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AUDITED FINANCIAL STATEMENTS OF GCT FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

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Company No.: 464664 - M

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**GOLD COLD TRANSPORT SDN BHD**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**  
Pursuant to Section 251(2) of the Companies Act 2016

We, Lee Wan Kai and Tan Kim Yong, being the directors of Gold Cold Transport Sdn Bhd, do hereby state that, in the opinion of the directors, the financial statements set out on pages 11 to 49 are drawn up so as to give a true and fair view of the financial position of the Company as at 30 November 2017 and financial performance and cash flows of the Company 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.

Signed on behalf of the board of directors in accordance with a directors' resolution.



LEE WAN KAI  
Director



TAN KIM YONG  
Director

Kuala Lumpur

Date: 30 April 2018

## AUDITED FINANCIAL STATEMENTS OF GCT FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

Company No.: 464664 - M

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**GOLD COLD TRANSPORT SDN BHD**  
(Incorporated in Malaysia)

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

I Lee Wan Kai (IC No.:760331-71-5169), being the director primarily responsible for the financial management of Gold Cold Transport Sdn Bhd do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements set out on pages 11 to 49 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly  
declared by the abovenamed  
Lee Wan Kai  
at Kuala Lumpur  
in the Federal Territory  
this

**30 APR 2018**

  
LEE WAN KAI

Before me:



NO. 102 & 104 1st FLOOR BANGUNAN  
PERSATUAN YAP SELANGOR  
JALAN TUN HS LEE  
50000 KUALA LUMPUR

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**AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017**

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**Company No.: 553099 - H**

**GC LOGISTICS SDN BHD  
(Incorporated in Malaysia)**

**REPORTS AND FINANCIAL STATEMENTS  
30 NOVEMBER 2017**

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**AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)**


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**Company No.: 553099 - H**

**GC LOGISTICS SDN BHD**  
**(Incorporated in Malaysia)**

**REPORTS AND FINANCIAL STATEMENTS – 30 NOVEMBER 2017****CONTENTS**

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AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

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**GC LOGISTICS SDN BHD**  
(Incorporated in Malaysia)

**CORPORATE INFORMATION**

<b>DOMICILE</b>	<b>:</b> Malaysia
<b>LEGAL FORM AND PLACE OF INCORPORATION</b>	<b>:</b> Private company limited by way of shares incorporated in Malaysia under the Companies Act 2016
<b>REGISTERED OFFICE</b>	<b>:</b> No 3, Jalan Sungai Kayu Ara 32/40 Seksyen 32, Taman Berjaya Park 40460, Shah Alam, Selangor
<b>PRINCIPAL PLACE OF BUSINESS</b>	<b>:</b> No 3, Jalan Sungai Kayu Ara 32/40 Seksyen 32, Taman Berjaya Park 40460, Shah Alam, Selangor

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

Company No.: 553099 – H

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GC LOGISTICS SDN BHD  
(Incorporated in Malaysia)DIRECTORS' REPORT  
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2017

The directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 30 November 2017.

## PRINCIPAL ACTIVITIES

The Company was principally engaged in rendering of transportation, cold room storage facilities, repackaging and value added facilities services. In current financial year, the Company principally engaged in the business of rental of trucks to its immediate holding company.

Other than in above, there have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	RM
Profit for the year	<u>473,239</u>

## DIVIDENDS

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

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

## SHARE OPTIONS

No option was granted to any person to take up unissued shares of the Company during the financial year.

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

Company No.: 553099 – H

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## RESERVES AND PROVISIONS

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

## ULTIMATE HOLDING COMPANY

The directors regard Nippon Yusen Kabushiki Kaisha, a company incorporated in Japan and listed on Tokyo Stock Exchange and Nagoya Stock Exchange, as the ultimate holding company.

## DIRECTORS

The directors in office during the financial year to date of this report are:

Lee Wan Kai	(Appointed on 12 July 2017)
Tan Kim Yong	(Appointed on 12 July 2017)
Haris Fazail Bin Haroon	(Appointed on 12 July 2017)
Chang Kok Fai	(Resigned on 12 July 2017)
Chan Sun Cheong	(Resigned on 12 July 2017)

## DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the following director who held office at the end of the financial year, had shares in the related corporations during the financial year as follows:

	----- No. of ordinary shares -----			
	At 1.12.2016	Bought	Sold	At 30.11.2017
<b>Related Company</b>				
<b>- Piala Kristal Sdn Bhd</b>				
<b>Haris Fazail Bin Haroon</b>				
- direct interest	51,000	-	-	51,000
<b>Related Company</b>				
<b>- Omega Saujana Sdn Bhd</b>				
<b>Haris Fazail Bin Haroon</b>				
- direct interest	51,000	-	-	51,000

Pursuant to Section 59 (3) of the Companies Act 2016, the interests of Lee Wan Kai and Tan Kim Yong in shares in related corporations are disclosed in the Directors' Report of the intermediate holding company, TASCOT Berhad (a company incorporated in Malaysia).

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**AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)**

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Company No.: 553099 – H

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**DIRECTORS' BENEFITS**

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with a 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 INFORMATION**

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

- (i) to ascertain that appropriate action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts to be written off but adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realised in the ordinary course of business including their values of current assets as shown in the accounting records of the Company have been written down to an amount which the current assets might be expected so to realise.

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

- (i) which would render it necessary to write off any debt or the amount of the allowance for doubtful debts inadequate to any substantial extent; or
- (ii) which would render the values attributed to the current assets in the financial statements misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

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

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

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



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AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

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Company No.: 553099 – H

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At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the directors:

- (i) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

**AUDITORS**

Auditors' remuneration is set out in note 16 to the financial statements.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

**APPROVAL OF THE DIRECTORS' REPORT**

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.



LEE WAN KAI  
Director



TAN KIM YONG  
Director

Kuala Lumpur

Date: 30 April 2018

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)



Company No.: 553099 - H

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**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
GC LOGISTICS SDN BHD  
(Incorporated in Malaysia)  
Company No.: 553099 - H**

**Report on the Audit of the Financial Statements***Opinion*

We have audited the financial statements of GC Logistics Sdn Bhd, which comprise the statement of financial position as at 30 November 2017 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 40.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 November 2017, and of its financial performance and its 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 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.

*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 Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

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AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

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**M A Z A R S**

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Our opinion on the financial statements 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 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 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 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 Company that are free from material misstatement, whether due to fraud or error.

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

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

- Identify and assess the risks of material misstatement of the financial statements of the 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.

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

 M A Z A R S

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- 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

### Other Matters

- (a) As stated in note 2(a) to the financial statements, the Company adopted Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board and International Financial Reporting Standards on 1 December 2016 with a transition date of 1 December 2015. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statement of financial position of the Company as at 30 November 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year ended 30 November 2016 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 30 November 2017, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 December 2016 do not contain misstatements that materially affect the financial position as at 30 November 2017 and the financial performance and cash flows for the financial year then ended.


## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

 M A Z A R S

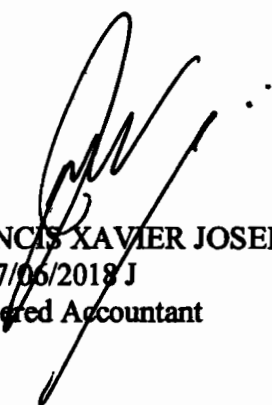
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- (b) This report is made solely to the members the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



MAZARS PLT  
LLP0010622-LCA  
AF 001954  
Chartered Accountants



FRANCIS XAVIER JOSEPH  
02997/06/2018 J  
Chartered Accountant

Kuala Lumpur

Date: 30 April 2018

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

Company No.: 553099 - H

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GC LOGISTICS SDN BHD  
(Incorporated in Malaysia)STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2017

	<i>Note</i>	2017 RM	2016 RM (Restated)
<b>ASSETS</b>			
<b>Non-current asset</b>			
Plant and equipment	5	3,831,067	4,478,938
<b>Current assets</b>			
Trade receivables	6	8,480	1,405,339
Other receivables, deposits and prepayments	7	240,442	692,615
Amounts owing by immediate holding company	8	9,861,174	9,397,265
Current tax asset		1,385,803	496,952
Deposits with a licensed bank		808,747	3,539,809
Cash and bank balances		1,988,552	623,878
<b>Total current assets</b>		14,293,198	16,155,858
<b>TOTAL ASSETS</b>		18,124,265	20,634,796
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	250,000	250,000
Retained earnings		15,507,308	15,034,069
<b>Total equity</b>		15,757,308	15,284,069

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

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	<i>Note</i>	2017 RM	2016 RM (Restated)
<b>Non-current liabilities</b>			
Deferred tax liabilities	10	127,262	2,782
Hire purchase liabilities	11	300,795	279,804
<b>Total non-current liabilities</b>		<u>428,057</u>	<u>282,586</u>
<b>Current liabilities</b>			
Trade payables	12	45,244	2,318,721
Other payables, deposits and accruals	13	401,507	1,603,805
Amounts owing to immediate holding company	8	842,355	-
Hire purchase liabilities	11	649,794	1,145,615
<b>Total current liabilities</b>		<u>1,938,900</u>	<u>5,068,141</u>
<b>Total liabilities</b>		<u>2,366,957</u>	<u>5,350,727</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>18,124,265</u>	<u>20,634,796</u>

The accompanying notes form an integral part of the financial statements

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

Company No.: 553099 - H

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GC LOGISTICS SDN BHD  
(Incorporated in Malaysia)STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 NOVEMBER 2017

	<i>Note</i>	2017 RM	2016 RM (Restated)
Revenue	14	3,244,599	25,511,520
Cost of services		(2,206,086)	(18,691,640)
Gross profit		1,038,513	6,819,880
Other income		613,151	1,052,263
Distribution costs		-	(35,273)
Administrative and general expenses		(901,299)	(4,496,386)
Finance costs	15	(86,666)	(121,641)
Profit before tax	16	663,699	3,218,843
Taxation	17	(190,460)	(641,216)
Profit for the year		473,239	2,577,627
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		473,239	2,577,627

The accompanying notes form an integral part of the financial statements



## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

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GC LOGISTICS SDN BHD  
(Incorporated in Malaysia)STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 NOVEMBER 2017

	<i>Note</i>	Share capital RM	Retained earnings RM	Total equity RM
At 30 November 2015		250,000	12,456,442	12,706,442
Total comprehensive income for the year				
- As previously reported		-	2,717,184	2,717,184
- Prior year adjustment	22	-	(139,557)	(139,557)
- As restated		-	2,577,627	2,577,627
At 30 November 2016		250,000	15,034,069	15,284,069
Total comprehensive income for the year		-	473,239	473,239
At 30 November 2017		250,000	15,507,308	15,757,308

The accompanying notes form an integral part of the financial statements

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

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GC LOGISTICS SDN BHD  
(Incorporated in Malaysia)STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 NOVEMBER 2017

	2017 RM	2016 RM (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	663,699	3,218,843
Adjustments for:		
Depreciation of plant and equipment	1,637,010	1,944,033
Allowance for doubtful debts	17,127	104,891
Allowance for doubtful debts no longer required	(141,042)	-
Interest expense	86,666	121,641
Interest income	(107,846)	(114,968)
Operating profit before working capital changes	2,155,614	5,274,440
Changes in receivables	1,972,947	18,230,022
Changes in payables	(7,030,407)	(16,500,725)
Cash (used in)/generated from operations	(2,901,846)	7,003,737
Interest received	29,487	44,419
Tax paid	(954,831)	(1,587,574)
Net cash (used in)/generated from operating activities	(3,827,190)	5,460,582
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment (Note (a))	-	(1,815,200)
Repayment from/(advances to) immediate holding company	3,090,723	(3,090,723)
Proceeds from disposal of plant and equipment	-	55,870
Interest received	78,359	70,549
Net cash generated from/(used in) investing activities	3,169,082	(4,779,504)

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

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	2017 RM	2016 RM (Restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from a director	-	100,520
Advances from immediate holding company	842,355	-
Repayment of hire purchase liabilities	(1,463,969)	(1,193,154)
Interest paid	(86,666)	(121,641)
Net cash used in financing activities	(708,280)	(1,214,275)
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>		
	(1,366,388)	(533,197)
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>4,163,687</b>	<b>4,696,884</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>2,797,299</b>	<b>4,163,687</b>
<b>Represented by:</b>		
Deposits with licensed banks	808,747	3,539,809
Cash and bank balances	1,988,552	623,878
	2,797,299	4,163,687

*Note (a)*

During the financial year, the Company made following cash payment for the purchase of plant and equipment:

	2017 RM	2016 RM
Additions of plant and equipment (Note 5)	989,140	2,435,200
Less: Finance by hire purchase arrangements	(989,140)	(620,000)
Cash payment on purchase of plant and equipment	-	1,815,200

The accompanying notes form an integral part of the financial statements

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

Company No.: 553099 – H

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**GC LOGISTICS SDN BHD**  
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 NOVEMBER 2017****1. GENERAL INFORMATION**

GC Logistics Sdn Bhd (the “Company”) is a private limited liability company incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are disclosed in page 1.

The immediate holding company is Gold Cold Transport Sdn Bhd, a company incorporated in Malaysia, which owns 100% (2016:%) of the issued share capital of the Company.

The intermediate and penultimate holding companies are Tasco Yusen Gold Cold Sdn Bhd and TASCOS Berhad respectively. Both the holding companies are incorporated in Malaysia. TASCOS Berhad is listed on the Main Board of Bursa Malaysia Securities Berhad.

The ultimate holding company is Nippon Yusen Kabushiki Kaisha, a company incorporated in Japan and listed on Tokyo Stock Exchange and Nagoya Stock Exchange.

The Company was principally engaged in rendering of transportation, cold room storage facilities, repackaging and value added facilities services. In current financial year, the Company principally engaged in the business of rental of trucks to its immediate holding company.

Other than in above, there have been no significant changes in the nature of these activities during the financial year.

**2. BASIS OF PREPARATION**

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

The measurement bases applied in the preparation of the financial statements include historical cost, recoverable value, realisable value and fair value. Estimates are used in measuring these values.

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

(a) Adoption of MFRS Framework

These are the Company's first financial statements prepared in accordance with MFRS. The MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*, has been applied. In the previous years, the financial statements of the Company were prepared in accordance with Private Entity Reporting Standards ("PERS") in Malaysia.

In presenting its first set of MFRS financial statements, the Company quantified the financial effects arising from the differences between MFRS and the previously applied PERS. The majority of the adjustments required on transition are expected to be made, retrospectively, against opening retained earnings of the Company. The Company has assessed the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRS, and the use of optional exemptions as provided for in MFRS 1, where applicable. Based on the assessment, there is no significant impact arising from the adoption of new MFRS framework on the Company's first set of financial statements prepared in accordance with the MFRS framework.

The accounting policies set out below have been applied in preparing the financial statements of the Company for the year ended 30 November 2017, together with the comparative information as at and for the year ended 30 November 2016.

(b) Standards issued that are not yet effective

The Company has not applied the following new standards, amendments and IC Interpretation that have been issued by the MASB relevant to its operations but are not yet effective:

		<i>Effective date</i>
Amendments to MFRS 1 and MFRS 128	Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2018

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		<i>Effective date</i>
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 9	Prepayment features with Negative Compensation	1 January 2019
MFRS 16	Leases	1 January 2019
Amendments to MFRS 112	Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 123	Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019

Except as otherwise indicated below, the adoption of the above new standards, amendments and IC interpretation are not expected to have significant impact on the financial statements of the Company.

#### *MFRS 9, Financial Instruments*

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces MFRS 139. MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements.

The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to changes in an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. MFRS 9 contains a new impairment model based on expected losses (as opposed to the 'incurred loss' model under MFRS 139), i.e. a loss event need not occur before an impairment loss is recognised, which will result in earlier recognition of losses.

The Company is assessing the impact to the financial statements upon adopting MFRS 9, and will adopt this standard on the mandatory effective date.

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**MFRS 15 *Revenue from Contracts with Customers***

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. MFRS 15 will replace MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for the Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 31 Revenue – Barter Transactions Involving Advertising Services. The application of MFRS 15 may result in difference in timing of revenue recognition as compared with current accounting policies.

The Company is assessing the impact to the financial statements upon adopting MFRS 15, and will adopt this standard on the mandatory effective date.

**MFRS 16 *Leases***

Currently under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases but not operating leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position, and recording of certain leases as off-balance sheet leases will no longer be allowed except for some limited exemptions. For a lessee that has material operating leases, the application of MFRS 16 may result in significant increase in assets and liabilities reported on its statement of financial position as compared with MFRS 117.

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Company is assessing the impact to the financial statements upon adopting MFRS 16, and will adopt this standard on the mandatory effective date.

**3. SIGNIFICANT ACCOUNTING POLICIES****(a) Plant and equipment****(i) *Recognition and measurement***

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of an asset. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

**(ii) Depreciation**

Depreciation is calculated to write off the depreciable amount of plant and equipment on a straight-line basis over their estimated useful lives. The depreciable amount is determined after deducting residual value from cost.

The principal annual rates used for this purpose are:

Cold room, cabin, plant and machinery	10%-50%
Computer equipment & software	10%-50%
Furniture & fittings	10%
Motor lorries	20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

**(b) Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

**(i) Initial recognition and measurement**

A financial instrument is recognised in the financial statements when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.



## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

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## (ii) Financial instrument categories and subsequent measurement

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss (“FVTPL”), loans and receivables, held-to-maturity (“HTM”) investments or available-for-sale (“AFS”) financial assets as appropriate. The Company determines the classification of the financial assets as set out below upon initial recognition.

The Company’s financial assets are all categorised as loans and receivables.

*Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method, less allowance for impairment losses. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and through the amortisation process.

All financial assets are subject to review for impairment.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortised cost.

The Company’s financial liabilities are all categorised as financial liabilities at amortised cost which are subsequently measured at amortised cost using the effective interest method.

## (iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in equity is recognised in profit or loss.

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A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or has expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(c) Impairment**

All financial assets are assessed at the reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

**(i) Financial assets***Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at 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 current market rate of return for a similar financial asset. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

*Assets carried at cost*

If there is objective evidence that an impairment loss on financial assets carried at 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 current market rate of return for a similar financial asset.

Such impairment losses are not reversed in subsequent periods.

**(ii) Non-financial assets**

Plant and equipment and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment.

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If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

**(d) Equity instruments**

Equity instruments are measured at cost on initial recognition and are not remeasured subsequently.

Cost incurred directly attributable to the issuance of equity instruments are accounted for as a deduction from equity.

**(e) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and when the revenue can be reliably measured.

(i) Revenue from services rendered is recognised in profit or loss upon services rendered.

(ii) Rental income is recognised on a straight line basis over the lease terms.

(iii) Interest income is recognised on a time proportion basis.

**(f) Leases**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

***Finance lease***

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

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In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, Company's incremental borrowing rate is used.

*Operating lease*

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease expense are credited or charged to the profit or loss on a straight-line basis over the period of the lease.

**(g) Borrowing costs**

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

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

**(h) Employee benefits****(i) *Short-term employee benefits***

Salaries, wages, allowances, bonuses, paid annual leave, paid sick leave and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

**(ii) *Post-employment benefits***

The Company pays monthly contributions to the Employees Provident Fund ("the EPF") which is a defined contribution plan.

The legal or constructive obligation of the Company is limited to the amount that they agree to contribute to the EPF. The contributions to the EPF are charged to profit or loss in the period to which they relate.

**(i) Taxation**

The tax expense represents the aggregate amount of current tax and deferred tax included in the determination of profit or loss for the financial year.

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On the statement of financial position, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is recognised for deductible temporary differences and tax losses only to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of:

- (i) goodwill, or
- (ii) an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on tax rates enacted or substantively enacted by the reporting date that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to other comprehensive income if the tax relates to items that are credited or charged, whether in the same or a different period, directly to other comprehensive income.

- (j) Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

- (k) Goods and Services Tax ("GST")

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset. Receivables and payables relate to such revenue, expenses or acquisitions of assets are presented in the statement of financial position inclusive of GST recoverable or GST payable.

GST recoverable from or payable to tax authority may be presented on net basis should such amounts are related to GST levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

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**4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of financial statements in conformity with MFRS requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of asset and liabilities and disclosures of contingent assets and liabilities at the reporting date, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

*Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**(i) Depreciation of plant and equipment**

Plant and equipment are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful life of these assets to be from 2 to 10 years.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges could be revised.

**(ii) Impairment of receivables**

The collectability of receivables is assessed on an ongoing basis. An allowance for doubtful debts is made for any account considered to be doubtful of collection.

The Company assesses at each reporting date whether there is any objective evidence that receivables have been impaired. To determine whether there is objective evidence of impairment, a considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each debtor.

If the financial conditions of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

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(iii) *Income taxes*

Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the tax expense and deferred tax liabilities in the period in which such determination is made.

## 5. PLANT AND EQUIPMENT

Cost	Cold room, cabin, plant & machinery RM	Computer equipment, & software RM	Furniture & fittings RM	Motor lorries RM	Total RM
At 1.12.2016	1,074,393	1,070,660	34,977	10,419,119	12,599,149
Additions	-	-	-	989,140	989,140
Write-offs	(69,861)	(69,907)	(8,609)	-	(148,377)
At 30.11.2017	1,004,532	1,000,753	26,368	11,408,259	13,439,912
Accumulated depreciation					
At 1.12.2016	597,376	800,105	11,745	6,710,985	8,120,211
Charge for the year	118,812	43,875	2,637	1,471,686	1,637,010
Write-offs	(69,861)	(69,907)	(8,609)	-	(148,377)
At 30.11.2017	646,327	774,073	5,774	8,182,671	9,608,845
Net carrying amount					
At 30.11.2017	358,205	226,680	20,594	3,225,588	3,831,067

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Cost	Cold room, cabin, plant & machinery RM	Computer equipment, & software RM	Furniture & fittings RM	Motor lorries RM	Total RM
At 1.12.2015	629,149	1,058,508	16,109	9,224,126	10,927,892
Additions	445,244	12,152	18,868	1,958,936	2,435,200
Disposals	-	-	-	(763,943)	(763,943)
At 30.11.2016	1,074,393	1,070,660	34,977	10,419,119	12,599,149
Accumulated depreciation					
At 1.12.2015	478,564	744,730	9,109	5,651,848	6,884,251
Charge for the year	118,812	55,375	2,636	1,767,210	1,944,033
Disposals	-	-	-	(708,073)	(708,073)
At 30.11.2016	597,376	800,105	11,745	6,710,985	8,120,211
Net carrying amount					
At 30.11.2016	477,017	270,555	23,232	3,708,134	4,478,938

Included in net carrying amount of motor lorries amounting to RM1,291,593 (2016: RM2,191,638) which are held under hire purchase arrangements at the reporting date.

## 6. TRADE RECEIVABLES

	2017 RM	2016 RM
Gross trade receivables	146,263	1,667,037
Allowance for doubtful debts	(137,783)	(261,698)
Net trade receivables	8,480	1,405,339

The normal credit term ranges from 30 to 60 (2016: 30 to 60) days.



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## 7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 RM	2016 RM
Deposits	52,520	56,256
Prepayments	44,205	261,436
Other receivables	114,640	374,923
GST recoverable	29,077	-
	<u>240,442</u>	<u>692,615</u>

Included in other receivable amounting to RM nil (2016: RM59,223) relates to amount owing by a related party.

## 8. AMOUNTS OWING BY/(TO) IMMEDIATE HOLDING COMPANY

The amounts owing by/(to) immediate holding company comprises of:

	2017 RM	2016 RM
Trade	9,861,174	6,306,542
Non-trade	(842,355)	3,090,723
	<u>9,018,819</u>	<u>9,397,265</u>

The trade accounts are expected to be settled within the normal credit periods. The non-trade accounts are non-interest bearing advances which are unsecured and receivable/payable on demand.

## 9. SHARE CAPITAL

	2017 Number of ordinary shares	2016 Number of ordinary shares	2017 RM	2016 RM
Issued and fully paid:				
At 1 December/ 30 November	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

The new Companies Act 2016 which came into effect on 31 January 2017 abolished the concept of authorised share capital and par value of share capital.

The changes do not give rise to the change in the number of shares in issue or the relative entitlement of any of the Company's shareholders.

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## 10. DEFERRED TAX LIABILITIES

	2017 RM	2016 RM (Restated)
At 1 December	2,782	52,588
Recognised in profit or loss	124,480	(49,806)
At 30 November	<u>127,262</u>	<u>2,782</u>

The deferred tax liabilities on temporary differences recognised in the financial statements were as follows:

	2017 RM	2016 RM (Restated)
Tax effects of temporary differences:		
- between net carrying amount and tax written down value of plant and equipment	224,832	217,447
- allowance for doubtful debts	(33,068)	(62,808)
- others	(64,502)	(151,857)
	<u>127,262</u>	<u>2,782</u>

## 11. HIRE PURCHASE LIABILITIES

	2017 RM	2016 RM
<i>Future instalments payable</i>		
- not later than one year	684,246	1,178,747
- later than one year but not later than five years	307,862	297,753
Total future instalments payable	<u>992,108</u>	<u>1,476,500</u>
Unexpired term charges	(41,519)	(51,081)
Total outstanding principal	<u>950,589</u>	<u>1,425,419</u>
<i>Outstanding principal:</i>		
- not later than one year (included under current liabilities)	(649,794)	(1,145,615)
- later than one year but not later than five years (included under non-current liabilities)	<u>300,795</u>	<u>279,804</u>

The effective interest rates of the hire purchase liabilities are ranged from 2.98% to 3.20% (2016: 2.98% to 3.20%) per annum.

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## 12. TRADE PAYABLES

The credit terms granted to the Company ranged from 30 to 60 (2016: 30 to 60) days.

Included in trade payables amounting to RM nil (2016: RM14,037) relates to amount owing to a related party.

## 13. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	2017 RM	2016 RM
Accruals	367,807	1,084,102
Other payables	22,700	99,077
Deposits	11,000	191,300
GST payable	-	229,326
	<u>401,507</u>	<u>1,603,805</u>

## 14. REVENUE

	2017 RM	2016 RM
Warehousing	-	7,724,074
Transportation	-	12,290,181
Rental of trucks	3,244,599	5,497,265
	<u>3,244,599</u>	<u>25,511,520</u>

## 15. FINANCE COSTS

	2017 RM	2016 RM
Interest on hire purchases	<u>86,666</u>	<u>121,641</u>

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## 16. PROFIT BEFORE TAX

	2017 RM	2016 RM
Profit before tax is stated after charging:		
Auditors' remuneration		
- statutory audit	33,250	60,000
Allowance for doubtful debts	17,127	104,891
Depreciation of plant and equipment	1,637,010	1,944,033
Rental of trucks	-	1,612,678
	<u>          </u>	<u>          </u>
and crediting:		
Interest income:		
- deposits with a licensed bank	78,359	70,549
- bank balances	29,487	44,419
Allowance for doubtful debts no longer required	141,042	-
	<u>          </u>	<u>          </u>

## 17. TAXATION

	2017 RM	2016 RM (Restated)
Malaysia tax:		
- current year	66,580	711,048
- prior year	(600)	(20,026)
	<u>          </u>	<u>          </u>
	65,980	691,022
	<u>          </u>	<u>          </u>
Deferred tax:		
- origination of temporary differences	124,480	142,879
- prior year	-	(192,685)
	<u>          </u>	<u>          </u>
	124,480	(49,806)
	<u>          </u>	<u>          </u>
	190,460	641,216
	<u>          </u>	<u>          </u>

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The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate to the profit before tax analysed as follows:

	2017 RM	2016 RM (Restated)
Profit before tax	663,699	3,218,843
Taxation at statutory tax rate of 24% (2016: 24%)	159,288	772,522
Tax incentive obtained from differential tax rate of 0% (2016:19%)	-	(25,000)
Non-deductible expenses	31,772	106,405
Overprovision in prior year	(600)	(212,711)
	190,460	641,216

## 18. RELATED PARTY DISCLOSURES

- (a) Other than those disclosed elsewhere in the financial statements, the significant related party transactions during the financial year were as follows:

	--- Transaction value ---		-- Balance outstanding --	
	2017 RM	2016 RM	2017 RM	2016 RM
<i>Transactions with immediate holding company</i>				
Truck rental received or receivable	3,231,977	5,388,645	9,861,174	6,306,542
Transportation received or receivable	-	85,863	-	-
Truck rental paid or payable	-	1,320,106	-	-
Rental expenses paid or payable	-	2,000,000	-	-
Advances received	842,355	-	842,355	-
Repayment of advances	3,090,723	-	-	3,090,723
Reimbursement of expenses	121,449	-	-	-

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	— Transaction value —		-- Balance outstanding --	
	2017	2016	2017	2016
	RM	RM	RM	RM
<i>Transactions with a company which a former director has interest</i>				
Truck rental income received or receivable	-	24,480	-	59,223
Consultation fees paid or payable	-	13,350	-	14,037

## (b) Compensation of key management personnel

	2017	2016
	RM	RM
<i>Directors</i>		
Short-term employee benefits - salary, bonus and allowances	532,480	456,000
Post-employment benefits - EPF	85,199	88,198
	617,679	544,198

## 19. FINANCIAL INSTRUMENTS

## (a) Classification of financial instruments

	2017	2016
	RM	RM
<i>Financial assets</i>		
Trade and other receivables	175,640	1,836,518
Amounts owing by immediate holding company	9,861,174	9,397,265
Deposits with a licensed banks	808,747	3,539,809
Cash and bank balances	1,988,552	623,878
Total financial assets	12,834,113	15,397,470

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

Company No.: 553099 – H

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	2017 RM	2016 RM
<i>Financial liabilities</i>		<i>At amortised cost</i>
Trade and other payables	446,751	3,693,200
Amounts owing to immediate holding company	842,355	-
Hire purchase liabilities	950,589	1,425,419
<b>Total financial liabilities</b>	<b>2,239,695</b>	<b>5,118,619</b>

## (b) Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The carrying amounts of the financial instruments of the Company at the reporting date approximate their fair values, except for its hire purchases liabilities as follows:

	Carrying amount RM	Fair value RM
<b>2017</b>		
Hire purchase liabilities	950,589	957,206
<b>2016</b>		
Hire purchase liabilities	1,425,419	1,419,663

The fair value of hire purchase liabilities is determined by discounting the expected future cash flow based on current rates for similar types of leasing arrangements.

## 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company overall financial risk management objectives and policies is to ensure that the Company creates value and maximises returns to its shareholders.

The Company's activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity and cash flow risks arising in the normal course of businesses.

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

Company No.: 553099 – H

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The directors monitor financial position closely with an objective to minimise potential adverse effects on the financial performance of the Company. The directors review and agree on policies for managing each of these risks and they are summarised below:

*Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates.

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposures arise from deposits with a licensed bank.

Surplus funds are placed with licensed bank which generate interest income to the Company. The Company manages its interest rate risk by placing such balances on short tenures of three months or less.

*Credit risk*

Credit risk is the risk of loss that may arise should a counterparty default on its obligations.

The Company's management has a credit policy in place to ensure that transactions are conducted with creditworthy counterparties.

Exposure to credit risk arising from sales made on deferred terms is managed through the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. If necessary, may obtain collaterals from counterparties as a means of mitigating losses in the event of default.

The Company seeks to invest its surplus cash safely by depositing them with licensed banks.

As at the reporting date, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts of each financial assets recognised in the statement of financial position.

As at the reporting date, there was no indication that the trade receivables and amounts owing from immediate holding company are not recoverable.

At the year end, RM9,861,174 or 99.9% (2016: RM6,306,542 or 82%) of trade balances of the Company represents outstanding balances from its immediate holding company.



## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

Company No.: 553099 – H

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The ageing analysis of trade receivables which are trade in nature as at year end is as follows:

	Gross RM	Impairment RM	Net RM
<b><u>2017</u></b>			
Not past due	4,240		4,240
Less than 30 days past due	-		-
Between 30 and 90 days past due	4,240		4,240
More than 90 days past due	9,998,957	(137,783)	9,861,174
	<u>10,007,437</u>	<u>(137,783)</u>	<u>9,869,654</u>
<b><u>2016</u></b>			
Not past due	4,435,107		4,435,107
Less than 30 days past due	-		-
Between 30 and 90 days past due	708,960		708,960
More than 90 days past due	2,829,512	(261,698)	2,567,814
	<u>7,973,579</u>	<u>(261,698)</u>	<u>7,711,881</u>

The movements in the allowance for impairment losses of trade receivables during the year were:

	2017 RM	2016 RM
At beginning of the year	261,698	156,807
Allowance for doubtful debts	17,127	104,891
Allowance for doubtful debts no longer required	(141,042)	-
At end of the year	<u>137,783</u>	<u>261,698</u>

#### *Liquidity and cash flow risks*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The policy seeks to ensure that the Company, through efficient working capital management (i.e. accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of its businesses, the Company seeks to maintain sufficient credit lines to meet its liquidity requirements while ensuring an effective working capital management within the Company.

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

Company No.: 553099 – H

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The table below summarises the maturity profile the Company's financial liabilities as at year end based on the contractual undiscounted cash flows.

2017	Less than 1 year RM	1 to 5 years RM	Total RM
Trade and other payables	446,751	-	446,751
Amount owing to immediate holding company	842,355	-	842,355
Hire purchase liabilities	684,246	307,862	992,108
<b>Total undiscounted financial liabilities</b>	<b>1,973,352</b>	<b>307,862</b>	<b>2,281,214</b>
<b>2016</b>			
Trade and other payables	3,693,200	-	3,693,200
Hire purchase liabilities	1,178,747	297,753	1,476,500
<b>Total undiscounted financial liabilities</b>	<b>4,871,947</b>	<b>297,753</b>	<b>5,169,700</b>

## 21. CAPITAL MANAGEMENT

The primary objectives of the Company's capital management are to ensure that it maintains appropriate capital base in order to support its existing business operations and enable future development of the businesses as well as to maximise shareholders' value.

The capital structure of the Company consists of equity of the Company (i.e. share capital and reserves). Management reviews and manages the capital structure regularly and makes adjustments to address changes in the economic environment and risk characteristics inherent in the Company's business operations.

## 22. PRIOR YEAR ADJUSTMENT AND COMPARATIVE FIGURES

## (a) Deferred tax liabilities

Prior year adjustment is in respect of tax effects of temporary differences between net carrying amount and tax written down value of plant and equipment.

## (b) Reclassifications

In addition, certain comparative figures have been reclassified to conform to current year's presentation.

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

Company No.: 553099 – H

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The impact of the prior year adjustments and reclassifications on the financial statements are as follows:

At 30 November 2016	As previously stated RM	Prior year adjustment RM	Re- classifications RM	As restated RM
<b><u>Statement of Financial Position</u></b>				
<i>Non current asset</i>				
Deferred tax assets	136,775	(139,557)	2,782	-
<i>Current assets</i>				
Trade receivables	7,688,108	-	(6,282,769)	1,405,339
Other receivables, deposits and prepayments	3,783,338	-	(3,090,723)	692,615
Amount owing by immediate holding company	-	-	9,397,265	9,397,265
<i>Non current liabilities</i>				
Deferred tax liabilities	-	-	(2,782)	(2,782)
<i>Current liabilities</i>				
Other payables, deposits and accruals	(1,580,032)	-	(23,773)	(1,603,805)
<i>Equity</i>				
Retained earnings	(15,173,626)	139,557	-	(15,034,069)
<b><u>Statement of Comprehensive income</u></b>				
Taxation	501,659	139,557	-	641,216

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

Company No.: 553099 – H

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	As previously stated RM	Reclassification RM	As restated RM
<b><u>Statement of cash flow</u></b>			
<b><i>Cash flows from operating activities</i></b>			
Changes in receivables	15,163,072	3,066,950	18,230,022
Changes in payables	(16,524,498)	23,773	(16,500,725)
Interest received	114,968	(70,549)	44,419
Interest paid	(121,641)	121,641	-
<b><i>Cash flows from investing activities</i></b>			
Advances to immediate holding company	-	(3,090,723)	(3,090,723)
Interest received	-	70,549	70,549
<b><i>Cash flows from financing activities</i></b>			
Advances to directors	(100,520)	201,040	100,520
Repayment of hire purchase liabilities	(992,114)	(201,040)	(1,193,154)
Interest paid	-	(121,641)	(121,641)

## 23. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 30 April 2018 by the board of directors.

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**AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)**

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Company No.: 553099 – H

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**GC LOGISTICS SDN BHD**  
(Incorporated in Malaysia)**STATEMENT BY DIRECTORS**  
Pursuant to Section 251(2) of the Companies Act 2016

We, Lee Wan Kai and Tan Kim Yong, being the directors of GC Logistics Sdn Bhd, do hereby state that, in the opinion of the directors, the financial statements set out on pages 10 to 40 are drawn up so as to give a true and fair view of the financial position of the Company as at 30 November 2017 and financial performance and cash flows of the Company 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.

Signed on behalf of the board of directors in accordance with a directors' resolution.

  
LEE WAN KAI  
Director  
TAN KIM YONG  
Director

Kuala Lumpur

Date: 30 April 2018

## AUDITED FINANCIAL STATEMENTS OF GCL FOR THE FYE 30 NOVEMBER 2017 (CONT'D)

Company No.: 553099 – H

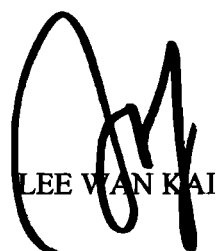
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GC LOGISTICS SDN BHD  
(Incorporated in Malaysia)

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

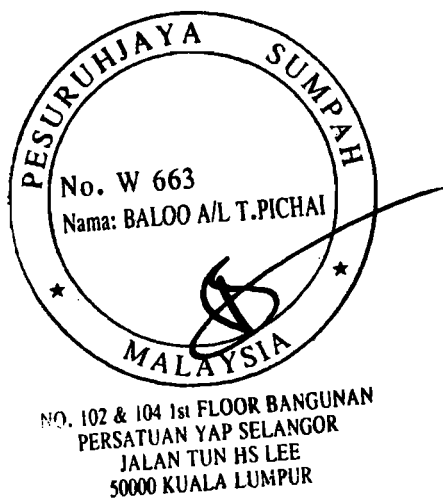
I, Lee Wan Kai (IC No.:760331-71-5169), being the director primarily responsible for the financial management of GC Logistics Sdn Bhd do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements set out on pages 10 to 40 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly  
declared by the abovenamed  
Lee Wan Kai  
at Kuala Lumpur  
in the Federal Territory  
this **3 0 APR 2018**



LEE WAN KAI

Before me:



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**AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017**

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Company No:  
736730 - M

**MILS COLD CHAIN LOGISTICS SDN. BHD. (736730 - M)**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

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**AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)**


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Company No:  
736730 - M

MILS COLD CHAIN LOGISTICS SDN. BHD. (736730 - M)

(Incorporated in Malaysia)

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**AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)**

Company No:  
736730 - M

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**MILS COLD CHAIN LOGISTICS SDN. BHD. (736730 - M)**

(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2017.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are to provide cold and chill storage services, cold chain logistics solutions and related services to customers. There have been no significant changes in the nature of these activities during the financial year.

**RESULTS****RM**

Loss for the financial year

13,632

**DIVIDEND**

No dividend has been proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any payment of final dividend in respect of the financial year ended 31 December 2017.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year other than the effects of adoption of the Companies Act 2016 as disclosed in Note 10 to the financial statements.

**ISSUE OF SHARES AND DEBENTURES**

The Company did not issue any new shares or debentures during the financial year ended 31 December 2017 other than as disclosed in the financial statements.

**OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year ended 31 December 2017.

**DIRECTORS**

The Directors who have held office since the date of the last report are:

Loo Yong Hui  
Kee Chung Ching

**AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)**

Company No:  
736730 - M

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**DIRECTORS' INTERESTS**

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

	----- Number of ordinary shares -----			
	Balance as at 1.1.2017	Bought	Sold	Balance as at 31.12.2017
Shares in the Company				
<u>Indirect interest:</u>				
Loo Yong Hui	3,000,000	-	-	3,000,000
Shares in the ultimate holding company				
Swift Haulage Sdn. Bhd.				
<u>Indirect interest:</u>				
Loo Yong Hui	29,803,296	-	(1,200,000)	28,603,296

By virtue of his interest in the ordinary shares of the ultimate holding company, Loo Yong Hui is also deemed to be interested in the ordinary shares of the Company to the extent that the ultimate holding company has an interest.

The other Director holding office at the end of the financial year did not hold any beneficial interest in the ordinary shares of the Company or ordinary shares and debentures of 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 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 the following:

- (i) remuneration received or due and receivable by a Director from certain related corporations in his capacity as Director or executive of the related corporations; and
- (ii) deemed benefits arising from related party transactions as disclosed in Note 17 to the financial statements.

There were no arrangements during and at the end of the financial year, to which 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.

**DIRECTORS' REMUNERATION**

There were no remuneration paid or payable to the Directors during the financial year.

**AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)**

Company No:  
736730 - M

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**INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS**

There were no indemnity given to or insurance effected for the officers and auditors of the Company during the financial year.

**OTHER STATUTORY INFORMATION REGARDING THE COMPANY****(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Company were prepared, 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 provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, 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 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 amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements 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 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 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 twelve (12) months after the end of the financial year, which would or may affect the ability of the Company to meet its obligations as and when they fall due.

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**AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)**

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Company No:  
736730 - M

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**OTHER STATUTORY INFORMATION REGARDING THE COMPANY (continued)****(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets 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 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 this report or the financial statements which would render any amount stated in the financial statements of the Company misleading.

**HOLDING COMPANIES**

The Directors regard Swift Haulage Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company, while the immediate holding company is Swift Integrated Logistics Sdn. Bhd., a company incorporated in Malaysia.

**SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

On 23 January 2017, the immediate holding company, Swift Integrated Logistics Sdn. Bhd. had committed to dispose off its entire equity interest comprising 3,000,000 ordinary shares of RM1.00 each and 2,800,000 redeemable convertible preference shares of RM0.10 each in the Company to a third party for a total cash consideration of RM9,925,100. The abovementioned disposal of the Company is not completed as at the date of this report.

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**AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)**

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Company No:  
736730 - M

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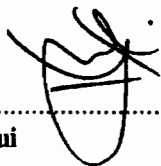
**AUDITORS**

The auditors, BDO, have expressed their willingness to continue in office.

Auditors' remuneration of the Company for the financial year ended 31 December 2017 amounted to RM12,500.

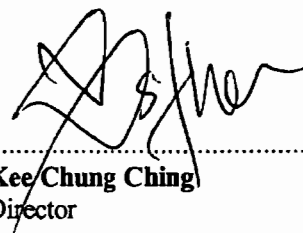
Signed by the Board in accordance with a resolution of the Directors

.....  
**Loo Yong Hui**  
Director



Kuala Lumpur  
16 April 2018

.....  
**Kee Chung Ching**  
Director



**AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)**

Company No:  
736730 - M

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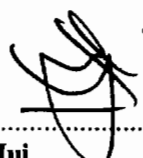
**MILS COLD CHAIN LOGISTICS SDN. BHD. (736730 - M)**

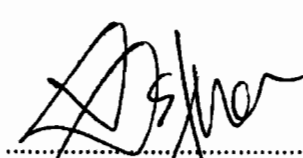
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

In the opinion of the Directors, the financial statements set out on pages 11 to 50 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and of the financial performance and cash flows of the Company for the financial year then ended.

By the Board,

  
.....  
**Loo Yong Hui**  
Director

  
.....  
**Kee Chung Ching**  
Director

Kuala Lumpur  
16 April 2018

**STATUTORY DECLARATION**

I, Loo Yong Hui, being the Director primarily responsible for the financial management of MILS Cold Chain Logistics Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 11 to 50 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, this )  
16 April 2018 )

  
**Loo Yong Hui**

Before me:



## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

Company No:  
736730 - M

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Tel: +603 2616 2888  
Fax: +603 2616 3190, 2616 3191  
www.bdo.my

Level 8  
BDO @ Menara CenTARA  
360 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur  
Malaysia

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF  
MILS COLD CHAIN LOGISTICS SDN. BHD.  
(Incorporated in Malaysia)**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of MILS Cold Chain Logistics Sdn. Bhd., which comprise the statement of financial position as at 31 December 2017 of the Company, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 50.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the 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 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.

**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 Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

**AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)**

Company No:  
736730 - M

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF  
MILS COLD CHAIN LOGISTICS SDN. BHD. (continued)  
(Incorporated in Malaysia)**

**Information Other than the Financial Statements and Auditors' Report Thereon  
(continued)**

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements 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 the Directors' Report, 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 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing 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 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 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.



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**AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)**

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Company No:  
736730 - M

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF  
MILS COLD CHAIN LOGISTICS SDN. BHD. (continued)  
(Incorporated in Malaysia)**

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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

- (a) Identify and assess the risks of material misstatement of the financial statements 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.
- (b) 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 internal control of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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 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 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 Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF  
MILS COLD CHAIN LOGISTICS SDN. BHD. (continued)  
(Incorporated in Malaysia)**

**Other Matters**

This report is made solely to the member 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.

A stylized signature of the BDO firm, written in a cursive, handwritten style.

**BDO**  
AF : 0206  
Chartered Accountants

Kuala Lumpur  
16 April 2018

A handwritten signature in black ink, appearing to read 'Chan Wai Leng'.

**Chan Wai Leng**  
02893/08/2019 J  
Chartered Accountant

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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MILS COLD CHAIN LOGISTICS SDN. BHD. (736730 - M)

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017

	Note	2017 RM	2016 RM
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment	7	30,838,553	32,075,119
<b>Current assets</b>			
Trade and other receivables	8	4,031,155	3,535,103
Current tax assets		1,016	-
Cash and bank balances	9	568,157	955,938
		<u>4,600,328</u>	<u>4,491,041</u>
<b>TOTAL ASSETS</b>		<u><u>35,438,881</u></u>	<u><u>36,566,160</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owner of the Company</b>			
Share capital	10	31,000,000	3,280,000
Share premium		-	27,720,000
Accumulated losses		(15,731,521)	(15,717,889)
<b>TOTAL EQUITY</b>		15,268,479	15,282,111
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	11	13,965,536	14,816,813
<b>Current liabilities</b>			
Trade and other payables	11	<u>6,204,866</u>	<u>6,467,236</u>
<b>TOTAL LIABILITIES</b>		<u><u>20,170,402</u></u>	<u><u>21,284,049</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>35,438,881</u></u>	<u><u>36,566,160</u></u>

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

**AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)**

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**MILS COLD CHAIN LOGISTICS SDN. BHD. (736730 - M)**

(Incorporated in Malaysia)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	<b>Note</b>	<b>2017 RM</b>	<b>2016 RM</b>
Revenue	12	10,210,699	9,170,366
Cost of sales		<u>(7,192,414)</u>	<u>(7,071,471)</u>
Gross profit		3,018,285	2,098,895
Other income		6,700	160,200
General and administrative expenses		(1,355,639)	(979,666)
Finance costs	13	<u>(1,682,978)</u>	<u>(1,315,503)</u>
Loss before tax	14	(13,632)	(36,074)
Tax expense	15	<u>-</u>	<u>(23,752)</u>
Loss for the financial year		(13,632)	(59,826)
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss		<u>(13,632)</u>	<u>(59,826)</u>

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

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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MILS COLD CHAIN LOGISTICS SDN. BHD. (736730 - M)

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Ordinary share capital RM	Redeemable convertible preference shares RM	Share premium RM	Accumulated losses RM	Total equity RM
Balance as at 1 January 2016	3,000,000	280,000	27,720,000	(15,658,063)	15,341,937
Loss for the financial year	-	-	-	(59,826)	(59,826)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss	-	-	-	(59,826)	(59,826)
Balance as at 31 December 2016	3,000,000	280,000	27,720,000	(15,717,889)	15,282,111
Loss for the financial year	-	-	-	(13,632)	(13,632)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss	-	-	-	(13,632)	(13,632)
Transfer pursuant to Companies Act 2016*		27,720,000	(27,720,000)	-	-
Balance as at 31 December 2017	3,000,000	28,000,000	-	(15,731,521)	15,268,479

\* Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the redeemable convertible preference shares account.

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

**AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)**

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**MILS COLD CHAIN LOGISTICS SDN. BHD. (736730 - M)**

(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	2017 RM	2016 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(13,632)	(36,074)
Adjustments for:			
Depreciation of property, plant and equipment	7	1,233,914	2,062,632
Impairment loss on trade receivable	8	10,876	-
Interest expense	13	1,682,978	1,315,503
Written off of property, plant and equipment	7	107,276	-
Unrealised gain on foreign exchange	14	-	(160,200)
Operating profit before changes in working capital		3,021,412	3,181,861
Changes in working capital:			
Trade and other receivables		(221,730)	1,853,501
Trade and other payables		(268,147)	163,260
Cash generated from operations		2,531,535	5,198,622
Tax paid		(1,016)	(25,864)
Tax refunded		-	2,112
Net cash from operating activities		2,530,519	5,174,870
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Repayment to immediate holding company		(330,698)	(1,047,757)
Purchase of property, plant and equipment	7	(104,624)	(221,755)
Net cash used in investing activities		(435,322)	(1,269,512)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(1,682,978)	(1,315,503)
Repayments of loan to immediate holding company		(800,000)	(4,000,000)
Net cash used in financing activities		(2,482,978)	(5,315,503)
Net decrease in cash and cash equivalents		(387,781)	(1,410,145)
Cash and cash equivalents at beginning of financial year		955,938	2,366,083
Cash and cash equivalents at end of financial year	9	568,157	955,938

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

**AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)**

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**MILS COLD CHAIN LOGISTICS SDN. BHD. (736730 - M)**

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017****1. CORPORATE INFORMATION**

MILS Cold Chain Logistics Sdn. Bhd. ('the Company') is a private limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Unit. 206, 2nd Floor, Wisma Methodist, Lorong Hang Jebat, 50150 Kuala Lumpur.

The principal place of business of the Company is located at Lot 88077, Jalan Perigi Nenas 7/1, Taman Perindustrian Pulau Indah, 42907 Pelabuhan Klang, Selangor Darul Ehsan.

The Directors regard Swift Haulage Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company, while the immediate holding company is Swift Integrated Logistics Sdn. Bhd., a company incorporated in Malaysia.

The financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 16 April 2018.

**2. PRINCIPAL ACTIVITIES**

The principal activities of the Company are to provide cold and chill storage services, cold chain logistics solutions and related services to customers. There have been no significant changes in the nature of these activities during the financial year.

**3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act 2016 in Malaysia.

**4. SIGNIFICANT ACCOUNTING POLICIES****4.1 Basis of accounting**

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements and also on the basis of accounting principles applicable to a going concern.

During the financial year ended 31 December 2017, the Company incurred a loss of RM13,632 and, as of that date, the Company's current liabilities exceeded its current assets by RM1,604,538. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.1 Basis of accounting (continued)

The ability of the Company to continue as going concern in the foreseeable future is therefore dependent upon the ability of the Company to achieve future profitable operations and to receive continuous financial support from its current immediate holding company and its future holding company to meet its obligations as and when they fall due.

The current immediate holding company, Swift Integrated Logistics Sdn. Bhd. has indicated that it would provide continuous financial support to the Company up to the completion date of disposal of the Company as stated in Note 21 to the financial statements so as to enable the Company to meet its obligations as and when they fall due and to operate as a going concern in the foreseeable future.

Subsequent to the completion date of the disposal of the entire equity interest in the Company to the third party, the new ultimate holding company will provide continuous financial support to the Company effective on and after the completion date of the acquisition so as to enable the Company to meet its obligations as and when they fall due and to continue its business operations as a going concern in the foreseeable future.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Company on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Company be not appropriate.

The preparation of these financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, 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 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, actual results could differ from those estimates.

##### 4.2 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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 it is probable that the future economic benefits associated with the subsequent costs would flow to the Company and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is 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 asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.



## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.2 Property, plant and equipment and depreciation (continued)

Depreciation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal depreciation rates are as follows:

Building	2%
Plant and machinery	5% - 10%
Furniture and fittings	17% - 33%
Software	20% - 50%
Containers	12% - 15%
Consumables assets	100%

Work-in-progress representing machinery under installation is stated at cost. Work-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.4 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period 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.

##### 4.3 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.

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.4 Impairment of non-financial assets

The carrying amount of assets, except for financial assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

##### 4.5 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 Company.

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 Company.

Financial instruments are recognised on the statement of financial position when the Company has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs are directly attributable to the acquisition or issuance of the financial instrument.

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.5 Financial instruments (continued)

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

##### (a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

##### (ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

##### (iii) Loans and receivables

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

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.5 Financial instruments (continued)

###### (a) Financial assets (continued)

###### (iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payment is established.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Company in the management of its short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

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

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.5 Financial instruments (continued)

###### (b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

###### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss.

###### (ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a 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.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

## 4.5 Financial instruments (continued)

## (c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

*Before 31 January 2017*

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity.

*After 31 January 2017*

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

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary, in accordance with Note 4.5(d) of the financial statements. Dividends thereon are recognised as interest expense in profit or loss as accrued.

Interim dividends to shareholder are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholder in a general meeting.

## (d) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.5 Financial instruments (continued)

###### (d) Compound financial instruments (continued)

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method until extinguished on conversion or maturity of the compound instrument. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except when the compound instrument is redeemed or repurchased before maturity.

Upon conversion of the convertible instrument into equity shares, the amount credited to share capital and share premium is the aggregate of the carrying amounts of the liability components classified within liability and equity at the time of conversion. No gain or loss is recognised.

##### 4.6 Impairment of financial assets

The Company assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

###### Loans and receivables

The Company collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

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AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.7 Borrowing costs**

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

**4.8 Provisions**

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

If the effect of the time value of money is material, the amount of a provision would 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 would be required to settle the obligation, the provision would be reversed.

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

**4.9 Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The Company does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.



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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.10 Employee benefits

###### (a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Company.

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 plans

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

##### 4.11 Income taxes

Income taxes include all taxes on taxable profit. Income taxes also include other taxes, such as real property gains taxes payable on the disposal of properties.

Taxes in the statement of profit or loss and other comprehensive income comprise current tax and deferred tax.

###### (a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Company operates and include all taxes based upon the taxable profits and real property gains taxes payable on the disposal of properties.

###### (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 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.

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.11 Income taxes (continued)

###### (b) Deferred tax (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would 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 would 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 would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would 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 on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in 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 would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantial effect of actual enactment by the end of the reporting period.

##### 4.12 Revenue recognition

Revenue is measured at the fair value of the net consideration received or receivable, net of discounts and rebates

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Company, 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 Company's activities as follows:

###### *Revenue from services rendered*

Revenue from services is recognised upon performance of services, net of discount.

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.13 Functional and presentation currency

###### (a) Functional and presentation currency

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

###### (b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. 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.

##### 4.14 Fair value measurements

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

The Company measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Company has considered the following characteristics when determining fair value:

- (a) the condition and location of the asset; and
- (b) restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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.

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.14 Fair value measurements (continued)

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) a liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) an entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

#### 5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

##### 5.1 New MFRSs adopted during the financial year

The Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Title	Effective Date
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Company.

##### 5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Company are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018

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## 5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

### 5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018 (continued)

Title	Effective Date
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Company is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

### 6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company revised the estimated useful life of certain plant and machinery from ten (10) to twenty (20) years with effect from 1 January 2017. The revision was accounted for prospectively as a change in accounting estimate and as a result, the depreciation charge of the Company for the current financial year has been decreased by RM978,621. There are no significant changes in estimates since the end of the reporting period.

### 6.2 Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the accounting policies of the Company that have a significant effect on the amounts recognised in the financial statements.

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## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### 6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty 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.

#### (a) Depreciation of property, plant and equipment

The Company estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in the factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets, therefore future depreciation charges could be revised.

#### (b) Impairment of receivables

The Company makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Directors and management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

#### (c) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Company for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Company based on its size and its business risk.

#### (d) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses based on the interpretation of tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

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**AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)**

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**6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)****6.3 Key sources of estimation uncertainty (continued)****(e) Fair value measurement**

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Company measures financial instruments at fair value as disclosed in Note 19 to the financial statements.

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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## 7. PROPERTY, PLANT AND EQUIPMENT

2017	Building RM	Plant and machinery RM	Furniture and fittings RM	Software RM	Container RM	Consumables assets RM	Work-in- progress RM	Total RM
<b>Carrying amount</b>								
At 1 January 2017	25,119,928	6,676,365	32,880	46,674	53,673	-	145,599	32,075,119
Additions	-	79,234	16,160	-	-	9,230	-	104,624
Reclassification	-	145,599	-	-	-	-	(145,599)	-
Write off	-	(107,276)	-	-	-	-	-	(107,276)
Depreciation charge for the financial year	(601,675)	(578,971)	(9,700)	(20,814)	(13,524)	(9,230)	-	(1,233,914)
At 31 December 2017	24,518,253	6,214,951	39,340	25,860	40,149	-	-	30,838,553

	<----- As at 31 December 2017----->				
	Cost RM	Accumulated depreciation RM	Carrying amount RM		
Building	34,421,386	(9,903,133)	24,518,253		
Plant and machinery	19,302,852	(13,087,901)	6,214,951		
Furniture and fittings	704,531	(665,191)	39,340		
Software	1,154,656	(1,128,796)	25,860		
Container	97,960	(57,811)	40,149		
Consumables assets	93,630	(93,630)	-		
Work-in-progress	-	-	-		
	55,775,015	(24,936,462)	30,838,553		



## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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## 7. PROPERTY, PLANT AND EQUIPMENT (continued)

2016	Building RM	Plant and machinery RM	Furniture and fittings RM	Software RM	Container RM	Consumables assets RM	Work-in- progress RM	Total RM
<b>Carrying amount</b>								
At 1 January 2016	26,263,827	8,217,148	13,890	28,540	67,197	-	-	34,590,602
Additions	-	17,000	25,140	30,000	-	4,016	145,599	221,755
Reversal of accruals	(634,180)	(40,426)	-	-	-	-	-	(674,606)
Depreciation charge for the financial year	(509,719)	(1,517,357)	(6,150)	(11,866)	(13,524)	(4,016)	-	(2,062,632)
At 31 December 2016	25,119,928	6,676,365	32,880	46,674	53,673	-	145,599	32,075,119

&lt;----- As at 31 December 2016 -----&gt;

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Building	34,421,386	(9,301,458)	25,119,928
Plant and machinery	19,224,304	(12,547,939)	6,676,365
Furniture and fittings	688,371	(655,491)	32,880
Software	1,154,656	(1,107,982)	46,674
Container	97,960	(44,287)	53,673
Consumables assets	84,400	(84,400)	-
Work-in-progress	145,599	-	145,599
	55,816,676	(23,741,557)	32,075,119

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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**7. PROPERTY, PLANT AND EQUIPMENT (continued)**

The Company revised the depreciation rate of certain plant and machinery with effect from 1 January 2017. The revision was accounted for prospectively as a change in accounting estimate and as a result, the depreciation charge of the Company for the current financial year has been decreased by RM978,621.

**8. TRADE AND OTHER RECEIVABLES**

	Note	2017 RM	2016 RM
<b>Trade receivables</b>			
Third parties	(a)	2,860,446	2,506,011
Less: Impairment loss - third parties		<u>(10,876)</u>	<u>(7,066)</u>
		2,849,570	2,498,945
<b>Other receivables</b>			
Amount owing by immediate holding company	(b)	1,134,817	849,619
Other receivables		5,676	186,197
Deposits		41,092	44,492
		1,181,585	1,080,308
Less: Impairment loss		<u>-</u>	<u>(44,150)</u>
		1,181,585	1,036,158
<b>Total trade and other receivables</b>		<u>4,031,155</u>	<u>3,535,103</u>

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Company range from 7 to 90 days (2016: 7 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) Amount owing by immediate holding company in other receivables represents advances, which are unsecured, interest-free and payable upon demand.
- (c) Trade and other receivables are denominated in Ringgit Malaysia ('RM').

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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**8. TRADE AND OTHER RECEIVABLES (continued)**

(d) The ageing analysis of trade receivables of the Company are as follows:

	<b>2017 RM</b>	<b>2016 RM</b>
Neither past due nor impaired	944,663	2,342,890
Past due not impaired		
31 to 60 days	927,008	136,798
61 to 90 days	499,456	6,051
91 to 120 days	473,072	62
More than 121 days	5,371	13,144
	1,904,907	156,055
Past due and impaired	10,876	7,066
	<u>2,860,446</u>	<u>2,506,011</u>

Receivables that are neither past due nor impaired

Trade receivables of the Company that are neither past due nor impaired are creditworthy debtors with good payment records with the Company. None of the trade receivables of the Company that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Company has trade receivables amounting to RM1,904,907 (2016: RM156,055) that are past due but not impaired. Trade receivables that are past due but not impaired mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payment history. Trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are past due and impaired

Trade receivables of the Company that are past due and impaired at the end of the reporting period are as follows:

	<b>Individually impaired 2017 RM</b>	<b>2016 RM</b>
Trade receivables - gross	10,876	7,066
Less: Impairment loss	<u>(10,876)</u>	<u>(7,066)</u>
	<u>-</u>	<u>-</u>

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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**8. TRADE AND OTHER RECEIVABLES (continued)**

- (d) The ageing analysis of trade receivables of the Company are as follows (continued):

The reconciliation of movement in the impairment loss on trade receivables are as follows:

	2017 RM	2016 RM
<b>Trade receivables</b>		
At beginning of financial year	7,066	7,066
Charge for the financial year	10,876	-
Written off	(7,066)	-
	10,876	7,066
<b>Other receivables</b>		
At beginning of financial year	44,150	44,150
Written off	(44,150)	-
	10,876	51,216

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those receivables that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

- (e) Information on financial risks of trade and other receivables is disclosed in Note 20 to the financial statements.

**9. CASH AND BANK BALANCES**

	2017 RM	2016 RM
Cash on hand	139	323
Cash at banks	568,018	955,615
	568,157	955,938

- (a) Cash and bank balances are denominated in Ringgit Malaysia ('RM').
- (b) Information on financial risks of cash and bank balances are disclosed in Note 20 to the financial statements.

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## 10. SHARE CAPITAL

		2017		2016	
		Number of shares	RM	Number of shares	RM
Issued and fully paid:					
Ordinary shares					
Balance as at 31 December	(a)	3,000,000	3,000,000	3,000,000	3,000,000
Redeemable convertible preference shares ('RCPS')					
Balance as at 1 January		2,800,000	280,000	2,800,000	280,000
Transfer pursuant to the Companies Act 2016		-	27,720,000	-	-
Balance as at 31 December	(b)	<u>2,800,000</u>	<u>28,000,000</u>	<u>2,800,000</u>	<u>280,000</u>
Total issued and fully paid as at 31 December		5,800,000	31,000,000	5,800,000	3,280,000

## (a) Ordinary shares

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company and is entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

## (b) Redeemable convertible preference shares

The terms of the RCPS are as follows:

- |                         |   |
|-------------------------|---|
| (i) Dividend            | Non-cumulative at net 5% per annum. The dividend payment will be at the option of issuer.   |
| (ii) Redemption         | Redeemable at the option of the issuer at the nominal value of RM0.10 and premium of RM9.90 each at any time.   |
| (iii) Redemption Notice | The Company shall give Swift Integrated Logistics Sdn. Bhd. one (1) month notice in writing of its intention to redeem the same and fixing the time and place for the redemption and surrender the RCPS to be redeemed.   |
| (iv) Conversion         | Swift Integrated Logistics Sdn. Bhd. shall give the Company one (1) month notice in writing of its intention to convert the RCPS into ordinary shares. The share certificate(s) for the new ordinary shares shall be issued within two (2) weeks after the notice period. |

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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**10. SHARE CAPITAL (continued)**

- (c) Upon the enforcement of the Companies Act 2016 ('CA 2016') on 31 January 2017:
- (i) the Company is no longer required to state its authorised capital;
  - (ii) the Company's share capital is in a no par value regime since 31 January 2017; and
  - (iii) Consequently, the balance within the share premium account of RM27,720,000 has been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. Notwithstanding this provision, the Company may utilise its share premium account for purposes stipulated in Section 618(3) of the Companies Act 2016 for a transitional period of 24 months from 31 January 2017. There is no impact on the number of preference shares in issue or the relative entitlement of any of the member as a result of this transition.

**11. TRADE AND OTHER PAYABLES**

	Note	2017 RM	2016 RM
<b>Non-current</b>			
<b>Other payables</b>			
Loan from immediate holding company	(a)	13,965,536	14,816,813
<b>Current</b>			
<b>Trade payables</b>			
Third parties	(b)	178,241	187,607
Amount owing to related company		724	-
		178,965	187,607
<b>Other payables</b>			
Amount owing to immediate holding company	(c)	-	45,500
Loan from immediate holding company	(a)	5,234,371	5,183,094
Other payables		39,352	54,179
Accruals		752,178	996,856
		6,025,901	6,279,629
<b>Total trade and other payables (current)</b>		<u>6,204,866</u>	<u>6,467,236</u>
<b>Total trade and other payables (non-current and current)</b>		<u>20,170,402</u>	<u>21,284,049</u>

- (a) Loan from immediate holding company in other payables represents inter-company advances which is unsecured, bears interest at 6.25% (2016: 6.25%) per annum and repayable within the next three (3) years.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Company is 30 days (2016: 30 days) from date of invoice.

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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**11. TRADE AND OTHER PAYABLES (continued)**

- (c) In the previous financial year, the amount owing to immediate holding company in other payables represented advances, which was unsecured, interest-free and payable upon demand.
- (d) Trade and other payables are denominated in Ringgit Malaysia ('RM').
- (e) Information on financial risks of trade and other payables are disclosed in Note 20 to the financial statements.

**12. REVENUE**

Revenue of the Company consists of the following:

	<b>2017 RM</b>	<b>2016 RM</b>
Warehouse storage, handling and transportation	10,150,958	8,988,764
Freight forwarding	59,741	181,602
	<u>10,210,699</u>	<u>9,170,366</u>

**13. FINANCE COSTS**

	<b>2017 RM</b>	<b>2016 RM</b>
Interest expense		
- interest paid to immediate holding company	<u>1,682,978</u>	<u>1,315,503</u>

**14. LOSS BEFORE TAX**

Other than those disclosed elsewhere in the financial statements, the loss before tax is arrived at:

	<b>2017 RM</b>	<b>2016 RM</b>
After charging:		
Auditors' remuneration	12,500	12,000
Loss on foreign exchange		
- realised	2,714	2,551
Management fee paid/payable to immediate holding company	300,000	45,500
Rental of:		
- land	137,903	137,903
- office equipments	5,592	7,200
- reach trucks and forklifts	269,200	279,385
- warehouse equipments	250,038	213,760
And crediting:		
Unrealised gain on foreign exchange	<u>-</u>	<u>(160,200)</u>

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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**15. TAX EXPENSES**

	<b>2017 RM</b>	<b>2016 RM</b>
Under-provision in prior years	<u>-</u>	<u>23,752</u>

The Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profit for the fiscal year. There is no tax expense in the current and previous financial years as the Company does not have any chargeable income.

The numerical reconciliation between the tax expense and the product of accounting loss multiplied by the applicable tax rate of the Company is as follows:

	<b>2017 RM</b>	<b>2016 RM</b>
Loss before tax	<u>(13,632)</u>	<u>(36,074)</u>
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	(3,272)	(8,658)
Tax effects in respect of:		
Expenses not deductible for tax purposes	14,719	17,270
Income not subject to tax	-	(73,915)
Deferred tax assets not recognised	-	65,303
Utilisation of previously unrecognised deferred tax assets	(11,447)	-
Under-provision of tax expense in prior years	<u>-</u>	<u>23,752</u>
	<u>-</u>	<u>23,752</u>

The amounts of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	<b>2017 RM</b>	<b>2016 RM</b>
Property, plant and equipment	(10,091,220)	(10,279,365)
Unused tax losses	1,306,376	1,306,376
Unabsorbed capital allowances	<u>13,280,690</u>	<u>13,516,529</u>
	<u>4,495,846</u>	<u>4,543,540</u>

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

The deductible temporary differences do not expire under current tax legislation.



## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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**16. EMPLOYEE BENEFITS**

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Included in:		
Cost of sales	1,023,247	842,328
Administrative expenses	796,589	770,662
	<u>1,819,836</u>	<u>1,612,990</u>
Analysed as:		
Salaries, wages, allowances, overtime and bonus	1,332,699	1,252,436
Defined contribution plan	195,459	186,099
Social security contribution	15,246	12,202
Other employee benefits	276,432	162,253
	<u>1,819,836</u>	<u>1,612,990</u>

**17. RELATED PARTY DISCLOSURES****(a) Identities of related parties**

Parties are considered to be related to the Company if the Company has 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 Company and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Company has controlling related party relationship with its immediate and ultimate holding companies and the direct and indirect subsidiaries of the ultimate holding company.

Related parties of the Company include:

- (i) Immediate and ultimate holding companies;
- (ii) Direct and indirect subsidiaries of the holding companies;
- (iii) Companies in which the Directors have financial interests; and
- (iv) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of the senior management of the Company.

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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**17. RELATED PARTY DISCLOSURES (continued)**

- (b) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	<b>2017 RM</b>	<b>2016 RM</b>
With ultimate holding company, Swift Haulage Sdn. Bhd.		
- Purchases of services	54,700	-
With immediate holding company, Swift Integrated Logistics Sdn. Bhd.		
- Interest payable	1,682,978	1,315,503
- Management fee paid/payable	300,000	45,500
- Purchases of services	95,972	761,634
- Rental of land paid/payable	137,903	137,903
- Service charges paid/payable	300,000	120,000
- Service fees paid/payable	410,783	410,663
- IT Support Services	240,000	-
With related companies, Swift Consolidator Sdn. Bhd.		
- Purchase of services	153	-
Swift Logistics TA Sdn. Bhd.		
- Purchase of services	<u>724</u>	<u>900</u>

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with respective related parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2017 are disclosed in Notes 8 and 11 to the financial statements.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Company.

There is no compensation of key management personnel during the financial year.

**18. CAPITAL COMMITMENTS**

	<b>2017 RM</b>	<b>2016 RM</b>
Capital expenditure in respect of purchase of property, plant and equipment:		
- contracted but not provided for	<u>-</u>	<u>61,412</u>
Analysed as follows:		
- plant and machinery	<u>-</u>	<u>61,412</u>

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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## 19. FINANCIAL INSTRUMENTS

## (a) Capital management

The primary objective of capital management of the Company is to ensure that the Company would be able to continue as a going concern whilst maximising return to the shareholder through the optimisation of the debt and equity ratios. The overall strategy of the Company remains unchanged from that in the previous financial year.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 31 December 2016 respectively.

## (b) Financial instruments

## (i) Categories of financial instruments

	<b>Loans and receivables</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets</b>		
Trade and other receivables, exclude prepayments	4,031,155	3,535,103
Cash and bank balances	568,157	955,938
	<u>4,599,312</u>	<u>4,491,041</u>
	<b>Other financial liabilities</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Financial liabilities</b>		
Trade and other payables	<u>20,170,402</u>	<u>21,284,049</u>

## (c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair values and whose carrying amounts are at reasonable approximation of fair values

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables and trade and current other payables, are reasonable approximation of fair values, due to their short-term nature.

- (ii) Non-current amount owing to immediate holding company

The fair values of these financial instruments are estimated by discounting the expected future cash flows at market incremental lending rates for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. At the end of the reporting period, these amounts are carried at amortised cost and the carrying amounts approximate fair value.

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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**19. FINANCIAL INSTRUMENTS (continued)****(d) Fair value hierarchy**

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Non-derivative financial liabilities**

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below:

<b>Financial instrument</b>	<b>Valuation technique used</b>	<b>Significant unobservable input</b>	<b>Inter-relationship between key unobservable inputs and fair value</b>
<u><b>Financial liabilities</b></u>			
Loan from immediate holding company	Discounted cash flows method	Discount rate (6.00%)	The higher the discount rate, the lower the fair value of the liabilities would be.



## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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**20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The financial risk management objective of the Company is to optimise value creation for the shareholder whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Company does not trade in any derivative financial instruments and is exposed mainly to credit risk, liquidity and cash flow risk, foreign exchange risk and interest rate risk. Information on the management of the related exposures is detailed below.

**(a) Credit risk**

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major licensed financial institutions and reputable multinational organisations. It is the policy of the Company to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Company is exposed to minimal credit risk.

The primary exposure of the Company to credit risk arises through its trade receivables and its immediate holding company. The trading terms of the Company with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of seven (7) days, extending up to three (3) months for major customers. Each customer has a maximum credit limit and the Company seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

**Exposure to credit risk**

At the end of each reporting period, other than the amount owing from immediate holding company and two (2) major customers (2016: two (2) customers) constituting approximately 28% and 58% (2016: 24% and 55%) of the total receivables of the Company, the Company does not have any significant concentration of credit risk related to any individual customer or counterparty. The maximum exposure of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

**Financial assets that are neither past due nor impaired**

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 8 to the financial statements.

**Financial assets that are either past due or impaired**

Information regarding financial assets that are either past due or impaired is disclosed in Note 8 to the financial statements.

**(b) Liquidity and cash flow risk**

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Company measures and forecasts its cash commitments and maintains a level of cash and bank balances deemed adequate to finance the activities of the Company.

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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**20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****(b) Liquidity and cash flow risk (continued)**

The Company is actively managing its operating cash flows to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
<b>As at 31 December 2017</b>				
<b>Financial liabilities</b>				
Trade and other payables	7,282,830	14,947,812	-	22,230,642
<b>As at 31 December 2016</b>				
<b>Financial liabilities</b>				
Trade and other payables	7,596,477	16,142,300	-	23,738,777

**(c) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk as a result of the foreign currency denominated transactions entered into by the Company during the course of business. As at the end of each reporting period, any fluctuation in foreign exchange rate would not have any material impact to the post-tax loss of the Company. Therefore, sensitivity analysis for foreign currency risk is not presented. In addition, the Company does not use foreign exchange derivative instruments to hedge its transaction risk.

## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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**20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****(d) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises mainly from the interest charged by its immediate holding company from the loan given to the Company. The Company does not use derivative financial instruments to hedge this risk.

The following table demonstrates the sensitivity of the loss after tax of the Company to a reasonably possible change in 100 basis points against interest rates of instruments, with all other variables held constant:

			<b>2017 RM Loss after tax</b>	<b>2016 RM Loss after tax</b>
<b>Fixed rate</b>				
Loan from immediate	11	- 100 basis points higher	145,919	151,999
holding company		- 100 basis points lower	<u>(145,919)</u>	<u>(151,999)</u>



## AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)

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## 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

## (d) Interest rate risk (continued)

The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments of the Company that are exposed to interest rate risk:

		Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2017									
Fixed rate									
Loan from immediate holding company									
11	6.00	5,234,371	5,569,267	8,396,269	-	-	-	-	19,199,907
At 31 December 2016									
Fixed rate									
Loan from immediate holding company									
11	6.25	5,183,094	5,514,808	5,867,647	3,434,358	-	-	-	19,999,907

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**AUDITED FINANCIAL STATEMENTS OF GCIL FOR THE FYE 31 DECEMBER 2017 (CONT'D)**

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**21. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

On 23 January 2017, the immediate holding company, Swift Integrated Logistics Sdn. Bhd. (formerly known as MISC Integrated Logistics Sdn. Bhd.) had committed to dispose off its entire equity interest comprising 3,000,000 ordinary shares of RM1.00 each and 2,800,000 redeemable convertible preference shares of RM0.10 each in the Company to a third party for a total cash consideration of RM9,925,100. The abovementioned disposal of the Company is not completed as at the date of this report.

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**FURTHER INFORMATION**


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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by our Board, and our Directors individually and collectively accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statements or information herein false or misleading.

All information relating to JOIN have been obtained from publicly available sources and information/documents provided by the directors/management of JOIN. Therefore, the sole responsibility of our Board is restricted to ensure that such information is accurately reproduced in this Circular.

**2. CONSENTS**

UOBKH, being the Principal Adviser for the Proposed Investment from JOIN, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

**3. DECLARATION OF CONFLICT OF INTEREST**

UOBKH has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to our Company for the Proposed Investment from JOIN.

**4. MATERIAL LITIGATION**

As at the LPD, neither our Company nor any of our subsidiaries is engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or the business of our Group, and our Board does not have any knowledge of any proceeding pending or threatened against our Group, or of any fact likely to give rise to any proceeding, which may materially or adversely affect the financial position or business of our Group.

**5. MATERIAL COMMITMENTS**

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results or position of our Group.

**6. CONTINGENT LIABILITIES**

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the financial results or position of our Group, save for the financial guarantee for the debts contracted by our Company's joint venture company, YLTC Sdn Bhd with its vendors in respect of such goods and services supplied, up to a maximum of RM2,500,000 for principal debt only which shall expire on 31 July 2020.

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**FURTHER INFORMATION (CONT'D)**


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**7. MATERIAL CONTRACTS**

Save as disclosed below, neither our Company nor any of our subsidiaries has entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD:-

- (i) Sale and purchase agreement dated 9 January 2017 entered into between Chang Kok Fai and Chan Sun Cheong and our Company for the acquisition by our Company of 2,000,000 ordinary shares in GCT, representing the entire equity interest in GCT for a cash consideration of RM185,616,671. This sale and purchase agreement was completed on 12 July 2017;
- (ii) Sale and purchase agreement dated 23 January 2017 entered into between SILS and our Company for the acquisition by our Company of 2,000,000 ordinary shares in GCIL, representing the entire equity interest in GCIL as well as the assumption of the inter-company balances owing by GCIL to SILS of RM20,000,000 as at 23 January 2017, for a total cash consideration of RM29,925,100. This sale and purchase agreement was completed on 1 June 2018;
- (iii) Sale and purchase agreement dated 23 January 2017 entered into between SILS and our Company for the acquisition by our Company of 6 parcels of leasehold land owned by SILS all located in Pulau Indah measuring approximately 159,935 square metres (approximately 39.52 acres) in total, together with the furniture, fixtures, fittings and buildings(s) erected thereon (save for the fixtures, fittings and building erected on PT 128574) located at Lot 6, Jalan Perigi Nenas 7/2, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor for a cash consideration of RM113,827,400 ("**Pulau Indah SPA**").

Supplemental sale and purchase agreement dated 5 January 2018 entered into between SILS and our Company to vary certain terms and conditions of the Pulau Indah SPA ("**Supplemental Sale and Purchase Agreement**").

Both Pulau Indah SPA and the Supplemental Sale and Purchase Agreement were completed on 1 June 2018;

- (iv) Share sale agreement dated 3 November 2017 entered into between our Company and NYK Line Holdings (Malaysia) Sdn Bhd, a wholly-owned subsidiary of Nippon Yusen Kabushiki Kaisha for the acquisition of 2,500,000 ordinary shares in the share capital of Meriah Selalu Sdn Bhd ("**MSSB**"), representing 100% equity interest in MSSB, for an indicative cash consideration of RM15,712,398 (which was subsequently confirmed at RM15,217,375 after the adjustments as set out in the share sale agreement). This share sale agreement was completed on 2 February 2018;
- (v) Shareholders' agreement dated 20 December 2017 entered into between our Company and Yee Lee Trading Co. Sdn Bhd, a wholly-owned subsidiary of Yee Lee Corporation Bhd to mutually cooperate in the conduct of the business and affairs of YLTC Sdn Bhd ("**YLTC**"), as a joint venture vehicle for the purpose of carrying a trading, distribution and logistics business and to govern the rights and obligations of the parties in YLTC; and

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**FURTHER INFORMATION (CONT'D)**


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- (vi) Sale and purchase agreement dated 12 January 2018 entered into between Titian Pelangi Sdn Bhd, a wholly-owned subsidiary of our Company and Onostatic Sdn Bhd for the disposal of a property which consists of 339,676 square feet detached leasehold industrial land erected upon with a warehouse and office building bearing postal address at Lot 12, Lengkungan Sultan Hishamuddin, North Klang Straits Industrial Area, Kawasan 20, Mukim Kapar, 42000 Port Klang, Selangor held under leasehold individual title H.S. (M) 6200, PT 4166, Mukim of Kapar, District of Klang and State of Selangor for a total disposal consideration of RM17,500,000. This sale and purchase agreement was completed on 3 July 2018.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at our registered office at 802, 8<sup>th</sup> Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor, during normal business hours between Mondays and Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

- (i) the Constitution of our Company and TYGC;
- (ii) the letter of consent and declaration of conflict of interests referred to in **Sections 2 and 3** of this **Appendix VI**;
- (iii) the material contracts referred to in **Section 7** of this **Appendix VI**;
- (iv) the audited consolidated financial statements of our Group for the past 2 financial years up to FYE 31 March 2018;
- (v) the unaudited consolidated financial statements of our Group for the FPE 31 December 2018;
- (vi) the audited financial statements of TYGC for the past 2 financial years up to FYE 31 March 2018;
- (vii) the audited financial statements of GCT for the FYE 30 November 2017;
- (viii) the audited financial statements of GCL for the FYE 30 November 2017;
- (ix) the audited consolidated financial statements of GCT (which includes GCL) for the FYE 30 November 2016;
- (x) the audited financial statements of GCIL for the past 2 financial years up to FYE 31 December 2017; and
- (xi) the unaudited financial statements of TYGC Group for the FPE 31 December 2018.



## **TASCO BERHAD**

(Company No. 20218-T)  
(Incorporated in Malaysia)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting ("**EGM**") of TASCO Berhad ("**Company**") is scheduled to be held at TASCO Berhad, Lot No. 1A, Persiaran Jubli Perak, Jalan 22/1, Seksyen 22, 40300 Shah Alam, Selangor on Friday, 10 May 2019 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:-

#### **ORDINARY RESOLUTION**

**PROPOSED ISSUANCE AND ALLOTMENT OF 58,878,000 NEW ORDINARY SHARES (REPRESENTING 30% OF THE ENLARGED EQUITY INTEREST) IN TASCO YUSEN GOLD COLD SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF TASCO BERHAD, TO JAPAN OVERSEAS INFRASTRUCTURE INVESTMENT CORPORATION FOR TRANSPORT & URBAN DEVELOPMENT FOR A CASH SUBSCRIPTION PRICE OF RM125.0 MILLION**

**"THAT**, subject to all approvals being obtained from the relevant authorities and parties (if required), approval be and is hereby given for TASCO Berhad ("**Company**") to approve and authorise the issuance and allotment of 58,878,000 new ordinary shares in TASCO Yusen Gold Cold Sdn Bhd ("**TYGC**"), representing 30% of the enlarged equity interest in TYGC, to Japan Overseas Infrastructure Investment Corporation For Transport & Urban Development ("**JOIN**") for a cash subscription price of RM125.0 million as set out in the share subscription agreement dated 29 March 2019 entered into between the Company, TYGC and JOIN ("**Proposed Investment from JOIN**") and such other terms and conditions as the parties thereto may mutually agree upon in writing or which are imposed by the relevant authorities;

**AND THAT**, approval be and is hereby given to the board of directors of the Company ("**Board**") to give effect to the Proposed Investment from JOIN with full powers and authority to:-

- (a) enter into a shareholders' agreement with JOIN upon completion of the Proposed Investment from JOIN to regulate the conduct of the business and affairs of TYGC;
- (b) enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such agreements, instruments, documents and/or deeds as the Board may from time to time deem necessary, expedient or appropriate for or in connection with the Proposed Investment from JOIN;
- (c) assent and/or give effect to any condition, variation, modification, addition and/or amendment in respect of the Proposed Investment from JOIN and/or any provision, term and condition thereof as may be required and/or as the Board may in its absolute discretion deem necessary, expedient or appropriate and/or as may be imposed or permitted by any relevant regulatory authorities; and
- (d) take all such steps and do all such acts, deeds and things including giving undertakings as the Board may from time to time deem necessary, expedient or appropriate to implement, finalise and give full effect to and complete all transactions contemplated under the Proposed Investment from JOIN."

By Order of our Board,  
**TASCO BERHAD**

**KANG SHEW MENG**  
**SEOW FEI SAN**  
**LOH LAI LING**  
Company Secretaries

Petaling Jaya  
25 April 2019

**Notes:-**

1. *Only depositors whose names appear in the Record of Depositors as at 3 May 2019 shall be regarded as members and entitled to attend, speak and vote at the EGM.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company and a member may appoint any persons to be his proxy.*
3. *A member shall be entitled to appoint not more than 2 proxies to attend and vote at the EGM. Where a member appoints 2 proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Central Depositors Act, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.*
5. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor not less than 48 hours before the time for holding the EGM or any adjournment thereof.*



## TASCO BERHAD

(Company No. 20218-T)  
(Incorporated in Malaysia)

### PROXY FORM

No. of ordinary shares held	CDS account no.

I/We \_\_\_\_\_ NRIC/Co. No. \_\_\_\_\_  
(Please use Block Capitals)

of \_\_\_\_\_  
(Full Address)

being a member/members of TASCO Berhad hereby appoint \_\_\_\_\_

\_\_\_\_\_ (Full Name)

of \_\_\_\_\_  
(Full Address)

or failing him/her, \_\_\_\_\_  
(Full Name)

of \_\_\_\_\_  
(Full Address)

as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting to be held at TASCO Berhad, Lot No. 1A, Persiaran Jubli Perak, Jalan 22/1, Seksyen 22, 40300 Shah Alam, Selangor on Friday, 10 May 2019 at 3.00 p.m. or at any adjournment thereof.

The proxy is to vote on the resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate places. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion, as he will on any other matter arising at the meeting.

NO.	ORDINARY RESOLUTION	FOR	AGAINST
1.	PROPOSED INVESTMENT FROM JOIN		

Dated:

\_\_\_\_\_  
Signature of Shareholder(s) or Common Seal

#### Notes:-

- Only depositors whose names appear in the Record of Depositors as at 3 May 2019 shall be regarded as members and entitled to attend, speak and vote at the EGM.
- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company and a member may appoint any persons to be his proxy.
- A member shall be entitled to appoint not more than 2 proxies to attend and vote at the EGM. Where a member appoints 2 proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Central Depositors Act, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
- The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor not less than 48 hours before the time for holding the EGM or any adjournment thereof.





Fold this flap for sealing

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AFFIX  
STAMP

The Company Secretary of  
**TASCO BERHAD (20218-T)**  
802, 8<sup>th</sup> Floor, Block C  
Kelana Square  
17 Jalan SS7/26  
47301 Petaling Jaya  
Selangor

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