

**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
**Company No. : 972731 – P**  
**(Incorporated in Malaysia)**

**FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1ST JANUARY, 2016**  
**TO 31ST MARCH, 2016.**  
**(In Malaysian Currency)**

***K. H. CHIN & CO. (AF 1304)***  
*Chartered Accountants (Malaysia).*

*A member firm of The Malaysian Institute of Accountants.*

Company No. : 972731 – P

**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
(Incorporated in Malaysia)

**FINANCIAL STATEMENTS**

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**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
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**CORPORATE INFORMATION**

Board of directors : Kunju Kutty Aniyan Kunju  
Sandeep Pathayath Karunakaran  
Saji Velamkuzhiyil Skaria

Company secretary : Wong Ngiap Lim ( MIA 20163 )

Registered office : No. 18B, Jalan Kancil,  
Off Jalan Pudu,  
55100 Kuala Lumpur.

Principal place of business : Suite # 27-07 B, Level 27 Centro,  
No. 8, Jalan Batu Tiga Lama,  
41300 Klang, Selangor.

Auditors : K. H. Chin & Co. ( AF 1304 )  
Chartered Accountants

Principal bankers : CIMB Bank Berhad,  
Bukit Tinggi Branch,  
No.22A-0,26-0 & 22A-1,  
Wisma Esther Robert,  
Lorong Batu Nilam 4B  
Bandar Bukit Tinggi  
41200 Klang, Selangor.

Company No. : 972731 – P

**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The directors of **CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.** have pleasure in submitting their report and the audited financial statements of the Company, for the financial period from 1st January, 2016 to 31st March, 2016.

**PRINCIPAL ACTIVITY**

The Company is principally involved in the business of forwarding, freight, shipping, transporting activities, warehousing and logistics services.

There has been no significant change in the nature of the activity of the Company during the financial period.

**CHANGE OF FINANCIAL PERIOD END**

During the financial period, the Company changed its financial period end from 31st December to 31st March. Accordingly, the financial statements for the current financial period were drawn up for a period of second months from 1st January, 2016 to 31st March, 2016.

**RESULTS OF OPERATIONS**

The results of the Company for the financial period are as follows :

	<b>RM</b>
Profit for the period	35,074
(Accumulated losses) at beginning of period	<u>(413,285)</u>
(Accumulated losses) at end of period	<u>(378,211)</u>

In the opinion of the directors, the results of operations of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the financial statement.

**DIVIDEND**

No dividend has been declared or paid since the end of the previous financial year and the directors do not recommend any dividends for the current financial period.

**RESERVES AND PROVISIONS**

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

**ISSUE OF SHARES AND / OR DEBENTURES**

The Company has not issued any new shares and / or debentures during the financial period.

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**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
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**SHARE OPTIONS**

No options have been granted by the Company to any party during the financial period to take up unissued shares of the Company.

No shares have been issued during the financial period by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial period, there were no unissued shares of the Company under options.

**OTHER FINANCIAL INFORMATION**

Before the financial statements of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that there all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would require the writing off of bad debts or the making of provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial period.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of operations of the Company for the current financial period.

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**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
(Incorporated in Malaysia)

**DIRECTORS**

The following directors served on the Board of the Company since the date of the last report:

Kunju Kutty Aniyan Kunju  
Sandeep Pathayath Karunakaran  
Saji Velamkuzhiyil Skaria

**DIRECTORS' INTEREST**

The shareholdings in the Company of those who were directors at the end of the financial period, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:-

Shareholdings in the Company	Number of Ordinary Shares of RM 1.00 each			Balance at 31.03.2016
	Balance at 01.01.2016	Bought	Sold	
Kunju Kutty Aniyan Kunju	1	-	-	1

Indirect Clarion Logistics Holding Singapore Ltd. (Holding Company)	Number of Ordinary Shares of S \$ 1.00 each			Balance at 31. 03.2016
	Balance at 01.01.2016	Bought	Sold	
Kunju Kutty Aniyan Kunju	100,000	-	-	100,000

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company with the director or with a firm of which the director is a member or with a company in which the director has substantial financial interest.

During and at the end of the financial period, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**HOLDING COMPANY**

The Company is a wholly-owned subsidiary of Clarion Logistics Holding Singapore Ltd (Co. No. : 201308988C), a company incorporated in Singapore.

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**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
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**AUDITORS**

The auditors, Messrs K. H. CHIN & CO. (AF 1304), have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 9th May, 2016.



**SANDEEP PATHAYATH KARUNAKARAN**  
Director



**SAJI VELAMKUZHIYIL SKARIA**  
Director

Kuala Lumpur, Malaysia.

Company No. : 972731 – P

**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

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

We, **SANDEEP PATHAYATH KARUNAKARAN** and **SAJI VELAMKUZHIYIL SKARIA**, being two of the directors of **CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**, state that in our opinion, the accompanying financial statements, together with the notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the results and the cash flows of the Company for the period from 1st January, 2016 to 31st March, 2016 and in accordance with the provisions of the Companies Act 1965 and the applicable Approved Accounting Standards in Malaysia.

On behalf of the Board (Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 9th May, 2016.)

**SANDEEP PATHAYATH KARUNAKARAN**  
Director

**SAJI VELAMKUZHIYIL SKARIA**  
Director

Kuala Lumpur, Malaysia.

**DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR  
THE FINANCIAL MANAGEMENT OF THE COMPANY**

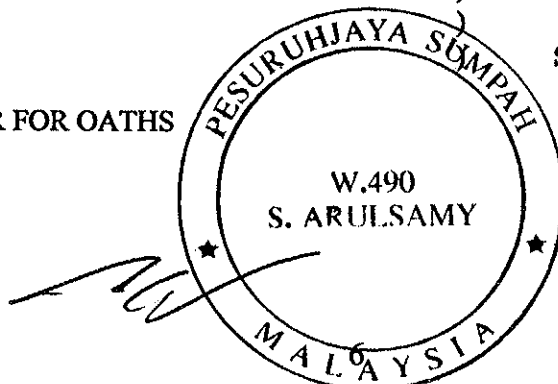
Pursuant to Section 169(16) of the Companies Act, 1965

I, **SAJI VELAMKUZHIYIL SKARIA**, the director primarily responsible for the financial management of **CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**, do solemnly and sincerely declare that the accompanying financial statements, together with the notes thereto, are in my opinion, to the best 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 above-named **SAJI VELAMKUZHIYIL SKARIA**)  
at Kuala Lumpur, Malaysia )  
this 9th May, 2016. )

Before me

COMMISSIONER FOR OATHS



**SAJI VELAMKUZHIYIL SKARIA**



Company No. : 972731 – P

**K. H. CHIN & CO. (AF 1304)**

Chartered Accountants

No.18C, Jalan Kancil,  
Off Jalan Pudu,  
55100 Kuala Lumpur.

Telephone (03) 2143 3222  
Facsimile (03) 2143 3111

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of **Clarion International Freight & Logistics Sdn. Bhd.**, which comprise the balance sheet as at 31st March, 2016, and the income statement, statement of changes in equity and cash flow statement for the period from 1st January, 2016 to 31st March, 2016 and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 22.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

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

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

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

Company No. : 972731 -- P

**K. H. CHIN & CO. (AF 1304)**

Chartered Accountants

No.18C, Jalan Kancil,  
Off Jalan Pudu,  
55100 Kuala Lumpur.

Telephone (03) 2143 3222  
Facsimile (03) 2143 3111

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD. (CONT'D)**  
(Incorporated in Malaysia)

*Opinion*

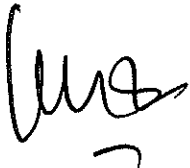
In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st March, 2016 and of its financial performance and cash flows for the period from 1st January, 2016 to 31st March, 2016.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

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



**K. H. CHIN & CO.**  
**AF 1304**  
**Chartered Accountants**



**CHIN KIM HATT**  
**2101/11/16(J)**  
**Chartered Accountant**

Kuala Lumpur, Malaysia.  
Date : 9th May, 2016.

Company No. : 972731 – P

**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
(Incorporated in Malaysia)

**BALANCE SHEET**  
**AS AT 31ST MARCH, 2016**

	Note	As at 31st March, 2016 RM	As at 31st December, 2015 RM
PROPERTY, PLANT AND EQUIPMENT	6	452,382	210,103
<b>CURRENT ASSETS</b>			
Trade receivables	7,15	421,917	322,640
Other receivables, prepayment and deposits	8	124,030	128,330
Cash and bank balances		322,717	189,413
		868,664	640,383
<b>CURRENT LIABILITIES</b>			
Trade payables	9,15	612,942	414,893
Other payables, accruals and deposits	10	293,031	53,224
Amount due to directors	11	241,233	241,233
Hire - purchase payables – current portion	12	7,358	7,233
		1,154,564	716,583
<b>NET CURRENT (LIABILITIES)</b>		(285,900)	(76,200)
		166,482	133,903
<b>Finance by :</b>			
Share capital	13	500,000	500,000
(Accumulated losses)	14	(378,211)	(413,285)
		121,789	86,715
Hire - purchase payables – non – current portion	12	44,693	47,188
		166,482	133,903

The accompanying Notes form an integral part of the financial statements.

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**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
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**INCOME STATEMENT**  
**FOR THE PERIOD FROM 1ST JANUARY, 2016**  
**TO 31ST MARCH, 2016.**

(With comparative figure from 1st January, 2015 to 31st December, 2015)

	Note	1st January, 2016 To 31st March, 2016 RM	1st January, 2015 To 31st December, 2015 RM
Turnover		1,572,917	4,707,083
Cost of sales		(1,325,952)	(3,944,793)
<b>Gross profit</b>		246,965	762,290
Other income		-	104
		246,965	762,394
Administrative expenses		(124,321)	(466,769)
Other operating expenses		(87,570)	(198,626)
		(211,891)	(665,395)
<b>Profit for the period / year</b>	16	35,074	96,999

The accompanying Notes form an integral part of the financial statements.

Company No. : 972731 – P

**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD FROM 1ST JANUARY, 2016  
TO 31ST MARCH, 2016.**

	Share Capital	(Accumulated Losses)	Total
	RM	RM	RM
Balance as at 01.01.2015	500,000	(510,284)	(10,284)
Profit for the year	-	96,999	96,999
Balance as at 31.12.2015	<u>500,000</u>	<u>(413,285)</u>	<u>86,715</u>
Profit for the period	-	35,074	35,074
Balance as at 31.03.2016	<u>500,000</u>	<u>(378,211)</u>	<u>121,789</u>

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**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
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**CASH FLOW STATEMENT**  
**FOR THE PERIOD FROM 1ST JANUARY, 2016**  
**TO 31ST MARCH, 2016.**  
(With comparative figure from 1st January, 2015 to 31st December, 2015)

	1st January, 2016 To 31st March, 2016 RM	1st January, 2015 To 31st December, 2015 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period / year	35,074	96,999
Adjustments for:		
Depreciation of property, plant and equipment	11,475	24,975
Hire purchase interest	922	-
Operating profit before working capital changes	47,471	121,974
(Increase) / decrease in trade and other receivables, prepayment and deposit	(94,977)	267,423
Increase / (decrease) in trade payables, accruals and deposits	437,856	(241,813)
Operating profit after working capital changes	390,350	147,584
Hire purchase interest	(922)	-
Net cash generated from operating activities	<u>389,428</u>	<u>147,584</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(253,754)	(98,855)
Net cash (used in) investing activities	<u>(253,754)</u>	<u>(98,855)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan from directors	-	235,873
(Repayment to) hire – purchase payables	(2,370)	(3,479)
(Repayment to) holding company	-	(225,626)
Net cash (used in) / generated from financing activities	<u>(2,370)</u>	<u>6,768</u>
Net increase in cash and cash equivalents	133,304	55,497
Cash and cash equivalents at beginning of period / year	189,413	133,916
Cash and cash equivalents at end of period / year	<u>322,717</u>	<u>189,413</u>

**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

The Company is incorporated as a private company limited by shares under the Malaysian Companies Act, 1965 and is domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 9th May, 2016.

**2. PRINCIPAL ACTIVITIES**

The Company is principally involved in the business of forwarding, freight, shipping, transporting activities, warehousing and logistics services.

There has been no significant change in the nature of the activity of the Company during the financial period.

**3. CHANGE OF FINANCIAL PERIOD END**

During the financial period, the Company changed its financial period end from 31st December to 31st March. Accordingly, the financial statements for the current financial period were drawn up for a period of second months from 1st January, 2016 to 31st March, 2016.

**4. BASIC OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and Approved Accounting Standards issued in Malaysia.

**5. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial statements of the Company have been prepared under the historical cost convention.

**(b) Depreciation of Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation of property, plant and equipment is provided on a straight line basis calculated to write off the cost of the assets over their expected useful lives at the following rates :

	<b>Rate</b>
Motor Vehicle	20%
Furniture & Fittings	20%
Office Equipment	20%
Computer & Software	20%
Plant, Machinery and Tools	10%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount are recognised in the income statement.

**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
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**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Cash and cash equivalents**

Cash equivalents are short term, highly liquid investment with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

**(d) Impairment of assets**

The carrying value of assets, other than inventories, assets arising from construction contracts, deferred tax assets and financial assets ( other than investment in subsidiaries, associates, and joint ventures ), are reviewed 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. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment of loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus.

However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

**(e) Hire Purchase and Finance Lease Payables**

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present values of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for hire purchased and leased assets is consistent with that for depreciable property, plant and equipment as described in Note 4 (b).



**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
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**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(f) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits 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. Deferred tax is not recognised if the temporary differences arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

**(g) Provisions**

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

**(h) Revenue Recognition**

Revenue is recognised when it is probable that the economics benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Revenue of the Company represents invoiced value of services rendered less credit notes.

**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
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**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(i) Employees Benefits**

**(i) Short Term Benefits**

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

**(ii) Defined Contribution Plans**

Contributions relating to defined contribution plans are charged to income statement when incurred.

**(j) Financial Instruments**

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instruments.

**(i) Receivables**

Trade and other receivables are carried at anticipated realisable value. All known bad debts are written off while doubtful debts are provided for based on estimate of possible losses that may arise from non-collection.

**(ii) Payables**

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**(iii) Equity Instruments**

Ordinary shares are classified as equity. Dividend on ordinary shares is recognised in equity in the period in which they are approved for payment.

**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
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**6. PROPERTY, PLANT AND EQUIPMENT**

As at 31st March, 2016	Plant, Machinery and Tools RM	Motor Vehicles RM	Furniture Fittings RM	Office Equipment RM	Computer Software RM	Total RM
<b>COST</b>						
Balance at 01.01.2016	-	125,962	137,113	6,249	35,415	304,739
Additions	250,025	-	-	-	3,729	253,754
Disposal	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Balance at 31.03.2016	250,025	125,962	137,113	6,249	39,144	558,493
<b>ACCUMULATED DEPRECIATION</b>						
Balance at 01.01.2016	-	25,039	44,678	3,908	21,011	94,636
Additions	-	5,736	4,884	147	708	11,475
Disposal	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Balance at 31.03.2016	-	30,775	49,562	4,055	21,719	106,111
<b>NET BOOK VALUE</b>	250,025	95,187	87,551	2,194	17,425	452,382

As at 31st December, 2015	Motor Vehicles RM	Furniture Fittings RM	Office Equipment RM	Computer Software RM	Total RM
<b>COST</b>					
Balance at 01.01.2015	43,700	65,703	6,249	32,332	147,984
Additions	82,262	71,410	-	3,083	156,755
Disposal	-	-	-	-	-
Reclassification	-	-	-	-	-
Balance at 31.12.2015	125,962	137,113	6,249	35,415	304,739
<b>ACCUMULATED DEPRECIATION</b>					
Balance at 01.01.2015	8,740	39,423	3,320	18,178	69,661
Additions	16,299	5,255	588	2,833	24,975
Disposal	-	-	-	-	-
Reclassification	-	-	-	-	-
Balance at 31.12.2015	25,039	44,678	3,908	21,011	94,636
<b>NET BOOK VALUE</b>	100,923	92,435	2,341	14,404	210,103

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**7. TRADE RECEIVABLES**

The Company's normal trade credit term ranges from 30 days to 90 days (2015 : 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

**8. OTHER RECEIVABLES, PREPAYMENT AND DEPOSITS**

	As at 31st March, 2016 RM	As at 31st December, 2015 RM
Deposit	<u>124,030</u>	<u>128,330</u>

**9. TRADE PAYABLES**

The normal trade credit term granted to the Company range from 30 days to 90 days (2015: 30 days to 90 days). Other credit terms are assessed and approved on a case by case basic.

**10. OTHER PAYABLES AND ACCRUALS**

	As at 31st March, 2016 RM	As at 31st December, 2015 RM
Other payables	206,837	-
Accruals	<u>86,194</u>	<u>53,224</u>
	<u>293,031</u>	<u>53,224</u>

Other payables comprise mainly unpaid balance of property, plant and equipment purchased during the financial period.

**11. AMOUNT DUE TO DIRECTORS**

Amount due to directors is unsecured, interest free and has no fixed terms of repayment.

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**12. HIRE PURCHASE PAYABLES**

	As at 31st March, 2016 RM	As at 31st December, 2015 RM
Amounts payable under hire purchase	60,897	64,189
Less: Future finance charges	<u>(8,846)</u>	<u>(9,768)</u>
	52,051	54,421
Amount due for settlement within 12 months	<u>(7,358)</u>	<u>(7,233)</u>
Amount due for settlement after 12 months	<u>44,693</u>	<u>47,188</u>

The amount due for settlement after 12 months are due within 2 to 5 years.

During the financial period, the hire purchase payables bear an interest of approximately 5.17% per annum.

**13. SHARE CAPITAL**

	As at 31st March, 2016 RM	As at 31st December, 2015 RM
Authorised :		
500,000 Ordinary Shares of RM 1.00 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid-up :		
500,000 Ordinary Shares of RM 1.00 each	<u>500,000</u>	<u>500,000</u>

**14. ACCUMULATED LOSSES AND DEFERRED TAXATION**

No tax is currently payable, as the Company is in a tax loss position.

Deferred tax assets have not been recognised in respect of the following items :

	As at 31st March, 2016 RM	As at 31st December, 2015 RM
Temporary difference in respect of the excess of tax capital allowance over book depreciation	(158,698)	(52,166)
Unabsorbed capital allowance	61,522	-
Unutilised tax losses carried forward	<u>430,199</u>	<u>430,199</u>
	<u>333,023</u>	<u>378,033</u>

As mentioned in Note 4(g), the tax effects of temporary differences which give rise to net future tax benefits are recognised generally on actual realisation.

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**14. ACCUMULATED LOSSES AND DEFERRED TAXATION (CONT'D)**

The unutilised tax loss and unabsorbed capital allowances are available indefinitely for offset against future taxable profits.

A reconciliation of income tax expenses applicable to the loss before taxation at the statutory tax rate to income tax expenses at the effective tax rate of the Company is as follow:-

	<b>As at 31st March, 2016 RM</b>	<b>As at 31st December, 2015 RM</b>
Profit for the period / year	<u>35,074</u>	<u>96,999</u>
Income tax expenses at statutory rate	7,015	19,400
Non-allowable items	1,987	2,177
Utilisation of unrecognized tax loss and capital allowance	<u>(9,002)</u>	<u>(21,577)</u>
	<u>-</u>	<u>-</u>

**15. RELATED PARTY TRANSACTIONS**

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Company's transactions and arrangements and terms thereof are with related parties and the effect of those on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and without fixed repayment terms unless stated otherwise.

Included in the following accounts, the amount owe by / to the companies of which certain directors of the Company have interest are :

	<b>As at 31st March, 2016 RM</b>	<b>As at 31st December, 2015 RM</b>
Trade receivables	27,875	22,945
Trade payables	<u>61,153</u>	<u>33,223</u>

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**15. RELATED PARTY TRANSACTIONS (CONT'D)**

Significant transactions between the Company and other companies of which certain directors have interest are as follows :

	As at 31st March, 2016 RM	As at 31st December, 2015 RM
Sales	43,673	94,358
Advance	186,891	1,066,877
Repayment	<u>(256,207)</u>	<u>(931,018)</u>

**16. PROFIT FOR THE PERIOD / YEAR**

Profit for the period / year of the Company is arrived at after charging : -

	1st January, 2016 To 31st March, 2016 RM	1st January, 2015 To 31st December, 2015 RM
Audit fee	4,100	7,500
Depreciation of property, plant and equipment	11,475	24,975
Director's remuneration	<u>61,500</u>	<u>225,200</u>

**17. EMPLOYEE INFORMATION**

	1st January, 2016 To 31st March, 2016 RM	1st January, 2015 To 31st December, 2015 RM
Staff costs	119,895	447,916
Employee provident funds	3,705	16,315
Social Security Organisation	<u>721</u>	<u>2,538</u>

Director's remuneration and director's fee has been included into staff costs and average number of employee for the financial period was approximately 9 ( 2015 : 7 ).

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**18. FINANCIAL INSTRUMENTS**

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks.

**Financial Risk Management Objectives and Policies**

Exposure to credit, interest rate and liquidity and cash flow risk arise in the normal course of the Company's business. The Board reviews and agrees to policies for managing each of these risks and they are summarised below.

**Credit risk**

The Company's exposure to credit risk arises through its receivables. Management has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis through review of receivables ageing.

At balance sheet date, the maximum exposure to credit risk is represented by the carrying amount of the receivable presented in the balance sheet.

**Interest Rate Risk**

The Company's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

**Fair values**

As at balance sheet date, the carrying amount of cash and cash equivalents, trade and other receivables and trade and other payables approximate fair value due to the relatively short term nature of these financial instruments, other than the fair value of amount due from directors which are principally impracticable to estimate due to lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.



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FOR MANAGEMENT PURPOSES ONLY  
(SCHEDULE 1)

**DETAIL INCOME STATEMENT**  
**FOR THE PERIOD FROM 1ST JANUARY, 2016**  
**TO 31ST MARCH, 2016**

(With comparative figure from 1st January, 2015 to 31st December, 2015)

	1st January, 2016 to 31st March, 2016 RM	1st January, 2015 to 31st December, 2015 RM
Turnover	1,572,917	4,707,083
Less : Cost of sales	1,325,952	3,944,793
<b>Gross profit</b>	<b>246,965</b>	<b>762,290</b>
Other Income	-	104
	<u>246,965</u>	<u>762,394</u>
Less : Operating expenses		
<b>Administrative expenses</b>		
Director's remuneration	61,500	225,200
Directors' other emolument	-	7,000
Salaries and wages	58,395	207,516
Bonus	-	8,200
Employees' Provident Fund	3,705	16,315
Social Security Organisation	721	2,538
	<u>124,321</u>	<u>466,769</u>
<b>Other operating expenses</b>		
Audit fee	4,100	7,500
Bank charges	455	1,914
Courier and postage	820	2,408
Depreciation of property, plant and equipment	11,475	24,975
Electricity charges	2,281	7,932
Exchange Difference	13,339	4,270
Filing Fee	-	200
Insurance & road tax	-	5,269
Hire purchase interest	922	1,459
Office expenses	3,582	6,852
Office cleaning charge	-	2,500
Printing and stationery	2,064	8,029
Passport and visa renewal	5,962	12,012
Rental	18,900	37,650
Balance c/f	<u>63,900</u>	<u>122,970</u>

**CLARION INTERNATIONAL FREIGHT & LOGISTICS SDN. BHD.**  
**(Incorporated in Malaysia)**

FOR MANAGEMENT PURPOSES ONLY  
(SCHEDULE 2)

**DETAIL INCOME STATEMENT**  
**FOR THE PERIOD FROM 1ST JANUARY, 2016**  
**TO 31ST MARCH, 2016**

(With comparative figure from 1st January, 2015 to 31st December, 2015)

	1st January, 2016 to 31st March, 2016 RM	1st January, 2015 to 31st December, 2015 RM
<b>Other Operating Expenses</b>		
Balance c/f	63,900	122,970
Staff welfare	1,143	2,202
Secretarial fee	-	1,820
Subscription and renewal	427	-
Sales commission	-	958
Travelling	9,188	29,566
Telephone charges	10,988	26,917
Tax submission fee	1,000	1,000
Upkeep of office	320	3,220
Upkeep of office equipment	285	4,953
Upkeep of motor vehicle	319	4,082
Water charges	-	938
	87,570	198,626
<b>Total operating expenses</b>	211,891	665,395
<b>Profit for the period / year</b>	35,074	96,999