during the financial year.

| Group | 2017 RM | 2016 RM |
|---|---|---|
| Profit after tax (RM) | 9,544,840 | 16,228,083 |
| Weighted average number of ordinary shares for basic earnings per share | 122,197,120 | 121,597,609 |
| Effect of share options issued | 1,217,010 | 1,051,589 |
| Weighted average number of ordinary share for diluted earnings per share | 123,414,130 | 122,649,198 |
| Diluted earnings per ordinary share (sen) | 7.7 | 13.2 |

## 28 EMPLOYEE BENEFITS

| Group | 2017 RM | 2016 RM |
|---|---|---|
| Wages, salaries and bonuses | 16,803,405 | 15,635,285 |
| Defined contribution plans | 1,864,638 | 1,573,522 |
| Social security contributions | 225,276 | 169,960 |
| Other benefits | 927,027 | 758,900 |
| | 19,820,346 | 18,137,667 |

## 29 ACQUISITION OF A SUBSIDIARY

During the financial year, the Company had on 12 April 2016 acquired the entire equity interest in Ultra Trinity Sdn. Bhd. for a cash consideration of RM480,000.

Details of the acquisition were as follows:

| | The Group RM |
|---|---|
| Property, plant and equipment | 9,610,928 |
| Cash and cash equivalents | 123,239 |
| Trade and other payables | (3,217,998) |
| Term loans | (5,888,282) |
| Fair value of net identifiable assets acquired | 627,887 |
| Less: Gain on bargain purchase of the acquisition | (147,887) |
| Consideration paid | 480,000 |
| Less: Cash and cash equivalents of subsidiary acquired | (123,239) |
| Net cash outflow on acquisition | 356,761 |

The subsidiary acquired had contributed a net loss of RM190,213 to the Group's financial results from the date of acquisition. There were no material impacts to the Group's revenue and profit after tax if the acquisition had occurred on 1 April 2016.

## 30 DISPOSAL OF A SUBSIDIARY

During the financial year, the Company had on 9 August 2016 disposed of the entire equity interest in Complete Tug & Barge Sdn. Bhd. for a cash consideration of RM50,000.

Details of the disposal were as follows:

| | The Group RM | The Company RM |
|---|---|---|
| Tax recoverable | 48,369 | - |
| Cash and cash equivalents | 2,835 | - |
| Trade and other payables | (2,547) | - |
| Carrying amount of net assets disposed of | 48,657 | - |
| Gain on disposal of a subsidiary | 1,343 | 50,000 |
| Consideration received | 50,000 | 50,000 |
| Less: Cash and cash equivalents of subsidiary disposed of | (2,835) | - |
| Net cash inflow on disposal | 47,165 | 50,000 |

There was no disposal in the previous financial year.

## 31 DIRECTORS' REMUNERATION

Aggregate amounts of emoluments received and receivable by the Directors during the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| Executive Directors: | | | | |
| Non-fee emoluments | 1,143,304 | 1,209,857 | - | - |
| Defined contribution plans | 122,670 | 180,750 | - | - |
| Executive directors of the subsidiaries: | | | | |
| Non-fee emoluments | 335,449 | 378,173 | - | - |
| Defined contribution plans | 40,688 | 47,188 | - | - |
| Non-executive Directors: | | | | |
| Fees | 72,000 | 71,533 | 72,000 | 71,533 |
| Other emoluments | 22,750 | 15,000 | 22,750 | 15,000 |
| | 1,736,861 | 1,902,501 | 94,750 | 86,533 |

In previous financial years, the Company granted share options to eligible directors of the Company and the subsidiaries under the Share Issuance Scheme ("SIS") to subscribe for a total of 3,030,000 ordinary shares at an exercise price of RM0.62 per share ("SIS 1"), out of which a total of 900,000 (2016: 726,000) ordinary shares is exercisable at the end of the reporting period.

During the financial year, the Company granted share options to an eligible director of the subsidiary under the SIS to subscribe for a total of 10,000 ordinary shares at an exercise price of RM0.68 per share ("SIS 2"), out of which a total of 2,400 ordinary shares is exercisable at the end of the reporting period.

During the financial year, a total of 438,000 (2016: 416,000) ordinary shares under the SIS were exercised by the eligible directors of the Group.

## 31 DIRECTORS' REMUNERATION (continued)

Number of directors whose total remuneration falls within the following bands during the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| Executive Directors: | | | | |
| RM100,001 to RM150,000 | 1 | - | - | - |
| RM150,001 to RM200,000 | 1 | - | - | - |
| RM200,001 to RM250,000 | - | 2 | - | - |
| RM300,001 to RM350,000 | 1 | 1 | - | - |
| RM650,001 to RM700,000 | 1 | 1 | - | - |
| Executive directors of the subsidiaries: | | | | |
| Below RM50,001 | 1 | - | - | - |
| RM50,001 to RM100,000 | 1 | 3 | - | - |
| RM200,001 to RM250,000 | 1 | 1 | - | - |
| Non-executive Directors: | | | | |
| Below RM50,001 | 3 | 3 | 3 | 3 |
| | 10 | 11 | 3 | 3 |

## 32 RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group/Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group and the Company include:
(i) its subsidiaries;
(ii) close family members of certain directors of the Company and the subsidiaries;
(iii) companies in which certain directors of the Company and the subsidiaries have direct and indirect financial interests; and
(iv) key management personnel which comprises persons (including the directors of the Company and of the subsidiaries) having authority and responsibility for planning, directing and controlling the activities of the Company and the subsidiaries directly or indirectly.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group has carried out the following transactions with the related parties during the financial year:

| Group | 2017 RM | 2016 RM |
|---|---|---|
| Companies in which certain Directors have interests: | | |
| Revenue from sales of goods and services rendered | 7,577,566 | 6,549,692 |
| Rental income receivable | 24,000 | 24,000 |
| Forwarding service charges payable | (1,581,625) | (891,024) |
| Fuel payable | (3,327,179) | (3,846,649) |
| Spare parts, tyres, tyres maintenance services and consumables payable | (155,551) | (108,966) |
| Warehouse expense payable | (194,104) | (68,360) |

## 32 RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

The remunerations of key management personnel are as follows:

| Group | 2017 RM | 2016 RM |
|---|---|---|
| Short-term employee benefits | 1,478,753 | 1,588,030 |
| Defined contribution plans | 163,358 | 227,938 |
| | 1,642,111 | 1,815,968 |

In previous financial years, the Company granted share options to eligible key management personnel of the Group under the Share Issuance Scheme (“SIS”) to subscribe for a total of 3,030,000 ordinary shares at an exercise price of RM0.62 per share (“SIS 1”), out of which a total of 900,000 (2016: 726,000) ordinary shares is exercisable at the end of the reporting period.

During the financial year, the Company granted share options to a eligible director of the subsidiary under the SIS to subscribe for a total of 10,000 ordinary shares at an exercise price of RM0.68 per share (“SIS 2”), out of which a total of 2,400 ordinary shares is exercisable at the end of the reporting period.

During the financial year, a total of 438,000 (2016: 416,000) ordinary shares under the SIS were exercised by the eligible key management personnel of the Group.

## 33 OPERATING SEGMENTS

(a) Business segments

Segment information is presented based on the Group’s business segments which are also the Group’s management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than 1 year.

Intersegment pricing is determined based on negotiated terms.

The Group’s operations comprise the following business segments:

| | | |
|---|---|---|
| Marine | : | Provision of marine transportation services |
| Logistics | : | Total logistic services provider including trading of freight, haulage, lorry and trucking, customs clearance and Inland Port operations |
| Others | : | Trading of goods, insurance agents and investment holding |

33 OPERATING SEGMENTS (continued)

(a) **Business segements (continued)**

| 2017 | Logistics RM | Marine RM | Others RM | Elimination RM | Total RM |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| External revenue | 98,801,557 | 13,552,947 | 5,070,109 | - | 117,424,613 |
| Intersegment revenue | 8,102,197 | 628,764 | 9,754,089 | (18,485,050) | - |
| | 106,903,754 | 14,181,711 | 14,824,198 | (18,485,050) | 117,424,613 |
| **Results** | | | | | |
| Segment results | 17,013,481 | 1,700,411 | 1,632,977 | 57,887 | 20,404,756 |
| Depreciation | (5,945,740) | (238,173) | (556,528) | (820,389) | (7,560,830) |
| Interest income | 43,616 | 1,110 | 318,511 | - | 363,237 |
| Finance costs | (420,050) | - | (586,633) | - | (1,006,683) |
| Profit before tax | 10,691,307 | 1,463,348 | 808,327 | (762,502) | 12,200,480 |
| Tax expense | (2,363,263) | (266) | (261,391) | 121,609 | (2,503,311) |
| Profit after tax | 8,328,044 | 1,463,082 | 546,936 | (640,893) | 9,697,169 |
| Segment assets/Total assets | 103,474,333 | 26,538,266 | 146,970,678 | (110,144,627) | 166,838,650 |
| Segment liabilities/Total liabilities | 42,611,058 | 5,926,274 | 49,644,586 | (60,888,936) | 37,292,982 |
| **Other information** | | | | | |
| Capital expenditure | 18,000,667 | 495,406 | 6,152,479 | - | 24,648,552 |
| Other non-cash income | 102,029 | - | 108,485 | 99,230 | 309,744 |
| Other non-cash expenses | 656,405 | - | 268,177 | (38,657) | 885,925 |

33 OPERATING SEGMENTS (continued)

(a) **Business segements (continued)**

| 2016 | Logistics RM | Marine RM | Others RM | Elimination RM | Total RM |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| External revenue | 99,941,636 | 17,364,004 | 8,390,792 | - | 125,696,432 |
| Intersegment revenue | 5,794,198 | 269,246 | 11,899,141 | (17,962,585) | - |
| | 105,735,834 | 17,633,250 | 20,289,933 | (17,962,585) | 125,696,432 |
| **Results** | | | | | |
| Segment results | 18,970,219 | 4,737,344 | 3,685,842 | (2,721,828) | 24,671,577 |
| Depreciation | (5,805,536) | (243,478) | (427,210) | (801,066) | (7,277,290) |
| Interest income | 93,986 | 2,240 | 410,426 | - | 506,652 |
| Finance costs | (862,814) | - | (250,451) | - | (1,113,265) |
| Profit before tax | 12,395,855 | 4,496,106 | 3,418,607 | (3,522,894) | 16,787,674 |
| Tax expense | (2,006,018) | 1,237,257 | (257,267) | 576,212 | (449,816) |
| Profit after tax | 10,389,837 | 5,733,363 | 3,161,340 | (2,946,682) | 16,337,858 |
| Segment assets/Total assets | 92,009,797 | 24,208,729 | 121,711,219 | (84,175,807) | 153,753,938 |
| Segment liabilities/Total liabilities | 39,474,566 | 4,930,319 | 26,665,010 | (36,098,896) | 34,970,999 |
| **Other information** | | | | | |
| Capital expenditure | 10,207,766 | 38,830 | 14,012,903 | - | 24,259,499 |
| Other non-cash income | 30,755 | - | 300,000 | - | 330,755 |
| Other non-cash expenses | 868,764 | 20,000 | 711,930 | 271,828 | 1,872,522 |

## 33 OPERATING SEGMENTS (continued)

(b) Geographical segments

Geographical segment has not been presented as the Group's current activities are predominantly carried out in Malaysia.

(c) Major customers

Revenue from 1 (2016: 1) major customer in the logistics and other (2016: logistics) segment which amounted to RM18,186,774 and RM753,871 respectively (2016: RM16,736,865) is more than 16% (2016: 13%) of the Group's revenue.

## 34 FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### 34.1 Financial risk management policies

The Group's policies in respect of the major areas of treasury activity are as follows:

(a) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar, Singapore Dollar, Australian Dollar and Indonesian Rupiah. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

## 34 FINANCIAL INSTRUMENTS (continued)

### 34.1 Financial risk management policies (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

The Group's exposure to foreign currency is as follows:

| 2017 | United States Dollar RM | Singapore Dollar RM | Australian Dollar RM | Indonesian Rupiah RM | Ringgit Malaysia RM | Total RM |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Trade and other receivables | 719,160 | 103,725 | 2,543 | - | 30,750,436 | 31,575,864 |
| Cash and cash equivalents | 1,649,693 | 12,618 | - | 473 | 7,399,099 | 9,061,883 |
| | 2,368,853 | 116,343 | 2,543 | 473 | 38,149,535 | 40,637,747 |
| **Financial liabilities** | | | | | | |
| Trade and other payables | (158,528) | - | (8,446) | - | (15,211,666) | (15,378,640) |
| Borrowings | - | - | - | - | (16,269,161) | (16,269,161) |
| | (158,528) | - | (8,446) | - | (31,480,827) | (31,647,801) |
| Net financial assets/(liabilities) | 2,210,325 | 116,343 | (5,903) | 473 | 6,668,708 | 8,989,946 |
| Less: Net financial liabilities denominated in the respective entities functional currencies | - | - | - | - | (6,668,708) | (6,668,708) |
| **Currency exposure** | 2,210,325 | 116,343 | (5,903) | 473 | - | 2,321,238 |

## 34 FINANCIAL INSTRUMENTS (continued)

### 34.1 Financial risk management policies (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

The Group's exposure to foreign currency is as follows:

| 2016 | United States Dollar RM | Singapore Dollar RM | Australian Dollar RM | Indonesian Rupiah RM | Ringgit Malaysia RM | Total RM |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Trade and other receivables | 424,284 | - | 2,543 | - | 31,573,759 | 32,000,586 |
| Cash and cash equivalents | 1,722,777 | - | - | 473 | 20,014,832 | 21,738,082 |
| | 2,147,061 | - | 2,543 | 473 | 51,588,591 | 53,738,668 |
| **Financial liabilities** | | | | | | |
| Trade and other payables | (194,697) | - | (2,726) | - | (9,245,324) | (9,442,747) |
| Borrowings | - | - | - | - | (20,521,068) | (20,521,068) |
| | (194,697) | - | (2,726) | - | (29,766,392) | (29,963,815) |
| Net financial assets/(liabilities) | 1,952,364 | - | (183) | 473 | 21,822,199 | 23,774,853 |
| Less: Net financial liabilities denominated in the respective entities functional currencies | - | - | - | - | (21,822,199) | (21,822,199) |
| **Currency exposure** | 1,952,364 | - | (183) | 473 | - | 1,952,654 |

## 34 FINANCIAL INSTRUMENTS (continued)

### 34.1 Financial risk management policies (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

| Group | 2017 Increase/ (Decrease) RM | 2016 Increase/ (Decrease) RM |
|---|---|---|
| **Effects on profit after tax/equity** | | |
| United States Dollar: | | |
| strengthened by 5% | 83,992 | 74,190 |
| weakened by 5% | (83,992) | (74,190) |
| Singapore Dollar: | | |
| strengthened by 5% | 4,421 | - |
| weakened by 5% | (4,421) | - |
| Australian Dollar: | | |
| strengthened by 5% | (224) | (7) |
| weakened by 5% | 224 | 7 |
| Indonesian Rupiah: | | |
| strengthened by 5% | 18 | 18 |
| weakened by 5% | (18) | (18) |

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 34.1(c).

**34 FINANCIAL INSTRUMENTS (continued)**

34.1 Financial risk management policies (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

**Interest rate risk sensitivity analysis**

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

| Group | 2017 (Decrease)/ Increase RM | 2016 (Decrease)/ Increase RM |
|---|---|---|
| Effects on profit after tax/equity | | |
| Increase of 100 basis points (bp) | (120,603) | (120,319) |
| Decrease of 100 bp | 120,603 | 120,319 |

(iii) Equity price risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

**Credit risk concentration profile**

The Group's major concentration of credit risk relates to the amount owing by 1 (2016: 1) customer which constituted approximately 18.92% (2016: 16.13%) of its trade receivables as at the end of the reporting period.

**Exposure to credit risk**

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

**34 FINANCIAL INSTRUMENTS (continued)**

**34.1 Financial risk management policies (continued)**

(b) Credit risk (continued)

**Exposure to credit risk**

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed in Note 34.1(c), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

**Ageing analysis**

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:

| Group | Gross amount RM | Individual impairment RM | Collective impairment RM | Carrying value RM |
|---|---|---|---|---|
| **2017** | | | | |
| Not past due | 21,996,083 | - | - | 21,996,083 |
| Past due: | | | | |
| less than 3 months | 4,831,981 | - | - | 4,831,981 |
| 3 to 6 months | 637,272 | - | - | 637,272 |
| over 6 months | 1,682,065 | (1,008,342) | - | 673,723 |
| | 29,147,401 | (1,008,342) | - | 28,139,059 |
| **2016** | | | | |
| Not past due | 23,412,714 | - | - | 23,412,714 |
| Past due: | | | | |
| less than 3 months | 4,769,820 | - | - | 4,769,820 |
| 3 to 6 months | 1,087,035 | (19,559) | - | 1,067,476 |
| over 6 months | 1,364,736 | (1,126,257) | - | 238,479 |
| | 30,634,305 | (1,145,816) | - | 29,488,489 |

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

## 34 FINANCIAL INSTRUMENTS (continued)

### 34.1 Financial risk management policies (continued)

(b) Credit risk (continued)

**Trade receivables that are past due but not impaired**

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

**Trade receivables that are neither past due nor impaired**

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 120 days which are deemed to have higher credit risk, are monitored individually.

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

## 34 FINANCIAL INSTRUMENTS (continued)

### 34.1 Financial risk management policies (continued)

(c) Liquidity risk (continued)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

| Group | Weighted average effective rate % | Carrying amount RM | Contractual undiscounted cash flows RM | Within 1 year RM | 1 - 5 years RM | Over 5 years RM |
|---|---|---|---|---|---|---|
| **2017** | | | | | | |
| Bank overdraft | 8.05 | 689,870 | 689,870 | 689,870 | - | - |
| Hire purchase liabilities | 5.71 | 400,357 | 412,849 | 335,235 | 77,614 | - |
| Term loans | 4.77 | 15,178,934 | 16,020,977 | 4,020,412 | 10,340,733 | 1,659,832 |
| Trade and other payables | - | 15,378,640 | 15,378,640 | 15,378,640 | - | - |
| | | 31,647,801 | 32,502,336 | 20,424,157 | 10,418,347 | 1,659,832 |
| **2016** | | | | | | |
| Bank overdraft | 8.05 | 53,195 | 53,195 | 53,195 | - | - |
| Hire purchase liabilities | 5.70 | 4,689,650 | 4,904,992 | 3,482,246 | 1,422,746 | - |
| Term loans | 5.00 | 15,778,223 | 17,419,049 | 6,801,731 | 8,608,351 | 2,008,967 |
| Trade and other payables | - | 9,442,747 | 9,442,747 | 9,442,747 | - | - |
| | | 29,963,815 | 31,819,983 | 19,779,919 | 10,031,097 | 2,008,967 |

## 34 FINANCIAL INSTRUMENTS (continued)

### 34.1 Financial risk management policies (continued)

(c) Liquidity risk (continued)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

| Group | Weighted average effective rate % | Carrying amount RM | Contractual undiscounted cash flows RM | Within 1 year RM | 1 - 5 years RM | Over 5 years RM |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| **2017** | | | | | | |
| Trade and other payables | - | 11,439,558 | 11,439,558 | 11,439,558 | - | - |
| Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries | | - | 10,493,039 | 10,493,039 | - | - |
| | | 11,439,558 | 21,932,597 | 21,932,597 | - | - |
| **2016** | | | | | | |
| Trade and other payables | - | 5,551,048 | 5,551,048 | 5,551,048 | - | - |
| Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries | | - | 12,834,861 | 12,834,861 | - | - |
| | | 5,551,048 | 18,385,909 | 18,385,909 | - | - |

## 34 FINANCIAL INSTRUMENTS (continued)

### 34.2 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total shareholders' equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group as at the end of the reporting period is as follows:

| Group | 2017 RM | 2016 RM |
|---|---|---|
| Trade and other payables | 15,378,640 | 9,442,747 |
| Borrowings (secured) | 16,269,161 | 20,521,068 |
| Less: Cash and cash equivalents | (9,061,883) | (21,738,082) |
| Net debt | 22,585,918 | 8,225,733 |
| Total shareholders' equity | 128,858,012 | 118,247,612 |
| Debt-to-equity ratio | 0.18 | 0.07 |

### 34.3 Classification of financial instruments

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| **Financial assets** | | | | |
| **Loans and receivables** | | | | |
| Trade and other receivables | 31,575,864 | 32,000,586 | 41,539,400 | 25,242,644 |
| Cash and cash equivalents | 9,061,883 | 21,738,082 | 3,260,685 | 13,240,179 |
| | 40,637,747 | 53,738,668 | 44,800,085 | 38,482,823 |
| **Financial liabilities** | | | | |
| **Other financial liabilities** | | | | |
| Trade and other payables | 15,378,640 | 9,442,747 | 11,439,558 | 5,551,048 |
| Borrowings (secured) | 16,269,161 | 20,521,068 | - | - |
| | 31,647,801 | 29,963,815 | 11,439,558 | 5,551,048 |

## 34 FINANCIAL INSTRUMENTS (continued)

### 34.4 Fair value information

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

| Group | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Total fair value | Carrying amount |
|---|---|---|---|---|---|---|---|---|
| | RM Level 1 | RM Level 2 | RM Level 3 | RM Level 1 | RM Level 2 | RM Level 3 | RM | RM |
| **2017** | | | | | | | | |
| **Financial liabilities** | | | | | | | | |
| Bank overdraft | - | - | - | - | 689,870 | - | 689,870 | 689,870 |
| Hire purchase liabilities | - | - | - | - | 400,357 | - | 400,357 | 400,357 |
| Term loans | - | - | - | - | 15,178,934 | - | 15,178,934 | 15,178,934 |
| **2016** | | | | | | | | |
| **Financial liabilities** | | | | | | | | |
| Bank overdraft | - | - | - | - | 53,195 | - | 53,195 | 53,195 |
| Hire purchase liabilities | - | - | - | - | 4,727,966 | - | 4,727,966 | 4,689,650 |
| Term loans | - | - | - | - | 15,778,223 | - | 15,778,223 | 15,778,223 |

## 35 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as follows:

(a) On 12 April 2016, the Company had entered into a Sale and Purchase Agreement for the acquisition of the entire equity interest in Ultra Trinity Sdn. Bhd. ("UT") consisting of 1,000,000 ordinary shares of RM1.00 each for a cash consideration of RM480,000. The acquisition is a related party transaction. The acquisition was completed on 27 April 2016 and subsequently UT became a wholly-owned subsidiary of the Company.

(b) On 13 June 2016, Pengangkutan Sekata Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Sale Memorandum at the High Court of Johor Bahru, pursuant to the successful bid to acquire a piece of leasehold land measuring approximately 3.0 acres, with a factory building, held under HS(D) 303855, PTD 148262, Mukim Plentong, Johor Bahru, Johor Darul Takzim, in a court sanctioned public auction for a total purchase consideration of RM5,080,000.

(c) On 27 June 2016, the Company granted share options to employees of the Group under the Share Issuance Scheme to subscribe for a total of 1,580,000 ordinary shares of RM0.50 each at an exercise price of RM0.68 per share ("SIS 2"). The vesting period of the options offered is from 1 August 2016 to 18 November 2018 subject to fulfilment of certain vesting conditions.

(d) On 9 August 2016, the Company had entered into a Sale and Purchase Agreement for the disposal of the entire equity interest in Complete Tug & Barge Sdn. Bhd. ("CTB") consisting of 10,000 ordinary shares of RM1.00 each for a cash consideration of RM50,000. Following the completion of the disposal on the same day, CTB has ceased to be a wholly-owned subsidiary of the Company.

(e) On 17 August 2016, Pengangkutan Sekata Sdn. Bhd., a wholly-owned subsidiary of the Company had accepted an Islamic Financing Package of Structured Commodity Financing-i of RM4.064 million from Al Rajhi Bank which is secured by a corporate guarantee of the Company in order to part finance the acquisition of a piece of land at Kawasan Perindustrian Pasir Gudang together with a factory building erected thereon.

(f) On 24 February 2017, the Company had increased its issued and paid-up share capital from RM61,219,000 to RM61,581,485 by the issuance of 389,000 new ordinary shares at an issue price of RM0.62 per share ("SIS 1") and 46,000 new ordinary shares at an issue price of RM0.68 per share under the SIS 2 pursuant to the exercise of options under the Share Issuance Scheme. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

(g) On 16 March 2017, the Company had increased its issued and paid-up share capital from RM61,581,485 to RM62,317,146 by the issuance of 671,000 new ordinary shares at an issue price of RM0.62 per share under the SIS 1 and 217,000 new ordinary shares at an issue price of RM0.68 per share under the SIS 2 pursuant to the exercise of options under the Share Issuance Scheme. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

## 36 SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 28 April 2017, the Company granted share options to eligible employees of the Group to subscribe for a total of 1,100,000 ordinary shares each at an exercise price of RM0.88 per share ("SIS 3"). The vesting period of the options offered is from 1 June 2017 to 18 November 2018 subject to fulfilment of certain vesting conditions.

## 37 SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/ LOSSES

The following breakdown of the retained earnings of the Group and the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| Total retained earnings: | | | | |
| Realised | 105,287,185 | 94,833,733 | 25,193,511 | 25,386,987 |
| Unrealised | (5,422,444) | (4,854,941) | - | - |
| | 99,864,741 | 89,978,792 | 25,193,511 | 25,386,987 |
| Less: Consolidation adjustments | (38,791,343) | (38,450,234) | - | - |
| At 31 March | 61,073,398 | 51,528,558 | 25,193,511 | 25,386,987 |

# LIST OF PROPERTIES
## As At 31 March 2017

| Registered Owner | Location | Description/ Existing Use | Tenure of Land | Land Area (m2) | Warehouse Space (ft²) | Carrying Amount As At 31.03.2017 | Approximate Age of Building (Years) | Date of Acquisition |
|---|---|---|---|---|---|---|---|---|
| Complete Logistic Specialists Sdn Bhd | (i) No. 25<br>Jalan Berangan,<br>42000 Port Klang,<br>Selangor Darul Ehsan. | Land/Building<br>- 3 Storey shophouses | Freehold | 180 | | 574,345 | 32 | 01.06.2014 |
| | (ii) No. 27<br>Jalan Berangan,<br>42000 Port Klang,<br>Selangor Darul Ehsan. | Land/Building<br>- 3 Storey shophouses | Freehold | 180 | | 484,624 | 32 | 12.11.2007 |
| Guper Integrated Logistics Sdn Bhd | (i) PT3905 | Vacant Land (petrol station) | Freehold | 2,428 | | 900,000 | - | 16.11.2007 |
| | (ii) PT3906 | Vacant Land (petrol station) | Freehold | 2,613 | | 950,000 | - | 16.11.2007 |
| | (iii) Lot 60584 | Vacant Land | Freehold | 11,479 | | 1,227,793 | - | 16.11.2007 |
| | (iv) Lot 60585 | Vacant Land | Freehold | 10,196 | | 1,090,563 | - | 16.11.2007 |
| | (v) Lot 60586 | Vacant Land | Freehold | 10,196 | | 1,090,563 | - | 16.11.2007 |
| | (vi) Lot 60587 | Vacant Land | Freehold | 10,196 | | 1,090,563 | - | 16.11.2007 |
| | (vii) Lot 60588 | Vacant Land | Freehold | 14,164 | | 1,514,980 | - | 16.11.2007 |
| | (viii) Lot 60589<br>Nilai Industrial Estate, 71800 Nilai,<br>Negeri Sembilan Darul Khusus. | Land/Building<br>- Container yard<br>- Office building<br>-Warehouses - bonded<br>-Warehouses - non bonded<br>- Custom complex | Freehold | 63,440 | <br><br><br>90,000<br>93,000 | 16,178,508 | 21 | 16.11.2007 |
| | (ix) PLO No. 778<br>Zone 12A, Pasil Gudang,<br>Industrial Area, Plentong, Johor Bahru,<br>Johor Darul Takzim. | Warehosue<br>(Land owned by GRSB) | | | 70,000 | 5,310,758 | | 27.10.2016 |
| Gems Logistics Sdn Bhd | (i) Partial P2123<br>Precinct 2, Jalan FZI-P2,<br>Port Klang Free Zone/KS 12,<br>42920 Pulau Indah, Selangor Darul Ehsan. | Warehouse<br>(Land leased from PKFZ) | Leased<br>(30+30+24yrs;<br>epiring on<br>16.10.2093) | 4,047 | 20,000 | 1,423,999 | 7 | 31.01.2013 |

| Registered Owner | Location | Description/ Existing Use | Tenure of Land | Land Area (m2) | Warehouse Space (ft²) | Carrying Amount As At 31.03.2017 | Approximate Age of Building (Years) | Date of Acquisition |
|---|---|---|---|---|---|---|---|---|
| Guper Resources Sdn Bhd (GRSB) | (i) PLO No. 778 Jalan Keluli 12, Zone 12A, Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim. | Land | Leasehold (Expiring on 24.09.2072) | 14,961 | | 2,889,966 | | 09.01.2012 |
| | (ii) Lot 121646 | Land | Leasehold | 10,667 | | 5,854,684 | | 01.12.2014 |
| | (iii) Lot 121647 Section 5, Fasa 2B, Pulau Indah Industrial Park, Jalan Sungai Pinang 4/2, 42920 Pulau Indah, Selangor Darul Ehsan. | Vacant Land | Leasehold (Expiring on 24.09.2097) | 14,245 | | 7,781,290 | | 01.12.2014 |
| | (iv) Lot 42 (Lot 87992) Jalan Perigi Nenas 8/7, 42920 Port Klang, Selangor Darul Ehsan. | Vacant Land | Leasehold (Expiring on 30.03.2097) | 10,740 | | 4,997,527 | | 05.05.2016 |
| Pengangkutan Sekata Sdn Bhd | (i) PLO 565 Jalan Keluli, Pasir Gudang Industrial Area, 81700 Pasir Gudang Johor Darul Takzim. | Vacant Land | Leasehold (Expiring on 18.05.2060) | 12,140 | | 4,596,388 | | 16.07.2016 |
| Ultra Trinity Sdn Bhd | (i) Lot 121648 | Vacant Land | Leasehold | 10,152 | | 5,521,468 | | 01.12.2014 |
| | (ii) Lot 121653 Section 5, Fasa 2B, Pulau Indah Industrial Park, Jalan Sungai Pinang 4/2, 42920 Pulau Indah, Selangor Darul Ehsan. | Vacant Land | Leasehold (Expiring on 24.09.2097) | 7,298 | | 3,969,292 | | 01.12.2014 |

# ANALYSIS OF SHAREHOLDINGS
## AS AT 30 JUNE 2017

Issued and Paid Up Share Capital : RM67,464,127 comprising 123,761,000 shares
Voting Rights : One (1) vote per share
Number of Shareholders : 1,402

### SIZE OF SHAREHOLDINGS

| Size of Holdings | No. of Shareholders | % | No. of Shares * | % |
|---|---|---|---|---|
| Less than 100 | 5 | 0.36 | 106 | - |
| 100 - 1,000 | 179 | 12.78 | 143,894 | 0.12 |
| 1,001 - 10,000 | 740 | 52.82 | 4,168,200 | 3.38 |
| 10,001 - 100,000 | 402 | 28.69 | 14,434,300 | 11.69 |
| 100,001 to less than 5% of issued shares | 70 | 5.00 | 30,563,100 | 24.76 |
| 5% and above of issued shares | 5 | 0.35 | 74,132,100 | 60.05 |
| | 1,401 | 100.00 | 123,441,700 | 100.00 |

### DIRECTORS' SHAREHOLDINGS

| No. | Name of Director | Direct Interest No. of Shares | % * | Indirect Interest No. of Shares | % * |
|---|---|---|---|---|---|
| *Ordinary Shares* | | | | | |
| 1 | Law Hee Ling | 13,794,500 | 11.17% | 45,571,100 | 36.92% |
| 2 | Dato' Dr Ibrahim Bin Ahmad | 100,000 | 0.08% | 11,000,000 | 8.91% |
| 3 | Ng Yoon Kin | 256,300 | 0.21% | 7,667,000 | 6.21% |
| 4 | Chia Kah Ying | 1,440,800 | 1.17% | - | - |
| 5 | Law Hieng Ding | 2,000 | - | - | - |
| *Shares Options of the Company #* | | | | | |
| 1 | Law Hee Ling | 400,000 | | | |
| 2 | Dato' Dr Ibrahim Bin Ahmad | 200,000 | | | |
| 3 | Ng Yoon Kin | 300,000 | | | |
| 4 | Chia Kah Ying | 400,000 | | | |

### INFORMATION ON SUBSTANTIAL SHAREHOLDERS

| No. | Name | Direct Interest No. of Shares | % * | Indirect Interest No. of Shares | % * |
|---|---|---|---|---|---|
| 1 | Dolphin Assets Sdn Bhd | 35,000,000 | 28.35% | - | - |
| 2 | Law Hee Ling | 13,794,500 | 11.17% | 45,571,100 | 36.92% |
| 3 | Pusaka Unggul Sdn Bhd | 11,000,000 | 8.91% | - | - |
| 4 | Mesti Juara Sdn Bhd | 7,560,000 | 6.12% | - | - |
| 5 | Leon Law Li Yion | 6,777,600 | 5.49% | 35,000,000 | 28.35% |
| 6 | Dato' Dr Ibrahin Bin Ahmad | 100,000 | 0.08% | 11,000,000 | 8.91% |
| 7 | Ng Yoon Kin | 256,300 | 0.21% | 7,667,000 | 6.21% |

**LIST OF TOP 30 SHAREHOLDERS**

| No. | Name | No. of Shares | % * |
|---|---|---|---|
| 1 | Dolphin Assets Sdn Bhd | 35,000,000 | 28.35% |
| 2 | Law Hee Ling | 13,794,500 | 11.17% |
| 3 | Pusaka Unggul Sdn Bhd | 11,000,000 | 8.91% |
| 4 | Mesti Juara Sdn Bhd | 7,560,000 | 6.12% |
| 5 | Leon Law Li Yion | 6,777,600 | 5.49% |
| 6 | Lim Lay Fong | 3,793,500 | 3.07% |
| 7 | Tan Choon Leong | 2,875,600 | 2.33% |
| 8 | Lim Kok Onn | 2,241,600 | 1.82% |
| 9 | Affin Hwang Nominees (Tempatan) Sdn Bhd<br>Pledged securities account for Yeow Kuei Chai | 1,721,200 | 1.39% |
| 10 | Chandra Sekaran A/L Subrayan | 1,550,100 | 1.26% |
| 11 | Chia Kah Ying | 1,440,800 | 1.17% |
| 12 | Kumtum Enterprises Sdn Bhd | 988,900 | 0.80% |
| 13 | Tan Choon Leong | 920,000 | 0.75% |
| 14 | RHB Nominees (Tempatan) Sdn Bhd<br>Pledged securities account for Mohamed Faroz Bin Mohamed Jakel | 900,000 | 0.73% |
| 15 | Kong Tiong Kian | 764,000 | 0.62% |
| 16 | Sin Siew Wah | 700,000 | 0.57% |
| 17 | Kenanga Nominees (Asing) Sdn Bhd<br>Exempt an for Philip Securities Pte Ltd | 611,300 | 0.49% |
| 18 | Ng Soon Tong | 600,000 | 0.49% |
| 19 | HLIB Nominees (Tempatan) Sdn Bhd<br>Hong Leong Bank Bhd for Sin Ket Hin | 580,500 | 0.47% |
| 20 | Kamarudin Bin Mohd Zain | 523,900 | 0.42% |
| 21 | Young Wong @ Yeo Suan Sam | 373,000 | 0.30% |
| 22 | Malacca Equity Nominees (Tempatan) Sdn Bhd<br>Exempt an for Philip Capital Management Sdn Bhd (EPF) | 341,900 | 0.28% |
| 23 | Lau Pik | 340,000 | 0.28% |
| 24 | Ng Eng Leong | 336,800 | 0.27% |
| 25 | Koh Teck Ong | 334,500 | 0.27% |
| 26 | Tan Teik Hean | 320,000 | 0.26% |
| 27 | Chim Foong May | 280,000 | 0.23% |
| 28 | Wong Ah Wah | 277,200 | 0.22% |
| 29 | Lim Seng Chee | 259,000 | 0.21% |
| 30 | Ng Yoon Kin | 256,300 | 0.21% |
| | TOTAL | 97,462,200 | 78.95% |

Note :

* Excluding a total of 319,300 ordinary shares bought back by the Company and retained as treasury shares.

\# Options over ordinary shares were granted pursuant to the Company's Shares Issuance Scheme.

**NOTICE IS HEREBY GIVEN** that the Twelfth (12th) Annual General Meeting of Complete Logistic Services Berhad will be held at Nilai Inland Port, 1st Floor, PT 3907, Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan Darul Khusus on Tuesday, 22 August 2017 at 11.00 a.m. for the following purposes:

**AS ORDINARY BUSINESS**

1. To receive the audited financial statements for the financial year ended 31 March 2017 and the Reports of Directors and Auditors thereon;

2. To approve the following payment to Directors:
   (i) Director fees for the Independent Directors not exceeding RM72,000 for the financial year ending 31 March 2018 (2017:RM72,000); **(Ordinary Resolution 1)**
   (ii) Meeting allowance for the period from 1 February 2017 until the next annual general meeting of the Company: **(Ordinary Resolution 2)**

| Position | Meeting Allowance Per Meeting Day |
|---|---|
| Board Committee Chairman | RM1,250 |
| Independent Director | RM1,000 |

3. To re-elect the following Directors retiring pursuant to Article 95 of the Articles of Association of the Company:
   (i) Dato' Dr Ibrahim Bin Ahmad; **(Ordinary Resolution 3)**
   (ii) Datuk Iskandar Bin Sarudin; **(Ordinary Resolution 4)**

4. To re-appoint Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration; **(Ordinary Resolution 5)**

**AS SPECIAL BUSINESS**

5. To consider and, if thought fit, to pass the following resolutions:

   (A) Authority to Allot and Issue Shares Pursuant to Section 75 of the Companies Act 2016 ("Act") - General Allotment **(Ordinary Resolution 6)**

   "That pursuant to Section 75 of the Act, full authority be and is hereby given to the Directors to issue shares of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company as at the date of this Annual General Meeting and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, and that the Directors be and are hereby empowered to obtain the approval of Bursa Malaysia Securities Berhad for the listing of and quotation for the new shares so issued." (See Explanatory Note 4 (i) on Special Business below)

(B) Authority to Allot and Issue Shares Pursuant to Section 75 of the Companies Act 2016 ("Act") - SIS Allotment **(Ordinary Resolution 7)**

"That pursuant to Section 75 of the Act, full authority be and is hereby given to the Directors to issue shares in the Company from time to time under the existing Share Issuance Scheme ("SIS") of the Company provided that the aggregate number of shares to be issued under this resolution does not exceed the amount approved under the SIS and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, and that the Directors be and are hereby empowered to obtain the approval of Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued". (see Explanatory Note 4 (ii) on Special Business below)

(C) Proposed Renewal of Shareholders' Mandate to Enable the Company to Purchase up to 10% of its Issued and Paid-up Share Capital ("Proposed Renewal of Share Buy-Back Authority") **(Ordinary Resolution 8)**

"That subject to the Companies Act 2016 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and any other relevant authority, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares in the Company's issued and paid-up share capital through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:

(a) the aggregate number of shares so purchased and/or held pursuant to this ordinary resolution ("Purchased Shares") does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any one time; and

(b) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the retained earnings of the Company;

And that the authority conferred by this ordinary resolution shall be effective immediately upon passing of this ordinary resolution and shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiry of the period within which the next AGM of the Company is required by law to be held (whichever is earlier), unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, but shall not prejudice the completion of purchases(s) by the Company before that aforesaid expiry date and in any event in accordance with provisions of the Listing Requirements and other relevant authorities." (See Explanatory Note 4 (iii) on Special Business below)

(D) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue and/ or Trading Nature ("Proposed Shareholders' Mandate for RRPT") **(Ordinary Resolution 9)**

"That authority be and is hereby given in line with Paragraph 10.09 of the Listing Requirements, for the Company, its subsidiaries or any of them to enter into any of the transactions falling within the types of the RRPT, particulars of which are set out in the Circular to Shareholders 27 July 2017 ("the Circular"), with the Related Parties as described in the Circular, provided that such transactions are of a revenue and/or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries, within the ordinary course of business of the Company and/or its subsidiaries, made on at arm's length basis and on normal commercial terms which are generally available to the public and are not detrimental to the minority shareholders of the Company;

That such authority shall commence immediately upon the passing of this ordinary resolution and continue in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which the ordinary resolution for the Proposed Shareholders' Mandate for RRPT is passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at that AGM; or

(b) the expiry of the period within which the next AGM is required by law to be held (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first;

And that the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the Proposed Shareholders' Mandate for RRPT". (See Explanatory Note 4 (iv) on Special Business below)

6. To transact any other business of which notice shall have been given.

By Order of the Board
**Complete Logistic Services Berhad**

**Chia Ong Leong** (MIA 4797)
Company Secretary

Klang, Selangor Darul Ehsan
Dated: 27 July 2017

**NOTES**

1. Receiving of the Audited Financial Statements

   Item 1 of the Agenda is intended for discussion only as the provision of Section 340 of the Companies Act 2016 does not require a formal approval of the shareholders of the Audited Financial Statements. As such this item is not put forward for voting.

2. Payment of Directors' fees and benefits

   Pursuant to Section 230(1) of the Act, the Board wishes to seek for shareholders' approval for the following payment to the Independent Directors:

   Ordinary Resolution 1 - Proposed payment of Directors' fees for the Independent Directors not exceeding RM72,000 for the financial year ending 31 March 2018 (2017:RM72,000);

   The proposed Ordinary Resolution 1 is to seek shareholders' approval to facilitate the payment of Directors' fees on current year basis. In the event the Directors' fees proposed is insufficient, the Board will seek the approval of shareholders at the next Annual General Meeting to authorise payment of the shortfall.

   Ordinary Resolution 2 – Proposed payment of meeting allowance of RM1,250 per meeting day for the Board Committees Chairman and RM1,000 per meeting day each for the other Independent Directors from 1 February 2017 until the next Annual General Meeting of the Company. The meeting allowance will only be accorded based on the actual attendance of meetings by the Directors.

3. Form of Proxy

   (i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.

   (ii) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

   (iii) A member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one (1) proxy in respect of each securities account.

   (iv) Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

   (v) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney duly authorised in writing and in the case of a corporation, the instrument appointing a proxy must be under seal or under the hand of an officer or attorney duly authorised.

   (vi) Only a member whose name appear in the Record of Depositors as at 15 August 2017 will be entitled to attend, speak and vote at the meeting or appoint a proxy to attend, speak and vote in his stead.

   (vii) To be valid, the instrument appointing a proxy and the power of attorney or other authority must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instruments proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for taking of the poll and in default the instrument of proxy shall not be treated as valid.

4. Explanatory Notes on Special Business:

(i) Ordinary Resolution 6 – Proposed renewal of authority for Directors to issue shares – General Allotment.

Ordinary Resolution 6 is proposed for the purpose of granting a renewal of the general mandate for the issuance of shares by the Company under Section 75 of the Companies Act 2016 ("Act"). Ordinary Resolution 6, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without convening a general meeting. The authorisation, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

The Company had, at the 11th AGM held on 18 August 2016, obtained its shareholders' approval for the general mandate for the issuance of shares pursuant to the then Section 132 of the Companies Act 1965. The Company did not issue any new shares pursuant to this mandate obtained as at the date of this notice. Ordinary Resolution 6 is a renewal of the general mandate. At this juncture, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is obtained, an announcement will be made to Bursa Malaysia Securities Berhad by the Company in respect of the purpose and utilisation of proceeds arising from such issue.

The general mandate, if granted, will provide flexibility to the Company for any possible funds raising activities, including but not limited to placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

(ii) Ordinary Resolution 7 – Proposed authority for Directors to issue shares – SIS Allotment.

Ordinary Resolution 7 is proposed for the purpose of granting Directors of the Company authority to allot and issue ordinary shares in the Company at any time to those employees who have exercised their options under the Share Issuance Scheme (SIS).

(iii) Ordinary Resolution 8 – Proposed renewal of the share buy-back authority.

Ordinary Resolution 8, if passed, will enable the Company to utilise any of its surplus financial resources to purchase its own shares through Bursa Securities up to 10% of the issued and paid-up capital of the Company. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next AGM of the Company.

Further information on the proposed renewal of the share buy-back authority are set out in the Statement to Shareholders of the Company dated 27 July 2017, which is dispatched together with the Company's 2017 Annual Report.

(iv) Ordinary Resolution 9 – Proposed shareholders' mandate for RRPT.

Ordinary Resolution 9, if passed, is primarily to authorise the Company and/or its unlisted subsidiaries to enter into arrangements or transactions with Related Parties, particulars of which are set out in Section 4 of the Circular to Shareholders dated 27 July 2017, which is dispatched together with the Company's 2017 Annual Report, which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favourable to the Related Parties than those generally made available to the public.

# PROXY FORM

(716241-X)
**COMPLETE LOGISTIC SERVICES BERHAD**

I/We ______________________________________________
(FULL NAME IN CAPITALS)

of ______________________________________________
(ADDRESS)

being a member/members of COMPLETE LOGISTIC SERVICES BERHAD, hereby appoint:

Proxy A

| Full Name | NRIC No./Passport No./Company No. | Proportion of shareholdings represented | |
|---|---|---|---|
| | | No. of Shares | % |
| Address | | | |

Proxy B

| Full Name | NRIC No./Passport No./Company No. | Proportion of shareholdings represented | |
|---|---|---|---|
| | | No. of Shares | % |
| Address | | | |

**100%**

or failing him/her THE CHAIRMAN OF THE MEETING as my/our first proxy, to vote for me/us and on my/our behalf, at the Twelfth (12th) Annual General Meeting of the Company, to be held at Nilai Inland Port, 1st Floor, PT 3907, Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan Darul Khusus on Tuesday, 22 August 2017 at 11.00 a.m. and at any adjournment thereof.

Please indicate with "X" on the spaces provided on how you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain from voting at his discretion.

| Resolutions | | Proxy A | | Proxy B | |
|---|---|---|---|---|---|
| | | For | Against | For | Against |
| **AS ORDINARY BUSINESS:** | | | | | |
| | To receive the 2017 Audited Financial Statements and Reports | | | | |
| Ordinary Resolution 1 | To approve Directors' fees of not exceeding RM72,000 for the financial year ending 31 March 2018 | | | | |
| Ordinary Resolution 2 | To approve meeting allowance for Independent Directors from 1 February 2017 until the next Annual General Meeting | | | | |
| | To re-elect the following Directors who retire in accordance with Article 95 of the Company's Articles of Association:To re-elect the following Directors who retire in accordance with Article 95 of the Company's Articles of Association: | | | | |
| Ordinary Resolution 3 | (i) Dato' Dr. Ibrahim Bin Ahmad; and | | | | |
| Ordinary Resolution 4 | (ii) Datuk Iskandar Bin Sarudin | | | | |
| Ordinary Resolution 5 | To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorize the Directors to fix their remuneration | | | | |
| **AS SPECIAL BUSINESS:** | | | | | |
| Ordinary Resolution 6 | (A) To approve authority for Directors to allot and issue shares – General Allotment | | | | |
| Ordinary Resolution 7 | (B) To approve authority for Directors to allot and issue shares – SIS Allotment | | | | |
| Ordinary Resolution 8 | (C) To renew mandate for share buy back | | | | |
| Ordinary Resolution 9 | (D) To renew mandate for RRPT | | | | |

Dated this______________day of _______________2017.

| CDS Account No. | |
|---|---|
| No. of Shares held | |

____________________________________
Signature of Member(s)/Common Seal

**Notes**

(i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.

(ii) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(iii) A member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one (1) proxy in respect of each securities account.

(iv) Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(v) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney duly authorize in writing and in the case of a corporation, the instrument appointing a proxy must be under seal or under the hand of an officer or attorney duly authorised.

(vi) Only a member whose name appear in the Record of Depositors as at 15 August 2017 will be entitled to attend and vote at the meeting or appoint a proxy to attend and vote in his stead.

(vii) To be valid, the instrument appointing a proxy and the power of attorney or other authority must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instruments proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for taking of the poll and in default the instrument of proxy shall not be treated as valid.

Fold here

STAMP

THE SHARE REGISTRAR
**COMPLETE LOGISTIC SERVICES BERHAD**
C/O TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

UNIT 32-01
LEVEL 32, TOWER A
VERTICAL BUSINESS SUITE
AVENUE 3, BANGSAR SOUTH
NO. 8, JALAN KERINCHI
59200 KUALA LUMPURA

Fold here

(716241-X)
COMPLETE LOGISTIC SERVICES BERHAD

NO. 25,
JALAN BERANGAN,
42000 PORT KLANG,
SELANGOR DARUL EHSAN.

TEL : (603) 3168 0757
FAX : (603) 3167 1145

www.complete-group.com