ANCOM LOGISTICS BERHAD
(6614-W)

annual report 2011

Together
we can make
a difference

ANCOM LOGISTICS BERHAD (6614-W) (INCORPORATED IN MALAYSIA)

annual report 2011

COVER RATIONALE

The annual report cover illustrates luminous routes igniting a metropolitan background, with a truck driving smoothly to its destination. It is a metaphoric representation of Ancom Logistics Berhad making a difference in providing value added services to its customers, taking the right path into serving them with timely logistical solutions and building lasting business relationships.

ANCOM LOGISTICS BERHAD
(6614-W)

CONTENTS

CORPORATE INFORMATION

DIRECTORS
Dato' Abdul Latif bin Abdullah
(Non-Independent Non-Executive Chairman)

Dato' Siew Ka Wei
(Executive Vice Chairman)

Lim Hock Heng
(Executive Director)

Abdul Latif Bin Mahamud
(Non-Independent Non-Executive Director)

Safrizal bin Mohd Said
(Independent Non-Executive Director)

Lim Hock Chye
(Independent Non-Executive Director)

AUDIT COMMITTEE
Safrizal bin Mohd Said (Chairman)
Abdul Latif Bin Mahamud
Lim Hock Chye

REMUNERATION & NOMINATION COMMITTEE
Lim Hock Chye (Chairman)
Dato' Abdul Latif bin Abdullah
Abdul Latif Bin Mahamud
Safrizal bin Mohd Said

COMPANY SECRETARIES
Choo Se Eng
Stephen Geh Sim Whye

REGISTERED OFFICE
Unit C508, Block C, Kelana Square
Jalan SS7/26, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7805 1817 / 3817
Fax : (603) 7804 1316

BUSINESS ADDRESS
Lot 2A, Jalan 13/2,
46200 Petaling Jaya,
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

REGISTRARS
Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur,
Malaysia
Tel : (603) 2264 3883
Fax : (603) 2282 1886

AUDITORS
Ernst & Young, Chartered Accountants

STOCK EXCHANGE LISTING
ACE Market of Bursa Malaysia Securities Berhad
Listed on 6 July 2004

PRINCIPAL BANKERS
OCBC Bank (Malaysia) Berhad

SOLICITORS
Shearn Delamore & Co

DOMICILE
Malaysia

FIVE - YEAR FINANCIAL HIGHLIGHTS

	2011 RM'000	2010 (Restated) RM'000	2009 RM'000	2008 RM'000	2007 RM'000
Operating revenue	61,888	58,893	66,094	63,685	428,665
Profit/(loss) from operations	17,308	6,416	3,680	(4,123)	28,351
Profit/(loss) before taxation	16,165	5,461	2,420	(9,503)	19,777
Profit/(loss) after taxation	14,950	3,100	(682)	(10,346)	16,500
Effective rate of taxation (%)	7.52	43.23	N / A	N / A	16.6%
(Loss)/profit from discontinued operation	(4,309)	2,051	(25,498)	147,710	-
Net profit/(loss) attributable to shareholders of the Company	10,641	5,151	(26,055)	137,364	16,821
Assets employed					
Property, plant, equipment	73,735	81,257	14,875	16,386	61,006
Investments	3,902	3,902	4,128	8,744	9,987
Other non-current assets	263	645	766	770	25,929
Current assets	28,646	55,042	41,379	209,570	329,647
Total assets	106,546	140,846	61,148	235,470	426,569
Financed by:					
Share capital	47,329	51,898	51,898	129,744	129,744
Reserves	17,367	45,362	(3,176)	(2,517)	(3,504)
Retained earnings/(accumulated losses)	585	(20,369)	(19,271)	6,784	28,387
Shareholders' funds	65,281	76,891	29,451	134,011	154,627
Minority interests	12,705	11,569	-	125	-
Total shareholders' funds and minority interests	77,986	88,460	29,451	134,136	154,627
Non-current liabilities	11,418	8,798	150	772	63,376
Current liabilities	17,142	43,588	31,547	100,562	208,566
Total funds employed	106,546	140,846	61,148	235,470	426,569
Shareholders' interests					
Earnings/(loss) per share (sen)	2.8	2.0	(10.1)	52.9	6.5
Dividend per share (sen)	4.0	-	-	61.3	-
Net assets per share (sen)	13.8	29.6	11.3	51.7	59.6
Others					
Depreciation and amortisation (RM'000)	6,091	5,809	1,330	11,830	10,985
Interest expense (RM'000)	1,143	1,129	1,235	7,973	7,810

LIST OF PRINCIPAL OFFICES

Ancom Logistics Berhad
Lot 2A, Jalan 13/2,
46200 Petaling Jaya,
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088
www.ancomlogistics.com.my

Ancom-ChemQuest Terminals Sdn Bhd
Jeti Petrokimia, Pelabuhan Barat,
42920 Pulau Indah, Port Klang,
Selangor Darul Ehsan,
Malaysia
Tel : (603) 3101 1372
Fax : (603) 3101 1279

Ancom Components Sdn Bhd
7, Jalan Empat
Off Jalan Chan Sow Lin
57100 Kuala Lumpur
Malaysia
Tel : (603) 9223 0288 / 0289
Fax : (603) 9223 7388

Pengangkutan Cogent Sdn Bhd
PTD 149227, Jalan Berjaya 7,
Taman Perindustrian Berjaya,
81200 Kempas Lama,
Johor,
Malaysia
Tel : (607) 558 3131
Fax : (607) 558 1313

SinSenMoh Transportation Pte Ltd
32 Tanjung Penjuru,
Jurong Town,
Singapore 609028
Tel : (65) 6264 8488
Fax : (65) 6898 1588

CORPORATE STRUCTURE

As At 31 May 2011

ANCOM BERHAD

- 100% **Rhodemark Development Sdn Bhd**
  - 19.80% → Ancom Logistics Berhad
- 11.87% → Ancom Logistics Berhad
- 100% **Ancom Overseas Ventures Sdn Bhd**
  - 0.03% → Ancom Logistics Berhad
- 100% **Synergy Tanker Sdn Bhd**
  - 15.37% → Ancom Logistics Berhad

ANCOM LOGISTICS BERHAD

- 67% Ancom Components Sdn Bhd
- 100% Synergy Trans-Link Sdn Bhd
  - 51% Ancom-ChemQuest Terminals Sdn Bhd
  - 100% Pengangkutan Cogent Sdn Bhd
  - 100% SinSenMoh Transportation Pte Ltd

Note : Only active companies in the Group are shown in this Corporate Structure.

BOARD OF DIRECTORS

Dato' Abdul Latif bin Abdullah
Aged 61, Malaysian
Non-Independent Non-executive Chairman

Dato' Abdul Latif was appointed as Chairman of the Company on 20 August 2004. He was re-designated as Executive Chairman on 1 December 2004 and later as Non-executive Chairman on 1 June 2006. He is a currently a member of the Remuneration and Nomination Committee ("R&N Committee").

He obtained a Bachelor of Arts (Hons) degree in International Relations from University Malaya (1975), Master Degree in Marine Law & Policy from University of Wales (1981), and has attended Senior Management Development Program at Harvard Business School (1992). He is a member of Chartered Institute of Logistic and Transport, United Kingdom.

Dato' Latif's career began with the Ministry of Foreign Affairs in 1975. He later joined Malaysian International Shipping Corporation Berhad and, from 1982 to 1992, he was with Perbadanan Nasional Shipping Line Berhad (PNSL) where he held a number of senior positions within the PNSL Group. In 1990, he became a founder Director of Mitsui OSK Lines (M) Sdn Bhd and he now remains as the Chairman since his retirement in 2005.

He was previously Executive Chairman of Realmild (M) Sdn Bhd and Chairman of Radicare (M) Sdn Bhd and Labuan Shipyard & Engineering Sdn Bhd from March 2006 to December 2009. He was Chairman of Penang Port Sdn Bhd from January 2004 to December 2009, Chairman of the International Shipowners' Association of Malaysia from 1998 to 2008 and was Vice-Chairman of the Malaysian Shipowners' Association. He was also a public interest Director in Bursa Malaysia Berhad from April 2004 to April 2010.

Presently, Dato' Latif serves as Chairman of Efficient E-Solutions Berhad and Amanah Raya Asian Finance Islamic Marine Fund. He also serves as Deputy Chairman of Ekowood International Berhad and holds various private company directorships in Malaysia.

Dato' Siew Ka Wei
Aged 55, Malaysian
Executive Vice Chairman

Dato' Siew was appointed as Non-Independent Executive Director of the Company on 17 October 2001. He was re-designated as the Non-Independent Non-executive Deputy Chairman on 20 August 2004 and as the Executive Vice Chairman on 25 January 2011 respectively.

Dato' Siew graduated with a Bachelor of Science (Hons) degree in Chemical Engineering and a Master of Science degree in Operational Research from the Imperial College of Science, Technology and Medicine, London, United Kingdom. He has local and international working experience in the field of petrochemicals for more than 30 years. He was the Chairman of the Malaysian Chapter of the Young Presidents Organization ("YPO"), an international grouping of more than 10,500 chief executive officers and leaders of major companies and organizations over the world. He became a director of the International Board of Directors of YPO in 2000 and served until 2003 during which he was Chairman of YPO Global Leadership Congress in Beijing, China.

Dato' Siew is currently the Group Managing Director of Ancom Berhad and Nylex (Malaysia) Berhad.

Dato' Siew is a substantial shareholder of the Company via his interest in Ancom Berhad and his direct and other indirect interest in the Company.

Lim Hock Heng
Aged 53, Singaporean
Executive Director

Lim Hock Heng was appointed as Executive Director of the Company on 1 March 2011.

He completed his secondary school GCE 'O' level education in 1974. He has more than 30 years' experience in the logistics business, specialising in chemical transportation and warehousing, having been involved in the business since 1978. He is currently the managing director of the logistics companies of the Group, a post he held since 2003 when these companies were under the Ancom Berhad group.

He is a substantial shareholder of the Company. He does not hold directorship in other public listed companies.

Abdul Latif bin Mahamud
Aged 54, Malaysian
Non-Independent Non-executive Director

Abdul Latif was appointed as Managing Director of the Company on 1 January 2005. He was re-designated as Group Managing Director on 1 July 2005 and as Non-Independent Non-executive Director on 25 January 2011 respectively. He is a currently a member of the Audit Committee and R&N Committee respectively.

He graduated with a degree in Electrical Engineering from University Technology MARA, Malaysia and holds an MBA from University of Hull, England.

He began his career in Asea Brown Boveri as a Substation Design Engineer in 1982 and subsequently headed its substation contracts department. He joined Groupe Schneider in 1992 as General Manager, Operations in charge of Power Transmission & Distribution sales, contract management and assembly workshop. In 1995, he joined EPE Power Corporation Berhad ("EPE") as Senior General Manager - Power Distribution and in 2000 was appointed Chief Operation Officer in charge of the EPE Group's power generation, transmission and distribution businesses. He became Managing Director of EPE in 2001. He was designated Chief Executive Officer and Executive Director of Ranhill Power Berhad in 2004 following the acquisition of EPE by Ranhill Berhad.

He is currently the Managing Director of Ancom Berhad's Agricultural Chemicals business. He has no directorship in other public listed companies.

Lim Hock Chye
Aged 56, Malaysian
Independent Non-executive Director

Lim Hock Chye joined the Board as Independent Non executive Director on 5 December 2003. He is currently the Chairman of the R&N Committee and a member of the Audit Committee respectively.

He gained his LLB (Hons) degree from University of London, United Kingdom and holds a Certificate in Legal Practice. Mr Lim was formerly a consultant with an organisation promoting good corporate governance and practices within corporations in Malaysia. Prior to that, he was a Deputy Editor with the Star Newspaper, where he wrote for the Business Section.

He is also a panel speaker for Rating Agency of Malaysia and Bursatra Sdn Bhd on Continuing Education Programmes for director of public-listed companies in Malaysia. He continues to lecture on promotion of good corporate governance within Corporate Malaysia.

Currently, he sits on the boards of Silver Bird Group Berhad, TSM Global Berhad and Nylex (Malaysia) Berhad and is the Group Director of Strategic Planning at HELP University Kuala Lumpur.

Safrizal bin Mohd Said
Aged 45, Malaysian
Independent Non-executive Director

Safrizal joined the Board as Independent Non-executive Director on 24 December 2002. He is currently the Chairman of the Audit Committee and a member of the R&N Committee respectively.

He gained his Bachelor of Commerce degree from University of New South Wales, Australia. He is a member of CPA Australia and an appointed Council Member of the Chartered Taxation Institute of Malaysia. He has vast working experience in both the consulting as well as the commercial sectors in various capacities.

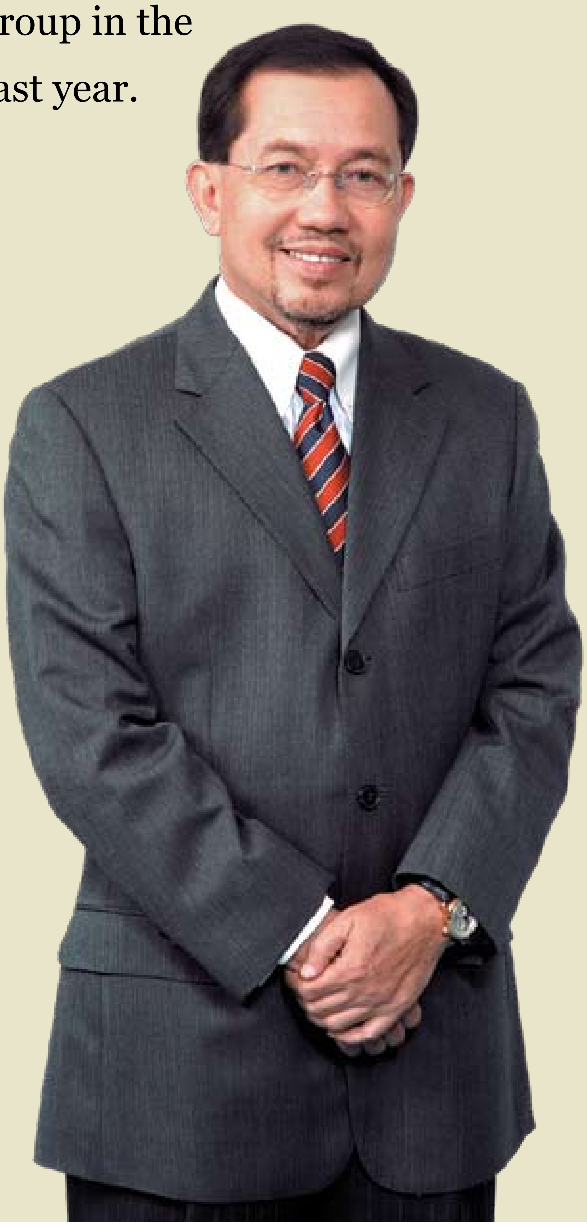
Safrizal has no directorships in other public listed companies.

Notes :

1. There are no family relationship amongst the Directors and substantial shareholders of the Company.
2. Other than certain Related Party Transactions as disclosed in this Annual Report, the Directors do not have any business interest which conflict with their positions in the Company.
3. None of the Director has been convicted for any offence other than traffic offences (if any) within the past ten (10) years.
4. Please refer to page 11 – Statement on Corporate Governance of this Annual Report for the Directors' meeting attendance records.
5. Please refer to pages 32 to 96 Directors' Report of this Annual Report for the Directors' securities holdings in the Company and its related corporations.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I would like to take this opportunity to thank the management and staff for their dedicated service and commitment towards the Group in the past year.



TO OUR SHAREHOLDERS,

On behalf of the Board of Directors, I take great pleasure to present to you the Annual Report and Audited Financial statement of the Company and the Group for the financial year ended 31 May 2011 ("FY2011").

CORPORATE RESTRUCTURING

The current financial year under review has been an eventful year for the Group. During the financial year, the Company completed two corporate exercises which have effectively changed the business of the Group entirely.

On 11 January 2011, the Group completed the Restructuring Scheme, which included the acquisition of the logistics business from its holding company, Ancom Berhad. With that the Company is no longer classified as an affected issuer under GN3 thus ensuring the continued listing of its shares on Bursa Malaysia Securities Berhad.

Thereafter, on 31 January 2011, the Company disposed its subsidiaries which are involved in the trading and contracting of electrical engineering products. The disposals were undertaken to enable the Group to focus on its new core business in logistics business.

REVIEW OF FINANCIAL RESULTS

Arising from the two corporate exercises above, the results of ALB Group has been prepared using the pooling of interest method in the accounting for the acquisition of the new logistics business. In applying this method, all entities within ALB Group and the newly acquired logistics business have been presented as if they had been in combination since the previous financial year. The comparatives in the previous year have therefore been restated to reflect this change.

The operating revenue of the Group increase from RM61.9 million from RM58.9 million last year. The improvement was due to higher revenue posted by the logistics business. Profit before taxation ("PBT") from the continuing operations was higher at RM16.2 million compared to RM5.5 million last year. The higher PBT was mainly attributable to the one-off gain on sale of property to Ancom Berhad amounting to RM11.0 million.

At Company level, ALB posted significant higher revenue of RM12.8 million compared with RM2.0 million last year. The higher revenue was primarily due to higher dividend income received from subsidiaries. The higher dividend income, coupled with the RM11.0 million one-off gain on sale of property to Ancom Berhad contributed to a much higher PBT for the year of RM25.0 million compared with a loss before tax of RM1.7 million last year.

Moving forward, the Group will focus to grow the newly acquired logistics business for better shareholders returns. Nevertheless, the Board is mindful of the current weak economic conditions affecting the world economies. We will continue to assess and take appropriate actions in dealing with the economic uncertainties.

DIVIDENDS

During the financial year, the Company paid an interim dividend of 2 sen (single tier) to its shareholders on 31 March 2011. The Board has proposed a final single tier dividend of 2 sen for the financial year ended 31 May 2011, subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting to be held on 23 November 2011. The total dividend for the financial year would be 4 sen.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to thank the management and staff for their dedicated service and commitment towards the Group in the past year. My heartfelt appreciation also goes to our shareholders, valued customers , bankers and authorities and business associates for their confidence and support. We look forward to thier unwavering support in the coming years.

I would also like to thank my fellow colleagues on the Board for their counsel and invaluable dedication towards the Group.

I would also like to extend a warm welcome to Mr Lim Hock Heng, who joined the Board as Executive Director on 1 March 2011. With Mr Lim's extensive experience in the logistics business, the Board hopes that he will drive the Group to achieving higher profits and thus generate better returns to the shareholders.

DATO' ABDUL LATIF BIN ABDULLAH
Chairman
Petaling Jaya
13 October 2011

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board acknowledges the importance of adopting good corporate governance practices in discharging its duties and responsibilities to safeguard and enhance shareholders' value and financial performance of the Company and its subsidiary companies ("Group").

The Board has taken steps as diligent as practical to comply with the principles of The Code of Corporate Governance issued by the Finance Committee on Corporate Governance and the Malaysian Code on Corporate Governance (Revised 2007) (collectively the "Code") during the financial year ended 31 May 2011 to the extent as disclosed in this Statement.

BOARD OF DIRECTORS

Composition

During the financial year up to 24 January 2011, the Board is made up of five (5) Directors comprising one (1) Executive Director who is the Group Managing Director, Abdul Latif Mahamud, and four (4) Non-executive Directors, two (2) of whom are Independent Directors. On 25 January 2011, the Group Managing Director was re-designated as a Non-independent Non-executive Director while the Non-executive Deputy Chairman, Dato Siew Ka Wei, was re-designated as the Executive Vice Chairman. On 1 March 2011, an additional director who is an Executive Director, Lim Hock Heng, was appointed to the Board. The composition of the Board is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad For The ACE Market ("ACE Market Listing Requirements") to have at least two (2) Independent Directors.

The Board comprised of Directors who are persons with a wide range of experience, acumen, skill and functional knowledge in business and public services with a diverse academic background in engineering, legal, accounting and marketing.

The presence of a majority of Non-executive Directors on the Board provided the necessary check and balances on the conduct on the Group Managing Director/Executive Vice Chairman in managing the business of the Group. The Independent Non-executive Directors were all independent of management and were free from any business or other relationship which would materially interfere with the exercise of their independent judgment. They are people of caliber, credibility and have the necessary skill and experience to bring an independent judgment to bear on the issues of strategy, business performance, resources and standards of conduct. They provided independent and constructive views in the Board's discussion. They were involved actively in the Board Committees of the Company.

The Board is satisfied with the composition of the Board during the financial year. The Board is also of the view that the Board has the right mix of skill, experience and knowledge to deal with the strategic direction, investment and management of the Group.

The profile of the Directors are set out in pages 6 to 8 of this Annual Report.

Duties and Responsibilities

The Board is responsible for the Group's overall strategic direction, business and financial performance, risk management, internal control and management information systems and investors' relation.

The principal duties and responsibilities of the Board are as follows:

- Formulating the business direction and objectives of the Group;
- Reviewing, adopting and approving the Group's annual budgets, strategic plan, key operational initiatives, major investment and funding decisions;
- Overseeing the conduct of business of the Group by reviewing its performance against budgets; and
- Reviewing the risk management framework and adequacy and integrity of the Group's internal control system and management information system to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Group.

The Board played an active role in formulating the Group's overall strategic direction and in reviewing the Group's business and financial performances. At the beginning of each financial year, Management would present the strategy for the new financial year together with the annual budget and financial performance forecasts to the Board for approval.

The Board would appraise the Group's actual business and financial performances against the budget and forecasts at the quarterly Board meetings.

The key matters reserved for the Board's approval include the Annual Business Plan, significant corporate proposals including acquisitions and disposal of companies within the Group, Group business restructuring, new issue of securities, acquisitions and disposal of significant assets and expenditure above a certain amount.

The roles of the Non-executive Chairman and the Group Managing Director/Executive Vice Chairman are distinct and separated with clear division of responsibilities to ensure a balance of power and authority. The Chairman holds a Non-executive position and is primarily responsible for ensuring the Board's effectiveness and conduct in discharging its responsibilities. The Group Managing Director/ Executive Vice Chairman has overall responsibility for the day-to-day management of the Group's business and operations and for implementing the Board's policies and decisions. He is supported by the management team and the various subsidiaries heads. At the quarterly Board meetings, the Group Managing Director/Executive Vice Chairman provides the Board with an update on the Group's key strategic initiatives and key operational issues.

The Board has established an Audit Committee and a Remuneration and Nomination Committee which are entrusted with specific responsibilities to oversee the affairs of the Company with authority to act on behalf of the Board in accordance with their respective Terms of Reference. At each Board meeting, the Chairman of the respective Board Committees would report to the Board on the key matters discussed by the Board Committees at its respective meetings. Minutes of the Board Committee meetings are also enclosed together with the Board papers for the Directors' attention.

The activities of the Audit Committee and the Remuneration & Nomination Committee are further discussed in separate sections of this Statement.

The decisions of the Board are decided by a simple majority of votes of the Directors present at the Board meetings. In the event of an equality of votes, the Chairman shall have a second or casting vote except where two (2) Directors form a quorum and where only two (2) Directors are present or only two (2) Directors are competent to vote on the question at issue.

During the financial year, all the Board decisions were approved by the Board unanimously without any dissenting votes from any of the Directors.

In the intervals between Board meetings, Board decisions were also obtained via circular resolutions which are supported with Board papers to provide the necessary information for an informed decision by the Board.

Meetings and Supply of Information

During the financial year, the Board met five (5) times. The details of attendance of each Director at the Board meetings held during the financial year are as follows:

Name of Directors	Number of meetings attended	% Attendance
Dato' Abdul Latif bin Abdullah	4/5	80%
Dato' Siew Ka Wei	4/5	80%
Abdul Latif bin Mahamud	5/5	100%
Safrizal bin Mohd Said	5/5	100%
Lim Hock Chye	5/5	100%
Lim Hock Heng (Appointed on 1 March 2011)	1/1	100%

The Board received Notice of Meeting and the Agenda with the relevant documents on matters requiring its consideration prior to and in advance of each meeting and vide circular resolutions. The Board papers and papers accompanying the circular resolutions were comprehensive and encompassed both quantitative and qualitative factors of the matters at hand so that informed decisions could be made. All proceedings at the Board meetings were minuted and confirmed by the Board at the subsequent meeting.

Senior management staff, as well as advisers and professionals appointed to advise on corporate proposals, were invited to attend the Board meetings to provide the Board with their explanations on certain agenda items tabled to the Board, and to furnish clarification on issues that were raised by the Directors.

All Directors were vested with the rights and unlimited access to information with regard to the Group's activities. They have access to the advice and services of the Company Secretaries and may engage independent professional advice in the matters connected with the discharge of their responsibilities as they may deem necessary and appropriate at the Company's expense.

Training and Education

All the Directors have completed the Mandatory Accreditation Programme and would continue to attend the Continuing Education Programme as prescribed by the ACE Market Listing Requirements.

The Board believes that the Directors should receive continuous training from time to time, particularly in view of the changing laws, regulations and business environment in which the Group operates.

Other than Lim Hock Chye, who is a panel speaker for Rating Agency of Malaysia and Bursatra Sdn Bhd on Continuing Education Programme for directors of public listed companies in Malaysia and who continues to lecture on promoting good corporate governance within Corporate Malaysia, the other Directors have not attended any seminars/courses during the financial year. However, they will identify and attend further training and seminars which they consider relevant and useful in order to effectively discharge their duties as Directors.

Appointment & Re-election of Directors

In accordance with Article 90 of the Company's Articles of Association, a Director is subject to retire and be eligible for re-election at the first annual general meeting of the Company after his appointment.

Article 103 of the Company's Articles of Association also provides that at least one-third (1/3) of the Board, who are longest in office since their last election, shall be subject to retirement by rotation every year and that each Director shall retire at least once in every three (3) years but he shall be eligible for re-election at the annual general meeting. The Group Managing Director/Executive Vice Chairman does not have a service contract which the notice period for termination is more than one year. The Group Managing Director/Executive Vice Chairman is also subject to retirement at least once every three (3) years and he shall be eligible for re-election at the annual general meeting.

In the forthcoming annual general meeting, Safrizal bin Mohd Said and Lim Hock Chye will retire by rotation in accordance with Article 103 while Lim Hock Heng will retire in accordance with Article 90 of the Company's Articles of Association. The Remuneration & Nomination Committee has recommended that they be re-elected by the Company's shareholders at the forthcoming annual general meeting.

The motions to re-elect Directors is voted on individually, unless a resolution for the re-election of two (2) or more Directors by a single resolution shall have been passed by the annual general meeting without any vote against it.

To assist shareholders in making their decision in the re-election of Directors, sufficient information such as personal profile, attendance at Board and Committee meetings and the shareholdings in the Company of the Directors standing for re-election are furnished in a separate statement accompanying the Notice of Annual General Meeting.

BOARD COMMITTEES

In accordance with the best practices of the code, the Board has established the following committees which operate within clearly defined terms of reference.

Audit Committee

The Audit Committee Report is set out separately on pages 18 to 23 of this Annual Report.

Remuneration and Nomination Committee

The Board has established the Remuneration and Nomination Committee ("R&N Committee"), whose members comprised the following:

Lim Hock Chye, Chairman
Dato' Abdul Latif bin Abdullah
Dato' Siew Ka Wei (resigned on 25 January 2011)
Abdul Latif bin Mahamud (Appointed on 25 January 2011)
Safrizal bin Mohd Said

The R&N Committee is responsible for reviewing and assessing the effectiveness of the Board as a whole and the Board Committees and for assessing the performance of the Executive Directors. It is also responsible for reviewing the required mixed of skills and experience and core competencies which the Non-executive Directors should bring to the Board and for proposing and recommending to the Board candidates for all Directorships to be filled by the Board or the shareholders. In making its recommendation, the R&N Committee would consider the candidates' skill, knowledge, expertise and experience, professionalism, integrity and in the case of independent non-executive directors – the candidates' ability to discharge such responsibilities and functions expected from them.

The R&N Committee is responsible for making recommendation to the Board on the appointment of new director on the Board and on the re-election of Directors who are re-retiring pursuant to the Articles of Association of the Company. In accordance with this process, Dato Siew Ka Wei and Abdul Latif bin Mahamud who retired by rotation in the last annual general meeting of the Company were recommended by the Board for re-election to the Board at the 44th Annual General Meeting of the Company on 24 November 2010.

The R&N Committee also recommended the re-designation of the Group Managing Director, Abdul Latif bin Mahamud, and the Non-executive Deputy Chairman, Dato Siew Ka Wei, to Non-independent Non-executive Director and Executive Vice Chairman of the Company respectively on 25 January 2011 following the completion of the Group's restructuring scheme. The R&N Committee also recommended the appointment of Lim Hock Heng as an Executive Director to the Board on 1 March 2011. The re-designation of Dato Siew Ka Wei and the appointment of Lim Hock Heng as Executive Directors on the Board was premised on their vast experience in the logistics business

The R&N Committee also assume the task of recommending to the Board the remuneration package for the Executive Directors in all its forms, drawing from outside advice as necessary at the Company's expense, taking into consideration the Executive Directors' responsibilities, contributions and performances, as well as the market-rate for similar positions in comparable companies. The R&N Committee is also responsible for recommending the remuneration of the Non-executive Directors, including Directors' fee, after taking into account comparison with payment by similar companies, to the Board for its endorsement.

It is the ultimate responsibility of the Board as a whole to decide the appointment and remuneration for the Directors. The Directors' fees would be submitted to the shareholders for approval at the annual general meeting of the Company.

During the financial year, the R&N Committee had one meeting which was attended by all members. During the meeting, the R&N Committee reviewed and assessed the composition of the Board and the Board Committees and was satisfied that the Board composition was appropriate and that there was a mix of Executive and Non-executive Directors on the Board. The R&N Committee was also satisfied with the caliber, credibility, skills and experiences of the Non-executive Directors to bring independent judgment to bear on issue of strategy, performance and resources. The Board composition was in compliant with the Code and that the Board and the Board Committees were effective in discharging their respective responsibilities.

DIRECTORS' REMUNERATION

The following are the remuneration of the Non-executive Directors of the Company:

Directors' fee

For the last financial year, the Chairman of the Board and the Non-executive Directors of the Board received RM60,000 and RM50,000 respectively as Directors' fee per annum. The members of the Audit Committee received RM15,000 each while the members of the R&N Committee received RM5,000 each per annum. These were as recommended by the R&N Committee and the total Directors' fee of RM270,000 was approved by the shareholders at the 44th Annual General Meeting of the Company. In addition, the Non-executive Directors also received an attendance allowance of RM416.67 per Board/Committee meeting attended.

For the current financial year, the R&N Committee had not engaged a consultant to do a comparative study on the Directors' remuneration. Based on the members' personal experience, the R&N Committee proposed that the Non-executive Directors on the Board and the Board Committees would be paid the same amount of Directors fee and attendance allowance as in the last financial year. The total Directors' fee payable by the Company for the current financial year amounts to RM265,589.

The Board has endorsed the R&N Committee's recommendation and will seek the approval of the Company's shareholders at the forthcoming annual general meeting for the payment of Directors' fee.

The R&N Committee was also responsible for reviewing the remuneration of the Group Managing Director and made recommendation on the same for the Board approval. The Group Managing Director's remuneration consists of monthly salary, bonuses, benefit-in-kind ("BIK") and other benefits which the Board will approve from time to time. The Group Managing Director's remuneration is linked to the performance of the Group in the financial year. The R&N Committee had also recommended a payment of bonus to the Executive Vice Chairman who does not receive any remuneration from the Company during the financial year. The Group Managing Director and Executive Vice Chairman did not participate in the Board deliberation on their respective remunerations at the Board meeting.

The Group Managing Director/Executive Vice Chairman and the Executive Director are not entitled to the Director's fee and attendance allowance for the Board/Committee meetings they attended.

Other than the Non-executive Chairman who was provided with a car, the Non-executive Directors are not entitled to any BIK.

The breakdown of the remuneration received and receivable by the Directors from the Company and its subsidiaries during the financial year is disclosed in Note 8 to the financial statement and on page 63 of this Annual Report.

Shareholders

Investors' Relations and Shareholders' Communication

The Board recognises the importance of accountability to its shareholders, stakeholders and investors through proper, timely and adequate dissemination of information on the Group's performance and other development via an appropriate channel of communication. During the financial year ended 31 May 2011, the annual report, the interim financial reports and other announcements, the circulars to shareholders and press releases are the primary modes of communication to report the Group's business, results and other major developments to its shareholders, stakeholders and investors. The Company has established an Investors Relation ("IR") portal at www.ancomlogistics.com.my for the benefits of the shareholders and investors. Copies of the Company's Annual Reports, quarterly Interim Financial Reports, announcements, circulars and press releases, as well as Company's share prices performances are also posted on the IR portal and these are accessible by the shareholders and investors without any restriction.

The Board also encourages shareholders to communicate with the Company through other channels. The Board has decided not to appoint a Director to whom any queries or concerns may be conveyed as shareholders and investors are now able to convey their view and queries through the Company's IR portal at www.ancomlogistics.com.my. These questions and queries would be attended to the Company's senior management.

In addition, shareholders, stakeholders and investors who wish to convey their concerns or queries on the Company can also direct them to the Board, at Unit C508, Block C, Kelana Square, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan or fax at 03-7804 1316.

General Meetings

The Company's general meetings are the principal forum for dialogue between the Company and its shareholders and investors.

At the general meetings, the Board encourages and welcomes shareholders to ask questions regarding the affairs of the Group, its financial performance and on the resolutions being proposed at the meetings. The Company holds its general meetings at venue that is easily accessible by the shareholders and at a time convenient to the shareholders to encourage them to attend the meetings.

The Company held its 44th Annual General Meeting ("AGM") at the Hilton Hotel, Petaling Jaya at No.2, Jalan Barat, 46200 Petaling Jaya, Selangor. The Notice of the AGM and the annual Audited Financial Statement and the related circulars were sent to the shareholders in accordance with the regulatory and statutory provisions. The Notice was advertised in a national English newspaper within the prescribed deadlines.

During the AGM, the Group Managing Director gave a briefing on the performance during the financial year and his view and insights on the future prospects of the Group's businesses. There were active participation by the shareholders in the discussions. The Chairman, when presenting the agenda items for voting, also gave a brief background on the items to be voted and shareholders were invited to give their views and comments before voting commenced.

The shareholders approved all the resolutions put forth at the AGM and the results of the AGM were announced to the shareholders via the Bursa Link on the same day after the AGM.

Proceedings of the AGM were properly minuted and the shareholders may inspect the minutes in accordance with the provisions of the Companies Act, 1965.

The Notice for the forthcoming 45th AGM of the Company, which will be held on 23 November 2011, is on pages 99 to 100 of this Annual Report.

ACCOUNTS AND AUDIT

Financial Reporting

The Board aims to present a balanced and meaningful evaluation and assessment of the Group's financial performance, financial position and future prospects of the Group in the annual Audited Financial Statements and the quarterly Interim Financial Reports of the Company and of Group.

The Directors are responsible for keeping proper accounting records, which disclosed with reasonable accuracy at any time the financial position of the Company and the Group, to enable them to ensure that the financial statements comply with the Companies Act, 1965 and approved Financial Reporting Standards ("FRS").

A statement by the Board on its responsibilities for preparing the annual Audited Financial Statements is set out in page 28 of this Annual Report.

The Group's annual Audited Financial Statements are reviewed by the Audit Committee together with the external auditors and the management of the Company. For the quarterly Interim Financial Reports, these are reviewed by the Audit Committee and the management. Thereafter, the Audit Committee will recommend to the Board to approve same prior to releasing to Bursa Malaysia Securities Berhad within the stipulated time frame.

The annual Audited Financial Statements and the quaterly Interim Financial Reports are also posted on the Company's IR portal www.ancomlogistics.com.my for the benefit of the shareholders and investors.

Internal Control

The Directors acknowledge their responsibility to maintain a sound system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board, through the Audit Committee, seeks the regular assurance on the continuity and effectiveness of the internal control system through independent reviews by the internal auditor and the external auditors.

The report of the Audit Committee is separately set out in pages 18 to 23 of this Annual Report while the scope and results of the internal audit review by the Audit Committee are detailed in the Statement of Internal Control in pages 24 of this Annual Report.

Relationship with Auditors

The Board has established a formal, transparent and appropriate relationship with the Group's auditors, both external and internal, through the Audit Committee.

As per its Terms of Reference, the Audit Committee has been explicitly accorded the power to appoint, to decide on the remuneration and the resignation/dismissal of the external auditors. It has also been empowered to ensure that the internal audit function reports directly to the Audit Committee, that it is independent of the functions it audits and has all the authorities and resources to carry out its responsibilities. The Audit Committee also has the authority to appoint and accept the resignation/dismissal of the senior members of the internal audit function. It would also approve the Internal Audit plan and review and assess the performance of the internal audit function.

CONCLUSION

The Board recognises the importance of the Group practising good corporate governance and has made it a corporate policy to continually improve on its corporate governance practices and structure to achieve on optimal governance framework.

AUDIT COMMITEE REPORT

In accordance with paragraph 15.15 of the Listing Requirements of Bursa Malaysia Securities Berhad for ACE Market ("ACE Market Listing Requirement"), the Board has pleasure in submitting the Audit Committee Report for the financial year ended 31 May 2011.

TERMS OF REFERENCE

COMPOSITION

The Audit Committee shall be appointed by the Board of Directors from amongst its members. The Audit Committee shall comprise of at least three (3) members, all of whom must be Non-executive Directors, with a majority of them being Independent Directors as defined in the ACE Market Listing Requirements.

All members of the Audit Committee shall be financially literate and at least one of them shall be a member of the Malaysian Institute of Accountants or a person who fulfill the requirements under Paragraph 15.10 (1) (c) (ii) and (iii) of the ACE Market Listing Requirements. No alternate Director shall be appointed as a member of the Audit Committee.

The Chairman of the Audit Committee shall be elected from amongst the members and he shall be an Independent Non-executive Director.

If a member of the Audit Committee resigns or for any reason ceases to be a member which result in the number of members less than the required number of three (3), the Board of Directors shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of members. All members of the Audit Committee including the Chairman shall hold office until otherwise determined by the Board of Directors or until they cease to be a Director of the Company.

The Company Secretaries shall be the Secretaries of the Audit Committee.

OBJECTIVES

The objectives of the Audit Committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to internal control, corporate accounting and reporting practices of the Company and its subsidiaries ("Group"), particularly in:

1. Maintaining a good corporate governance standard as well as a sound system of internal control;
2. Facilitating the effective discharge of its stewardship responsibilities in respect of strategic business operations and related controls;
3. Identifying principal risks and ensuring the implementation of appropriate risk management framework; and
4. Reviewing the adequacy and integrity of the system of internal control and management information system.

FUNCTIONS

1. The duty of the Audit Committee shall include the following:

A. EXTERNAL AUDIT

i. To consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;

ii. To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

iii. To review the quarterly and year-end financial statements of the Group, focusing particularly on –
   a. changes in accounting policies and practices;
   b. significant adjustments arising from the audit;
   c. the going concern assumption; and
   d. compliance with accounting standards and other legal requirements;

iv. To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);

v. To review the external auditors' management letter and management's response;

B. INTERNAL AUDIT

i. To do the following, in relation to the internal audit function –
   a. determine the scope and ensure that the internal audit function is independent of the activities it audits;
   b. approve the annual internal audit programme;
   c. review the competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
   d. review results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
   e. review any appraisal or assessment of the performance of members of the internal audit function;
   f. approve any appointment or termination of senior staff members of the internal audit function;
   g. take cognizance of resignation of internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning;
   h. ensure that the internal audit function reports directly to the Audit Committee. However, on a day to day basis, the Audit Committee may select a representative to liaise with the Head of Internal Audit.

ii. To consider any related party transactions that may arise within the Company and the Group;

iii. To consider the major findings of internal investigations and management's response; and

iv. To consider other topics as defined by the Board of Directors;

2. The Internal Auditor and representative of the External Auditors should normally attend the Audit Committee meeting. Invitees may attend the Audit Committee meetings upon the invitation of the Audit Committee. The Audit Committee shall convene meetings with the External Auditors, Internal Auditor(s) or both, excluding the attendance of other Directors and employees of the Company and the Group whenever it deems necessary;

3. The Chairman of the Audit Committee should engage on a continuous basis with senior management such as the Chairman, the Group Managing Director/Executive Vice Chairman, the Executive Directors and the Chief Financial Officer and other senior operating staff, the Internal Auditor and External Auditors in order to be kept informed of matters affecting the Company and the Group.

4. In discharging the functions as stated in (1) above, the Audit Committee shall have, at the cost of the Company:

    i. the explicit authority to investigate any matter within its Terms of Reference;

    ii. all the resources that are required to perform its duties;

    iii. full and unrestricted access to any information pertaining to the Company and the Group;

    iv. direct communication channels with the External Auditors and the Internal Auditors; and

    v. the authority to obtain independent professional and other advices and to secure the attendance of the advisers if it considers necessary.

MEETING

The Audit Committee shall meet every quarterly or at other frequencies as directed by the Board of Directors and at any time upon the request of any members of the Audit Committee, the External Auditors or the Internal Auditors and/or at the Chairman's discretion.

The quorum for each meeting shall be two (2) members, all of whom must be Independent Directors. Agenda shall be sent to all Audit Committee members and any other persons who may be required to attend the meeting at leastseven (7) days prior to the meeting unless such requirement is waived by the Audit Committee members at the meeting.

Decision of the Audit Committee shall be by majority of vote. In the case of equality of vote, the Chairman, or if he is absent, the Chairman of the meeting elected from amongst the Audit Committee members attending the meeting, shall have a second and casting vote.

MINUTES

The minutes of each Audit Committee meeting, after the same have been affirmed by the subsequent Audit Committee meeting and signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting, shall be deemed a correct recording of the proceedings thereat.

The minutes shall be kept by the Secretaries and are subject to inspection by the Audit Committee members and the Board of Directors upon request.

Copies of the minutes shall be distributed to the Audit Committee members and the Board of Directors for information.

COMPOSITION

During the financial year, the Audit Committee comprised the following:

- Safrizal bin Mohd Said - Independent Non-executive Director (Chairman)
- Dato' Siew Ka Wei - Non-Independent Non-Executive Chairman (Member) - resigned on 31 March 2011 upon his re-designation as Executive Vice Chairman
- Lim Hock Chye - Independent Non-executive Director (Member)
- Abdul Latif bin Mahamud - Group Managing Director (Member) - appointed on 31 March 2011 upon his re-designation as Non-Independent Non-executive Director

During the financial year, the composition of the Audit Committee complied with paragraph 15.09 of the ACE Market Listing Requirements.

MEETING AND ATTENDANCE

The Audit Committee held five (5) meetings during the financial year. The Internal Auditors and the External Auditors attended five (5) and one (1) Audit Committee meetings respectively. The attendance of the Audit Committee members at the meetings held during the financial year was as follows:

Name of Directors	Number of meetings attended	% Attendance
Safrizal bin Mohd Said	5/5	100.0%
Lim Hock Chye	5/5	100.0%
Dato' Siew Ka Wei (resigned on 31 March 2011)	3/4	75.0%
Abdul Latif bin Mahamud (appointed on 31 March 2011)	1/1	100.0%

SUMMARY OF ACTIVITIES

The Audit Committee carried out its duties in accordance with its Terms of Reference during the financial year ended 31 May 2011. These included, inter-alia, the review of the following:

1. Financial Results

   (a) The quarterly interim financial reports with management to ensure that they adhered to regulatory reporting requirements. The Audit Committee also took appropriate actions to resolve all accounting matters requiring significant judgment and made recommendations to the Board of Directors to adopt the quarterly interimfinancial reports;

(b) The annual audited financial statements with the External Auditors prior to submission for approval of the Board of Directors. The review was, inter-alia, to ensure that the annual audited financial statements complied with the provisions of the Companies Act, 1965, the ACE Market Listing Requirements, the approved accounting standards of the Malaysian Accounting Standard Board ("MASB") and other statutory andregulatory requirements;

2. External / Internal Audits

(a) The External Audit plan with the External Auditors taking into cognizance the emerging financial reporting issues pursuant to the introduction of new MASB standards and additional statutory / regulatory disclosure requirements;

(b) Significant financial matters that came to the attention of the External Auditors in their course of work and took appropriate action to resolve same;

(c) Significant internal control issues highlighted by the External Auditors, the management's responses inrelation there to and the measures taken by management to rectify the weaknesses and to strengthen theexisting risk management process;

(d) The External Auditors' fees and made recommendation for their reappointment to the Board of Directors.

3. Related Party Transactions

Reviewed and approved the related party transactions entered into by the Company and the Group and the circular to shareholders in respect of proposed new shareholders mandate and the renewal of shareholders' mandate for the recurrent related party transactions of a revenue or trading nature.

4. Employees Share Option Scheme

The Company has not established any share option scheme and has no subsisting share option scheme for its employees during the financial year under review.

During the respective Board of Directors' Meeting, the Chairman of the Audit Committee briefed the Board on issues raised in respect of the internal audit and internal control, the Quarterly Interim Financial Reports, Annual Audited Financial Statements and the recommendations of the Audit Committee thereon.

INTERNAL AUDIT FUNCTION

The Audit Committee is aware that an independent and adequately resourced Internal Audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness and adequacy of the internal control system.

Amongst the responsibilities of the Internal Auditors were to:

1. Assist the Board in reviewing the adequacy, integrity and effectiveness of the Group's internal control system for the Board to make an accurate Statement on Internal Control in the Annual Report;

2. Support the Audit Committee in identifying and evaluating the existing internal control system and consequently to determine the future requirements for internal control system and to co-develop a prioritized action plan;

3. Perform a risk assessment of the Group to identify the business processes within the Group that internal audit should focus on; and

4. Allocate audit resources to areas within the Group that provide the management and the Audit Committee with efficient and effective level of audit coverage.

During the financial year, the Group does not have an Internal Audit function as its activities have been scaled down considerably as a result of its disposal of the Switchgear Manufacturing business and its GN3 status.

CONCLUSION

Based on the above, the Audit Committee is of the opinion that it has discharged its duties in accordance with the Terms of Reference as established above.

Please refer page 24 of this Annual Report for the Statement on Internal Control.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that a listed company should maintain a sound internal control system to safeguard its shareholders' investment and its assets.

The Group's Statement on Internal Control for the financial year ended 31 May 2011 is made pursuant to Paragraph 15.26(b) of the Listing Requirements of the Bursa Malaysia Securities Berhad for the ACE Market, and has been prepared in accordance with the "Standard of Internal Control – Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors and with the support and endorsement by Bursa Malaysia Securities Berhad.

For the purpose of this Statement, the Group means the Company and its subsidiary companies, excluding the associate companies. This Statement does not cover the associate companies as the Company does not have control over the operations, management and internal control system of these companies.

RESPONSIBILITY FOR INTERNAL CONTROL

The Board is committed to the maintenance of a sound internal control system which includes the establishment of an appropriate control environment and framework, and the subsequent periodic review of the effectiveness, adequacy and integrity of the system.

Due to its inherent limitations, the Group's internal control system is designed to manage and mitigate, rather than to eliminate, the risk that may impede the achievement of the Group's business objectives. Further, the cost of control procedures should not exceed the benefits to be gained from such control procedures. As such, the internal control system can only provide reasonable and not absolute assurance against material mis-statement of management or financial information or against financial losses or frauds.

KEY ELEMENTS OF INTERNAL CONTROL

The principal features of the Group's internal control system during the financial year ended 31 May 2011 are as follows:

- Organisation structure and responsibility levels

  The Group has established an organization structure with clearly defined level of authorities and lines of responsibility from operating units up to the Board level to ensure accountabilities for risk management and control activities.

  The Board entrusted the daily running of the business to the Group Managing Director/Executive Vice Chairman and his management team. The Group Managing Director/Executive Vice Chairman was assisted by Senior Management who were "hands-on" in running the operating divisions. Experienced and competent employees were placed in positions of responsibility to ensure that the objectives of the Group's internal control system are achieved.

  The Board of Directors received timely information pertaining to the operation, performance and profitability of the Group and was alerted of any significant matters that required its immediate attention by the Group Managing Director/Executive Vice Chairman.

- Audit Committee and internal audit

  The Audit Committee was entrusted by the Board to ensure that an effective and adequate internal control system is in place at all times. To assist the Audit Committee in discharging its duties and responsibilities, the Audit Committee had outsourced the internal audit function to the Internal Audit function of Ancom Berhad, the holding company with effect from April 2008, to take charge of the Group's internal audit function. The IA function reports to the Audit Committee. However, the Board decided that there was no necessity for the Group to have an Internal audit function during the financial year as the Group's activities were curtailed substantially due to the disposal of its Switchgear manufacturing business in April 2008. The Group had also disposed of its Trading business and acquired the Logistics business in January 2011.

  During the financial year under review, the Audit Committee relied on the Group's management in managing the Group's internal control and was satisfied that that there were continuous effort by management to address and resolve areas with control weaknesses and that the control procedures were in place and were being followed.

- Risk management

  The Board has, through the Audit Committee, established a process for identifying, evaluating, monitoring and managing risk affecting the achievement of the Group's business objectives.

- Reporting and review

  The Group Managing Director/Executive Vice Chairman met with the senior management regularly to discuss and resolve operational, corporate, financial and key management issues. A detailed performance review would be presented to the Board during the Board meetings.

  Detailed budgets were also prepared by the operating divisions and reviewed by the management. Actual results were monitored against the budget periodically.

  The Group's quarterly Interim Financial Report and annual Audited Accounts would only be announced to Bursa Malaysia Securities Berhad after being reviewed by the Audit Committee and approved by the Board.

- Group Policies and Procedures

  The Group's Policies and Procedures are a formal guide to the management and employees of the Group in carrying out their day-to-day duties. The Group's Policies and Procedures cover the following core areas:- authority limits and authorization mandates, protection and maintenance of assets, human resources management, sales, financial, procurement and operations. The Limits of Authority in the Group's Policies and Procedures will delegate authority limits to the appropriate persons to ensure accountability and segregation of duties.

CONCLUSION

The Board is satisfied that the Group's internal control system during the financial year under review was sound, effective and sufficient to safeguard the shareholders' investment and its assets.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Board understands the need for business practices that are based on ethical values and respect for the community, its employees, the environment, its shareholders and other stakeholders.

In that respect, the Group has adopted the following broad principals in carrying out its activities:

- the Group shall conduct its business ethically and with integrity, honesty and fairness and with the utmost level of corporate governance;

- the Group shall not breach the regulations and laws, and shall respect the culture of the countries in which it operates;

- the Group will build relationship with its shareholders, suppliers, customers, employees, partners and authorities that are based on trust; and

- the Group shall manage its activities according to the principles of sustainable development for the needs of future generations.

The Company and its subsidiaries ("Group") have carried out certain activities during the financial year ended 31 May 2011 in accordance with the above broad principles and on 3 main focal areas as disclosed below:

Environment

As a responsible corporation, the Group has initiated various sustainable environmental conservation efforts. The Group encourages the re-use or re-cycle of materials such as papers and plastics. Other wastes or materials are sent to recycling centres.

Workplace

The Group values its employees and emphasises on the development of human resources. Various activities focusing on safety and health were organised by the Group to promote a healthy and positive work environment for its employees:

- Scheduled safety drills such as fire and evacuation, chemical leakage, storage tank leakage and falling ill on site drills to ensure that employees are well trained to handle emergency situations;

- Regular training on workplace safety, product handling, inspection of fire fighting equipment and fire and chemical handling drills are carried out on a regular basis;

- Regular first aid training to employees at the Group's Bulk Liquid Terminal; and

- A fire drill was conducted with Bomba Malaysia/West Port Bomba at the Group's Bulk Liquid Terminal to test the emergency response readiness in the event of fire or accident at the terminal.

Management and Supervisory Development programmes which provide career advancement opportunities were also organised by the Group for potential employees.

Community

Consistent with one of the important focal area of Corporate Social Responsibility which is to be responsible to the community in which the Group operates, the Group encourages its employees to volunteer in community projects such as tree planting and blood donation campaigns. During the financial year, the Group organised various fund raising activities for old folks home and orphanages; donated computers to less financially privileged students from the rural areas; make donation to schools, charity organisations and community projects regularly.

A subsidiary in Singapore also adopted the Singapore Children's Society as its official charity partner for 3 years beginning from year 2009.

DIRECTORS' RESPONSIBILITIES STATEMENT ON AUDITED FINANCIAL STATEMENTS

In accordance with the Companies Act, 1965, the Directors of the Company are required to prepare audited financial statements for each financial year which shall give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit and loss of the Company and of the Group for the financial year.

Pursuant to paragraph 15.26 (a) of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market ("ACE Market Listing Requirements"), the Directors are required to issue a Statement explaining their responsibilities in the preparation of the audited financial statements.

The Directors hereby state that they are responsible to ensure that the Company and the Group keep proper accounting records to enable the Company to disclose, with reasonable accuracy and without any material misstatement, the financial position of the Company and of the Group as at 31 May 2011 and the profit and loss of the Company and the Group for the financial year ended 31 May 2011. The Directors are also responsible to ensure that the audited financial statements comply with the Companies Act, 1965 and the relevant accounting standards, the ACE Market Listing Requirements and other statutory and regulatory requirements.

In preparing the financial statements for the financial year ended 31 May 2011 ("Financial Statements"), the Directors have:

(a) adopted the appropriate accounting policies, which are consistently applied;
(b) made judgements and estimates that are reasonable and prudent;
(c) adopted all applicable accounting standards. Material departures, if any, will be disclosed and explained in the Financial Statements; and
(d) prepared the Financial Statements on the assumption that the Company and the Group will operate as a going concern.

The Directors have provided the External Auditors with every opportunity to take all steps, undertake all inspections and seek all explanations they considered appropriate to enable them to give their audit report on the Financial Statements.

AUDITED FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 May 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year, except as disclosed in Note 1 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit from continuing operations, net of tax	14,950	24,989
Loss from discontinued operation, net of tax	(4,309)	-
	10,641	24,989
Attributable to:		
Equity holders of the Company	9,672	24,989
Minority interests	969	-
	10,641	24,989

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the (loss)/gain on disposal of subsidiaries of the Group and of the Company amounting to RM4,886,000 and RM6,514,000 respectively.

DIVIDENDS

On 31 March 2011, the Company paid a single tier interim dividend of 2 sen per ordinary share of RM9,465,726. in respect of the financial year ended 31 May 2011.

The director do not recommend any payment of final dividend in respect of the current financial year ended 31 May 2011.

DIRECTORS

The Directors who served on the Board of the Company since the date of the last report and at the date of this report are:

Dato' Abdul Latif bin Abdullah *(Non-Executive Chairman)*
Dato' Siew Ka Wei *(Executive Vice Chairman)*
Abdul Latif bin Mahamud
Safrizal bin Mohd Said
Lim Hock Chye
Lim Hock Heng *(Appointed on 1 March 2011)*

In accordance with Article 103 of the Company's Articles of Association, Encik Safrizal bin Mold Said and Mr. Lim Hock Chye retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Article 90 of the Company's Articles of Association, Mr. Lim Hock Heng shall retire and, being eligible, offer himself for re-election.

ISSUANCE OF SHARES

During the financial year, the Company:

(a) completed a capital reduction of RM0.10 of the par value of each existing ordinary share of RM0.20 each in the Company;

(b) issued 209,508,593 ordinary shares of RM0.10 each at RM0.13 per share for the purchase of Synergy Trans-Link Sdn Bhd group of companies; and

(c) issued 4,290,000 ordinary shares of RM0.10 each at RM0.13 per share to approved bumiputera investors for additional working capital purposes.

The new shares rank pari passu with the then existing shares of the Company.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might 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 has received or become entitled to receive a benefit by reason (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 8 to the financial statements or the fixed salary of a full time employee of the Company and its related corporations) of a contract made by the Company or a related corporation with any 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, except as disclosed in Note 28 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporation during the financial year were as follows:

	Number of Shares			
	Balance at 1.6.2010	**Acquired**	**Sold**	**Balance at 31.5.2011**
Ordinary Shares of RM0.10 each in the Company				
Direct				
Safrizal bin Mohd Said	5,000	-	-	5,000
Dato' Siew Ka Wei	725,867	-	-	725,867
Lim Hock Heng	-	80,573,516	-	80,573,516
Deemed interest				
Dato' Siew Ka Wei	94,777,272	128,935,077	-	223,712,349
Ordinary Shares of RM1.00 each in Holding Company, Ancom Berhad				
Direct				
Dato' Siew Ka Wei	14,586,765	331,300	(14,300)	14,903,765
Deemed interest				
Dato' Siew Ka Wei	19,398,848	-	-	19,398,848
Ordinary Shares of RM1.00 each in a related company, Rhodemark Development Sdn Bhd				
Deemed interest				
Dato' Siew Ka Wei	107,292,858	-	-	107,292,858

By virtue of his interest in the shares of the holding company, Ancom Berhad, Dato' Siew Ka Wei is also deemed to have an interest in the shares in all the subsidiaries of Ancom Berhad to the extent Ancom Berhad has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the statement of comprehensive income and statement of position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) 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 will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE YEAR

Significant event during the year and subsequent events after balance sheet date are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Messrs. Ernst & Young, have expressed their willingness to continue in office.

Signed for and on behalf of the Board in accordance with a resolution of the Directors dated 28 September 2011.

Dato' Abdul Latif bin Abdullah

Dato' Siew Ka Wei

STATEMENT BY DIRECTORS

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

We, Dato' Abdul Latif bin Abdullah and Dato' Siew Ka Wei, being two of the Directors of Ancom Logistics Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 38 to 92 are drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 37, on page 93 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed for and on behalf of the Board in accordance with a resolution of the Directors dated 28 September 2011.

Dato' Abdul Latif bin Abdullah

Dato' Siew Ka Wei

STATUTORY DECLARATION

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

I, Lim Chang Meng, being the Officer primarily responsible for the financial management of Ancom Logistics Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 38 to 92 are in my opinion, 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 Lim Chang Meng
at Petaling Jaya on 28 September 2011.

Lim Chang Meng

Before me,
Ramalingam S. Pillay, PPN
No: W 432

Report of the financial statements

We have audited the financial statements of Ancom Logistics Berhad, which comprise the statements of financial position as at 31 May 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 92.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 May 2011 and of its financial performance and cash flows of the Company for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Act in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements.

c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 37 on page 93 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF:0039
Chartered Accountants
Kuala Lumpur, Malaysia
28 September 2011

Low Khung Leong
No. 2697/01/13 (J)
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 May 2011

		Group		Company	
	Note	**2011**	2010	**2011**	2010
		RM'000	RM'000	**RM'000**	RM'000
Continuing operations					
Revenue	4	**61,888**	58,893	**12,794**	2,030
Cost of sales		**(44,890)**	(41,765)	**-**	-
Gross profit		**16,998**	17,128	**12,794**	2,030
Other income		**12,095**	1,045	**17,524**	25
Selling and marketing expenses		**(304)**	(485)	**-**	-
Administrative and other expenses		**(11,481)**	(11,272)	**(3,386)**	(2,651)
Profit/(loss) from operations		**17,308**	6,416	**26,932**	(596)
Finance costs	5	**(1,143)**	(1,129)	**(563)**	(812)
Share of results of associates		-	174	**-**	-
Profit/(loss) before tax from continuing operations	6	**16,165**	5,461	**26,369**	(1,408)
Income tax expense	9	**(1,215)**	(2,361)	**(1,380)**	(333)
Profit/(loss) from continuing operations, net of tax		**14,950**	3,100	**24,989**	(1,741)
Discontinued operations					
(Loss)/profit from discontinued operations, net of tax	10	**(4,309)**	2,051	**-**	-
Profit/(loss) net of tax		**10,641**	5,151	**24,989**	(1,741)
Other comprehensive income					
Revaluation of leasehold land		**2,646**	-	**-**	-
Deferred tax on revaluation of land and buildings		**(293)**	-	**-**	-
Foreign currency translation		**526**	(2,235)	**-**	-
Foreign exchange reserve attributable to discontinued operations, transferred to profit or loss upon disposals of subsidiaries		**4,948**	-	**-**	-
Other comprehensive income for the year, net of tax		**7,827**	(2,235)	**-**	-
Total comprehensive income for the year		**18,468**	2,916	**24,989**	(1,741)
Profit attributable to:					
Owners of the parent		**9,672**	5,151	**24,989**	(1,741)
Minority interests		**969**	-	**-**	-
		10,641	5,151	**24,989**	(1,741)
Total comprehensive income attributable to:					
Owners of the parent		**17,499**	2,916	**-**	-
Minority interests		**969**	-	**-**	-
		18,468	2,916	**-**	-
Earnings/(loss) per share attributable to owners of the parent					
- Basic, for continuing operations (sen)	11	**3.98**	1.19		
- Basic, for discontinued operations (sen)	11	**(1.23)**	0.79		
		2.75	1.98		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
As At 31 May 2011

		Group			Company		
			As at			As at	
	Note	**2011**	2010	1.6.2009	**2011**	2010	1.6.2009
			(restated)	(restated)		(restated)	(restated)
		RM'000	RM'000	RM'000	**RM'000**	RM'000	RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	12	**73,735**	81,257	71,341	**388**	13,761	14,166
Intangible assets	13	**263**	346	415	**-**	-	-
Investment in subsidiaries	14	**-**	-	-	**42,236**	1,486	1,491
Investment in an associate	15	**3,902**	3,902	4,128	**3,902**	3,902	3,902
Deferred tax assets	16	**-**	299	383	**-**	-	-
		77,900	85,804	76,267	**46,526**	19,149	19,559
Current assets							
Inventories	17	**809**	8,561	9,729	**-**	-	-
Trade and other receivables	18	**16,935**	28,625	28,045	**3,164**	352	276
Other current assets	19	**2,099**	1,995	1,467	**23**	27	1
Tax recoverable		**834**	282	28	**828**	-	-
Other investments	20	**1,806**	1,068	6,008	**-**	-	-
Cash and bank balances	21	**6,163**	14,511	18,176	**2,991**	2,104	2,863
		28,646	55,042	63,453	**7,006**	2,483	3,140
Total assets		**106,546**	140,846	139,720	**53,532**	21,632	22,699
EQUITY AND LIABILITIES							
Equity attributable to equity holders of the Company							
Share capital	22	**47,329**	51,898	51,898	**47,329**	51,898	51,898
Share premium	22	**6,414**	-	-	**6,414**	-	-
Retained earnings/(accumulated losses)	23	**585**	(20,369)	(19,520)	**(1,460)**	(42,932)	(41,191)
Merger reserve	24	**8,526**	50,762	50,762	**-**	-	-
Other reserves	24	**2,427**	(5,400)	(3,165)	**-**	-	-
		65,281	76,891	79,975	**52,283**	8,966	10,707
Minority interests		**12,705**	11,569	11,569	**-**	-	-
Total equity		**77,986**	88,460	91,544	**52,283**	8,966	10,707
Non-current liabilities							
Deferred tax liabilities	16	**7,364**	6,406	6,142	**-**	-	-
Loan and borrowings	25	**4,054**	2,392	573	**-**	-	84
		11,418	8,798	6,715	**-**	-	84
Current liabilities							
Trade and other payables	26	**9,599**	35,343	32,224	**1,249**	12,570	11,702
Loan and borrowings	25	**6,515**	7,151	7,793	**-**	96	206
Provision for taxation		**1,028**	1,094	1,444	**-**	-	-
		17,142	43,588	41,461	**1,249**	12,666	11,908
Total liabilities		**28,560**	52,386	48,176	**1,249**	12,666	11,992
Total equity and liabilities		**106,546**	140,846	139,720	**53,532**	21,632	22,699

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 May 2011

			Attributable to Equity Holders of the Company							
			Non-distributable		Distributable	Non-distributable				
Group	Note	Total equity RM'000	Share capital RM'000	Share premium RM'000	Retained earnings/ (Accumulated losses) RM'000	Merger reserve* RM'000	Total other reserves RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Minority interests RM'000
Balance as at 1 June 2009		**91,544**	51,898	-	(19,520)	50,762	(3,165)	-	(3,165)	11,569
Total comprehensive income		**2,916**	-	-	5,151	-	(2,235)	-	(2,235)	-
Transaction with owners										
Dividends on ordinary shares to previous shareholder of Synergy Trans-Link Sdn. Bhd prior to completion of acquisition		**(6,000)**	-	-	(6,000)	-	-	-	-	-
Balance as at 31 May 2010		**88,460**	51,898	-	(20,369)	50,762	(5,400)	-	(5,400)	11,569
Balance as at 1 June 2010		**88,460**	51,898	-	(20,369)	50,762	(5,400)	-	(5,400)	11,569
Total comprehensive income		**18,468**	-	-	9,672	-	7,827	2,353	5,474	969
Transaction with owners										
Capital reduction		**-**	(25,949)	-	25,949	-	-	-	-	-
Additional capital contribution		**167**	-	-	-	-	-	-	-	167
Share issuance for working capital purposes		**558**	429	129	-	-	-	-	-	-
Share issuance for acquisiton of a subsidiary		**-**	20,951	6,285	-	(27,236)	-	-	-	-
Merger reserve arising from acquisition of subsidiaries via cash		**(15,000)**	-	-	-	(15,000)	-	-	-	-
Dividends on ordinary shares to previous shareholder of Synergy Trans-Link Sdn. Bhd prior to completion of acquisition		**(5,201)**	-	-	(5,201)	-	-	-	-	-
Dividends on ordinary shares	27	**(9,466)**	-	-	(9,466)	-	-	-	-	-
Balance as at 31 May 2011		**77,986**	47,329	6,414	585	8,526	2,427	2,353	74	12,705

* Acquisition of Synergy Trans-Link Group is completed during the year as disclosed in Note 33. The acquisition is accounted for under the pooling of interest method and accordingly, the reserves had been presented as if they have been in combination in the prior years.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
For The Financial Year Ended 31 May 2011

	← Non-distributable	→	Distributable	
	Share Capital RM'000	Share Premium RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total Equity RM'000
Balance as at 1 June 2010	51,898	-	(42,932)	**8,966**
Total comprehensive income	-	-	24,989	**24,989**
Transaction with owners				
Capital reduction	(25,949)	-	25,949	**-**
Share issuance for acquisiton of a subsidiary	20,951	6,285	-	**27,236**
Share issuance	429	129	-	**558**
Dividends on ordinary shares	-	-	(9,466)	**(9,466)**
Balance as at 31 May 2011	47,329	6,414	(1,460)	**52,283**
Balance as at 1 June 2009	51,898	-	(41,191)	**10,707**
Total comprehensive income	-	-	(1,741)	**(1,741)**
Balance as at 31 May 2010	51,898	-	(42,932)	**8,966**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
For The Financial Year Ended 31 May 2011

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation				
Continuing operations	**16,165**	5,461	**26,369**	(1,408)
Discontinued operations	**(3,584)**	2,336	**-**	-
Adjustments for:				
Depreciation of property, plant and equipment				
- Continuing operations	**5,893**	5,588	**456**	596
- Discontinued operations	**115**	184	**-**	-
Amortisation of development expenditure	**83**	37	**-**	-
Allowance for doubtful debts	**1,028**	1,241	**-**	-
Bad debts written off	**-**	543	**-**	-
Impairment of investment in subsidiaries	**-**	-	**333**	5
Impairment of property, plant and equipment	**-**	72	**-**	-
Interest expense	**1,143**	1,129	**563**	812
Interest income	**(72)**	(96)	**(33)**	(19)
Gain on disposal of property, plant and equipment	**(11,127)**	(35)	**(10,977)**	-
Dividend income	**-**	-	**(12,794)**	(2,030)
Loss/(gain) on disposal of investment	**4,886**	-	**(6,514)**	-
Property, plant and equipment written off	**-**	1	**-**	-
Realised loss on foreign exchange	**(381)**	(306)	**-**	1
Share of results of associates	**-**	174	**-**	-
Operating cash flows before changes in working capital carried forward	**14,149**	16,329	**(2,597)**	(2,043)
(Increase)/decrease in inventories	**(255)**	1,168	**-**	-
Decrease/(increase) in receivables	**9,167**	(1,443)	**5**	(39)
(Decrease)/increase in payables	**(7,919)**	3,119	**(283)**	1,371
Net changes in holding, subsidiaries and related companies	**(26,468)**	(2,481)	**(28,851)**	(568)
Cash flows from operations	**(11,326)**	16,692	**(31,726)**	(1,279)
Interest paid	**(185)**	(215)	**-**	-
Income taxes paid	**(1,246)**	(2,900)	**-**	(333)
Net cash (used in)/generated from operating activities	**(12,757)**	13,577	**(31,726)**	(1,612)

STATEMENTS OF CASH FLOWS *(cont'd)*
For The Financial Year Ended 31 May 2011

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Cash flows from investing activities				
Interest received	**72**	96	**33**	19
Dividend received	**-**	-	**10,586**	2,030
Additional investment in a subsidiary	**-**	-	**(333)**	-
Proceeds from disposal of subsidiaries (Note 10)	**1,480**	-	**8,000**	-
Proceeds from other investment	**-**	4,940	**-**	-
Proceeds from disposal of property, plant and equipment	**25,412**	555	**25,000**	-
Purchase of property, plant and equipment	**(9,439)**	(17,148)	**(1,106)**	(191)
Net cash generated from/(used in) investing activities	**17,525**	(11,557)	**42,180**	1,858
Cash flows from financing activities				
Interest paid	**(1,143)**	(1,129)	**(563)**	(812)
Dividend paid to previous shareholder of Synergy Trans-Link Sdn. Bhd.	**(5,201)**	-	**-**	-
Dividend paid	**(9,466)**	-	**(9,466)**	-
Proceeds from issuance of ordinary shares	**558**	-	**558**	-
Drawdown of term loans	**4,688**	2,794	**-**	-
Repayment of loans and borrowings	**(3,868)**	(760)	**(96)**	(193)
Net cash (used in)/generated from financing activities	**(14,432)**	905	**(9,567)**	(1,005)
Net (decrease)/increase in cash and cash equivalents	**(9,664)**	2,925	**887**	(759)
Effect of exchange rate chages in cash and cash equivalents	**10**	(1,310)	**-**	-
Cash and cash equivalent at 1 June	**14,511**	11,796	**2,104**	2,863
Cash and cash equivalents at 31 May	**4,857**	13,411	**2,991**	2,104
Cash and cash equivalent:				
Cash at banks and on hand	**5,527**	9,743	**2,450**	1,084
Short term deposits with licensed banks	**636**	4,768	**541**	1,020
	6,163	14,511	**2,991**	2,104
Less: Bank overdrafts	**(1,306)**	(1,100)	**-**	-
	4,857	13,411	**2,991**	2,104

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Unit C508, Block C, Kelana Square, Jalan SS 7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan while the principal place of business is located at Lot 2A, Jalan 13/2, Section 13, 46200 Petaling Jaya, Selangor.

The Company is an investment holding company. The principal activities of the subsidiaries are disclosed in Note 14. There have been no significant changes in the nature of the principal activities during the financial year except for the discontinuance of the trading and contracting in electrical products business via the disposals of certain subsidiaries as disclosed in Note 10 and the commencement of the leasing and management of chemical tank farms and warehouse; and freight forwarding business with the acquisition of Synergy Trans-Link Sdn. Bhd. and its subsidiaries as disclosed in Note 14.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 September 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 June 2010 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 June 2010, the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 June 2010.

FRS 7 *Financial Instruments: Disclosures*
FRS 8 *Operating Segments*
FRS 101 *Presentation of Financial Statements (Revised)*
FRS 123 *Borrowing Costs*
FRS 139 *Financial Instruments: Recognition and Measurement*
Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
Amendments to FRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
Amendments to FRS 132 *Financial Instruments: Presentation*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

Amendments to FRS 139 *Financial Instruments: Recognition and Measurement,* FRS 7 *Financial Instruments: Disclosures* and IC Interpretation 9 *Reassessment of Embedded Derivatives*
Improvements to FRS issued in 2009
IC Interpretation 9 *Reassessment of Embedded Derivatives*
IC Interpretation 10 *Interim Financial Reporting and Impairment*
IC Interpretation 11 *FRS 2 – Group and Treasury Share Transactions*
IC Interpretation 13 *Customer Loyalty Programmes*
IC Interpretation 14 FRS119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 June 2010. These FRS are, however, not applicable to the Group and the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Company except for those discussed below:

<u>FRS 7 *Financial Instruments: Disclosures*</u>

Prior to 1 June 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group and the Company's financial statements for the year ended 31 May 2011.

<u>FRS 101 *Presentation of Financial Statements (Revised)*</u>

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and Company has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies, and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

FRS 8 *Operating Segments*

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 36.

Amendment to FRS 117 Leases

Prior to 1 June 2010, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payment on the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie. Accordingly, the Group has changed the classification of the leasehold lands from operating leases to finance leases. This change has been applied retrospectively and certain comparatives have been restated.

There is no effect to the financial statements as at 31 May 2011 as the leasehold land was disposed off during the financial year.

The following comparatives have been restated:

	As previously stated RM'000	Re-classification RM'000	As restated RM'000
Group			
At 31 May 2010			
Property, plant and equipment	71,702	9,555	81,257
Land use rights	9,555	(9,555)	-
At 1 June 2009			
Property, plant and equipment	61,615	9,726	71,341
Land use rights	9,726	(9,726)	-
Company			
At 31 May 2010			
Property, plant and equipment	4,206	9,555	13,761
Land use rights	9,555	(9,555)	-
At 1 June 2009			
Property, plant and equipment	4,440	9,726	14,166
Land use rights	9,726	(9,726)	-

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

Other than those arising from the adoption of new and amended FRS and IC, the Group have also changed its accounting policy for property, plant and equipment. Land and buildings are now measured at fair value less accumulated depreciation and impairment losses. The changes in this accounting policy had resulted in the following impact:

	Group 2011 RM'000
Statement of financial position:	
Increase in:	
Property, plant and equipment	2,646
Revaluation reserve	2,353
Deferred tax	293

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

	Effective for annual periods beginning on or after
FRS 1 *First-time Adoption of Financial Reporting Standards*	1 July 2010
FRS 3 *Business Combinations (revised)*	1 July 2010
Amendments to FRS 2 *Share-based Payment*	1 July 2010
Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 July 2010
Amendments to FRS 127 *Consolidated and Separate Financial Statements*	1 July 2010
Amendments to FRS 138 *Intangible Assets*	1 July 2010
Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 July 2010
IC Interpretation 12 *Service Concession Arrangements*	1 July 2010
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 July 2010
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 July 2010
Amendments to FRS 1: *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*	1 January 2011
Amendments to FRS 1: *Additional Exemptions for First-time Adopters*	1 January 2011
Amendments to FRS 2: *Share based Payment - Group Cash settled Share based Payment Transactions*	1 January 2011
Amendments to FRS 7: *Improving Disclosures about Financial Instruments*	1 January 2011
Improvements to FRS issued in 2010	1 January 2011
IC Interpretation 4 *Determining Whether An Arrangement contains a Lease*	1 January 2011
IC Interpretation 18 Transfers of *Assets from Customers*	1 January 2011
TR 3 Guidance on disclosure of Translations to IFRS	1 January 2011
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011
Amendments to IC Interpretation 14 *Prepayments of a Minimum Funding*	1 July 2011
FRS 124 *Related Party Disclosures (revised)*	1 January 2012
IC Interpretation 15 *Agreements for the Construction of Real Estate*	1 January 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.

Revised FRS 3 *Business Combinations* and Amendments to FRS 127 *Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

2.4 Basis of consolidation

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full except for unrealised losses which are not eliminated if there are indications of impairment.

Pursuant to the completion of restructuring scheme as disclosed in Note 34, the Company accounts for the restructuring as business combinations involving entities under common control. The combination meets the relevant criteria for applying pooling of interest method, and consequently the consolidated financial statements had been presented as if all the entities within the Company and Synergy Trans-Link Sdn. Bhd. group has been in combination for the current and previous financial year.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve.

The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

For other subsidiaries, acquisitions are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position.

Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.6 Foreign currency

a) Functional and presentation currency

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

b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currency (cont'd)

b) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 Property, plant and equipment

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

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Leasehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold land and buildings at the reporting date.

The Group adopted the policy of remaining its land and building during the financial year. The change in policy is adopted prospectively. Details of the revaluation are disclosed in Note 12.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment (cont'd)

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverse a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same assets carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land are amortised over the remaining lease period averaging at 99 years. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	8 - 48 years
Plant and machinery	5 - 20%
Furniture, fittings and office equipment	10%
Motor vehicles	5%
Renovation	10%

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Intangible assets

a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Intangible assets (cont'd)

a) Goodwill (cont'd)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

b) Other intangible assets

Research costs are measured initially at cost. Following initial costs, they are measured at cost less any accumulated amortisation and accumulated impairment losses.

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development.

Intangible assets, with finite useful lives are amortised over the period of expected sales from the related project (ranging from 4 to 8 years) on a straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected sales from the related project is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Impairment of non-financial assets (cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payment on behalf of associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Associates (cont'd)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate are prepared as of the same reporting date as the Company unless it is impracticable to do so. When the financial statements of an associate used in applying the equity method are prepared as of a different reporting date from that of the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Company.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.12 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and loans and receivables.

a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial assets (cont'd)

b) Loans and receivables

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

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

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

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of financial assets (cont'd)

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.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Financial liabilities (cont'd)

All financial liabilities of the Group are classified as other financial liabilities which include trade and other payables and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 Employee benefits

The Group and the Company make contribution to the Employees Provident Fund ("EPF") in Malaysia, a defined contribution pension scheme. Contributions to EPF are recognised as an expense in the period in which the related service is performed.

The Group's foreign subsidiary makes contribution to its respective country's statutory pension scheme.

2.19 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

a) Sale of goods

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

b) Rendering of services

Revenue from the sale of services are mainly from the rental of warehouses and tanks and transportation services. These are recognised as revenue when the services are rendered.

d) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

e) Dividend income

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

2.22 Income taxes

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Income taxes (cont'd)

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty

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

a) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives.

Management estimates the useful lives of these plant and equipment to be within 5 to 20 years. These are common life expectancies applied in the building materials manufacturing industry. Changes in the expected level of infrastructure maintenance usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. However, management believes that no reasonable probable change in the above key assumptions would cause a material impact to the future depreciation charges.

The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 12. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 1.82% (2010: 4.96%) variance in the Group's profit for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.1 Key sources of estimation uncertainty (cont'd)

b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 18.

4. REVENUE

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Sale of goods	**5,831**	4,991	**-**	-
Rendering of services	**56,057**	53,902	**-**	-
Dividend income	**-**	-	**12,794**	2,030
	61,888	58,893	**12,794**	2,030

5. FINANCE COST

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Interest expense:				
Bank overdrafts	**133**	114	**-**	-
Lease and hire purchases	**135**	96	**6**	12
Term loans, revolving credits and banker's acceptance	**318**	82	**-**	-
Loan from holding company	**557**	800	**557**	800
Others	**-**	37	**-**	-
	1,143	1,129	**563**	812

6. PROFIT/(LOSS) BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Amortisation of development expenditure	**83**	37	**-**	-
Auditors' remuneration				
- continuing	**129**	112	**50**	41
- discontinuing	**71**	67	**-**	-
	200	179	**50**	41
Bad debts recovered from a subsidiary	**-**	-	**(343)**	-
Depreciation of property, plant and equipment				
- continuing	**5,893**	5,588	**456**	596
- discontinuing	**115**	184	**-**	-
	6,008	5,772	**456**	596
Allowance for doubtful debts				
- discontinuing	**1,028**	1,241	**-**	5
Operating lease rental	**2,332**	2,235	**-**	-
Rental of premises				
- continuing	**64**	62	**-**	-
- discontinuing	**560**	202	**26**	9
	624	264	**26**	9
Realised (gain)/loss on foreign exchange	**(103)**	(309)	**-**	1
Unrealised (gain)/loss on foreign exchange	**(215)**	3	**-**	-
Impairment of investment in subsidiaries	**-**	-	**333**	5
Impairment of property, plant and equipment	**-**	72	**-**	-
Property, plant and equipment written off	**-**	1	**-**	-
Loss/(gain) on disposal of subsidiaries	**4,886**	-	**(6,514)**	-
Gain on disposal of property, plant and equipment	**(11,127)**	(35)	**(10,977)**	-
Interest income	**(72)**	(96)	**(33)**	(19)
Employee benefits expense (Note 7)	**5,725**	18,266	**1,187**	878

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Wages and salaries	**4,505**	15,607	**503**	475
Defined contribution plan	**534**	1,592	**119**	88
Others	**686**	1,067	**565**	315
	5,725	18,266	**1,187**	878

Included in staff costs of the Group are Executive Directors' remuneration of RM1,122,000 (2010: RM1,309,000) as disclosed in Note 8.

8. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Group during the year are as follows:

	Group	
	2011	2010
	RM'000	RM'000
Executive Directors		
Salaries	**490**	1,265
Benefit-in-kind	**72**	44
Other emoluments	**560**	-
	1,122	1,309
Non-Executive Directors		
Fees	**265**	260
Benefit-in-kind	**28**	28
Other emoluments	**16**	-
	309	288
Total directors' remuneration	**1,431**	1,597

The number of Directors of the Group whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2011	2010
Executive Directors		
RM200,000 to RM400,000	**2**	3
Non-Executive Directors		
RM1 to RM50,000	**1**	-
RM50,001 to RM100,000	**3**	1
RM100,001 to RM300,000	**-**	2
RM300,001 to RM1,000,000	**1**	1
	5	4

9. TAXATION

Major components of income tax expense

The major components of income tax expense for the years ended 31 May 2011 and 2010 are:

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Statement of comprehensive income:				
Current income tax - continuing operations				
- Malaysian income tax	**230**	1,065	**1,710**	333
- Foreign tax	**553**	918	**-**	-
- (Over)/under provision in respect of prior years	**(330)**	20	**(330)**	-
	453	2,003	**1,380**	333
Deferred tax - continuing operations (Note 16):				
Relating to originating and reversal of temporary differences	**726**	315	**-**	-
Under provision in prior years	**36**	43	**-**	-
	762	358	**-**	-
Attributable to continuing operation	**1,215**	2,361	**1,380**	333
Current income tax - discontinued operations (Note 10)	**725**	285	**-**	-
Income tax expense recognised in profit or loss	**1,940**	2,646	**1,380**	333

	Group	
	2011	2010
	RM'000	RM'000
Deferred income tax related to other comprehensive income:		
- Net surplus on revaluation of freehold land and building	**2,646**	-
- Effect of reduction in tax rate	**(293)**	-
	2,353	-

9. TAXATION (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year. The corporate tax rate applicable to the Singapore subsidiary of the Group was 17% for the year of assessment 2011 and year of assessment 2010.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 May 2011 and 2010 are as follows:

	Group		**Company**	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Profit/(loss) before taxation:				
- Continuing operation	**16,165**	5,461	**26,369**	(1,408)
- Discontinued operation (Note 10)	**(3,584)**	2,336	**-**	-
	12,581	7,797	**26,369**	(1,408)
Taxation at Malaysian statutory tax rate of 25%	**3,145**	1,949	**6,592**	(352)
Effect of different tax rates in foreign countries	**(261)**	256	**-**	-
Income not subject to tax	**(2,915)**	(213)	**(5,487)**	-
Non deductible expenses	**1,575**	536	**590**	685
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(50)**	(232)	**-**	-
Deferred tax asset not recognised during the financial year	**15**	2	**15**	-
Under provision of deferred tax in prior years	**36**	43	**-**	-
(Over)/under provision of tax expenses in prior years	**(330)**	20	**(330)**	-
Tax expense for the financial year	**1,215**	2,361	**1,380**	333

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Tax savings during the financial year arising from:

	Group 2011 RM'000	Group 2010 RM'000
Utilisation of previously unrecognised tax losses	**4**	-
Utilisation of unabsorbed capital allowances	**196**	928

10. DISCONTINUED OPERATION

During the financial year, the Company completed the disposals of Ancom Electrical (Malaysia) Sdn Bhd and Ancom Systems (Singapore) Pte Ltd together with its wholly-owned subsidiaries, Ancom Electrical & Environmental (Singapore) Pte Ltd, Ancom Electrical (Hong Kong) Limited and Ancom Electrical (Guangzhou) Limited for a cash consideration of RM8,000,000. The results of the discontinued operations (including loss on disposal) are as follows:

	Group	
	2011	2010
	RM'000	RM'000
Revenue	**31,276**	46,528
Cost of sales	**(23,354)**	(35,673)
Gross profit	**7,922**	10,855
Other income	**-**	1,622
Selling and distribution expenses	**(4,429)**	(6,819)
Administrative expenses	**(2,911)**	(3,283)
Other expenses	**(4,162)**	(4)
(Loss)/profit from operations	**(3,580)**	2,371
Finance cost	**(4)**	(35)
(Loss)/profit before taxation	**(3,584)**	2,336
Taxation	**(725)**	(285)
Net (loss)/profit for the year from discontinued operations	**(4,309)**	2,051

The disposals had the following effects on the financial performance of the Group at the end of the year:

	2011
	RM'000
Property, plant and equipment	481
Deferred tax asset	299
Inventories	8,007
Debtors	3,927
Cash and bank balances	6,520
Creditors	(11,296)
Net assets disposed	7,938
Transfer from exchange reserve	4,948
	12,886
Total proceeds	8,000
Loss on disposal	(4,886)
Cash inflow arising from disposal:	
Cash consideration	8,000
Less: Cash and bank balances of subsidiaries disposed	(6,520)
Net cash inflow	1,480

11. EARNINGS/(LOSS) PER SHARE

Basic earnings per ordinary share amounts are calculated by dividng the profit of the year, net of tax attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following reflect the profit and share data used in the computation of earnings per share for the years ended 31 May:

	Group	
	2011	2010
	RM'000	RM'000
Profit net of tax attributable to the owners of the parent	**9,672**	5,151
Add/(less): Loss/(profit) from discontinued operations	**4,309**	(2,051)
Profit net of tax from continuing operations attributable to the owners of the parent	**13,981**	3,100

	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for basic earnings per share computation *	**351,031**	259,488

* The weighted average number of shares takes into account the weighted average effect of changes in ordinary shares transactions during the year.

Earnings/(loss) per share attributable to owners of the parent:

	2011	2010
- Basic, for continuing operations (sen)	**3.98**	1.19
- Basic, for discontinued operations (sen)	**(1.23)**	0.79
	2.75	1.98

a) Continuing operations

Basic earnings per share amounts are calculated by dividing profit for the year from continuing operations, net of tax, attributable to owners of the parent by the number of ordinary shares as at the financial year end.

b) Discontinued operations

The basic loss and earnings per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the parent by the number of ordinary shares as at the financial year end.

The Group has no potential ordinary shares in issue as at financial year end and therefore, diluted earnings per ordinary share has not been presented.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land and building RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Renovations RM'000	Capital work in progress RM'000	Total RM'000
Cost or valuation:								
At 1 June 2010								
As previously stated	1,016	29,206	38,202	32,088	6,690	1,053	9,167	**117,422**
Effects of adopting the amendments to FRS 117	-	12,261	-	-	-	-	-	**12,261**
As restated	1,016	41,467	38,202	32,088	6,690	1,053	9,167	**129,683**
Exchange difference	-	902	27	268	40	68	1	**1,306**
Additions	-	296	4,588	3,070	202	1,283	-	**9,439**
Disposals	-	(19,166)	-	(1,341)	(2,139)	(1,330)	-	**(23,976)**
Disposals of subsidiaries	-	-	(95)	(579)	(1,475)	(964)	-	**(3,113)**
Revaluation	-	2,646	-	-	-	-	-	**2,646**
Reclassification	-	-	8,957	-	187	-	(9,144)	**-**
At 31 May 2011	1,016	26,145	51,679	33,506	3,505	110	24	**115,985**
Accumulated Depreciation								
As previously stated	-	5,207	17,989	17,407	4,883	234	-	**45,720**
Effects of adopting the amendments to FRS 117	-	2,706	-	-	-	-	-	**2,706**
As restated	-	7,913	17,989	17,407	4,883	234	-	**48,426**
Exchange fluctuation	-	46	(66)	66	175	33	-	**254**
Charge for the financial year	-	831	1,654	2,929	336	143	-	**5,893**
Disposals	-	(6,817)	-	(1,081)	(1,754)	(39)	-	**(9,691)**
Disposals of subsidiaries	-	-	(88)	(347)	(1,330)	(867)	-	**(2,632)**
At 31 May 2011	-	1,973	19,489	18,974	2,310	(496)	-	**42,250**
Net Book Value								
At 31 May 2011	1,016	24,172	32,190	14,532	1,195	606	24	**73,735**

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Leasehold land and building RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Renovations RM'000	Capital work in progress RM'000	Total RM'000
Cost								
At 1 June 2009								
As previously stated	1,016	27,096	38,216	29,293	6,528	891	23	**103,063**
Effects of adopting the amendments to FRS 117	-	12,261	-	-	-	-	-	**12,261**
As restated	1,016	39,357	38,216	29,293	6,528	891	23	**115,324**
Exchange fluctuation	-	(702)	(28)	(145)	(10)	(37)	-	**(922)**
Additions	-	2,812	352	4,018	623	199	9,144	**17,148**
Disposals	-	-	(338)	(1,078)	(449)	-	-	**(1,865)**
Written off	-	-	-	-	(2)	-	-	**(2)**
At 31 May 2010	1,016	41,467	38,202	32,088	6,690	1,053	9,167	**129,683**
Accumulated Depreciation								
At 1 June 2009								
As previously stated	-	4,526	16,511	15,504	4,813	94	-	**41,448**
Effects of adopting the amendments to FRS 117	-	2,535	-	-	-	-	-	**2,535**
As restated	-	7,061	16,511	15,504	4,813	94	-	**43,983**
Exchange fluctuation	-	(18)	(5)	(25)	(3)	(4)	-	**(55)**
Charge for the financial year	-	870	1,582	2,754	422	144	-	**5,772**
Disposals	-	-	(99)	(826)	(420)	-	-	**(1,345)**
Write off	-	-	-	-	(1)	-	-	**(1)**
Impairment	-	-	-	-	72	-	-	**72**
At 31 May 2010	-	7,913	17,989	17,407	4,883	234	-	**48,426**
Net Book Value								
At 31 May 2010 (restated)	1,016	33,554	20,213	14,681	1,807	819	9,167	**81,257**

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Leasehold land RM'000	Buildings RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost						
At 1 June 2010						
As stated previously	-	6,906	2,037	1,167	187	**10,297**
Effects of adopting the amendments to FRS 117	12,261	-	-	-	-	**12,261**
As restated	12,261	6,906	2,037	1,167	187	**22,558**
Additions	-	-	1	-	1,105	**1,106**
Disposals	(12,261)	(6,906)	(2,027)	-	(1,292)	**(22,486)**
At 31 May 2011	-	-	11	1,167	-	**1,178**
Accumulated Depreciation						
At 1 June 2010						
As stated previously	-	3,912	1,567	612	-	**6,091**
Effects of adopting the amendments to FRS 117	2,706	-	-	-	-	**2,706**
As restated	2,706	3,912	1,567	612	-	**8,797**
Charge for the financial year	99	101	83	173	-	**456**
Disposals	(2,805)	(4,013)	(1,645)	-	-	**(8,463)**
At 31 May 2011	-	-	5	785	-	**790**
Net Book Value						
At 31 May 2011	-	-	6	382	-	**388**

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Leasehold land RM'000	Buildings RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost						
At 1 June 2009						
As stated previously	-	6,906	2,033	1,167	-	**10,106**
Effects of adopting the amendments to FRS 117	12,261	-	-	-	-	**12,261**
As restated	12,261	6,906	2,033	1,167	-	**22,367**
Addition	-	-	4	-	187	**191**
At 31 May 2010	12,261	6,906	2,037	1,167	187	**22,558**
Accumulated Depreciation						
At 1 June 2009						
As stated previously	-	3,740	1,488	438	-	**5,666**
Effects of adopting the amendments to FRS 117	2,535	-	-	-	-	**2,535**
As restated	2,535	3,740	1,488	438	-	**8,201**
Charge for the financial year	171	172	79	174	-	**596**
At 31 May 2010	2,706	3,912	1,567	612	-	**8,797**
Net Book Value						
At 31 May 2010 (restated)	9,555	2,994	470	555	187	**13,761**

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) Assets held under hire purchase and finance lease

Net book values of property, plant and equipment held under hire purchase and finance lease arrangements as at the reporting date are as follows:

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Motor vehicles	**4,493**	5,182	**-**	555

(b) Revaluation of leasehold building

On 18 May 2011, the leasehold land and buildings were revalued by independent professional valuers, CH Williams Talhar & Wong by reference to market evidence of recent transactions for similar properties.

As at 31 May 2011, had the leasehold land and building been carried at historical cost less accumulated depreciation, its carrying amount would have been RM18,125,770 (2010: RM17,772,083).

13. INTANGIBLE ASSETS

	Group	
	2011	2010
	RM'000	RM'000
Development expenditure		
Balance at beginning of financial year	**346**	383
Amortisation during the financial year	**(83)**	(37)
Balance at end of financial year	**263**	346

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2011	2010
	RM'000	RM'000
Unquoted shares		
Cost		
At beginning of financial year	**9,098**	9,098
Acquisition of a subsidiary	**42,236**	-
Additional investment in a subsidiary	**333**	-
Disposals of subsidiaries	**(9,098)**	-
At end of financial year	**42,569**	9,098

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

	Company	
	2011	2010
	RM'000	RM'000
Accumulated impairment losses		
At beginning of financial year	**7,612**	7,607
Impairment losses charged during the year	**333**	5
Disposals of subsidiaries	**(7,612)**	-
At end of financial year	**333**	7,612
Net book value	**42,236**	1,486

(a) Acquisition of subsidiary

In January 2011, the Company acquired the entire equity interest in Synergy Trans-Link Sdn. Bhd. ("STL") for a consideration of RM42,236,000 which is satisfied by way of issuance of 209,508,593 ordinary shares of the Company at RM0.13 per share and a cash payment of RM15,000,000. STL, an unlisted company incorporated in Malaysia, is an investing holding company. Details of acquisition of STL as disclosed in Note 34.

(b) Disposal of subsidiaries

During the year, the Company has disposed its subsidiaries of electronics business namely Ancom Electrical (Malaysia) Sdn. Bhd. and Ancom Systems (Singapore) Pte. Ltd. together with its wholly-owned subsidiaries, Ancom Electrical & Environmental (Singapore) Pte. Ltd., Ancom Electrical (Hong Kong) Limited and Ancom Electrical (Guangzhou) Limited. Details on the disposals are disclosed in Note 10.

Name of Company	Country of incorporation	Principal activities	Proportion of ownership interest	
			2011	2010
			%	%
Held by the Company:				
Ancom Components Sdn. Bhd.*	Malaysia	Manufacturing and marketing of low voltage switchgear	**67**	67
Ancom System Technology (Malaysia) Sdn. Bhd.*	Malaysia	Dormant	**100**	100
Synergy Trans-Link Sdn. Bhd.*	Malaysia	Investment holding	**100**	-
Hikmat Ikhlas Sdn. Bhd.@	Malaysia	Trading and contracting in electrical engineering products	**35**	35
Ancom Electrical (Malaysia) Sdn. Bhd.*	Malaysia	Trading and contracting in electrical engineering products	**-**	100

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Disposal of subsidiaries (cont'd.)

Name of Company	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
Held by the Company:				
Ancom Systems (Singapore) Pte. Ltd.	Singapore	Trading and contracting in electrical engineering products	-	100
Ancom Electrical (Hong Kong) Sdn. Bhd.	Hong Kong	Trading and contracting in electrical engineering products	-	100
Ancom Electrical & Environmental (Singapore) Pte. Ltd.	Singapore	Trading and contracting in electrical engineering products	-	100
Ancom PTX Technology (Singapore) Pte. Ltd.	Singapore	Dormant	-	70
Held through Synergy Trans-Link Sdn. Bhd.				
Ancom-ChemQuest Terminals Sdn. Bhd.*	Malaysia	Build, own, operate, lease and manage chemical tank farm and warehouse	**51**	-
Sinsenmoh Transportation Pte. Ltd.	Singapore	Freight forwarding, packing and crafting services	**100**	-
Synergy Concepts Sdn. Bhd.	Malaysia	In liquidation	**100**	-
Synergy Point Sdn. Bhd.	Malaysia	In liquidation	**100**	-
Pengangkutan Cogent Sdn. Bhd.*	Malaysia	Providing transportation and related services	**100**	-

* Audited by Ernst & Young, Malaysia

@ Although the Company does not own more than 50% of the equity shares of Hikmat Ikhlas Sdn Bhd and consequently it does not control more than half of the voting power of those shares, it has the power to appoint majority members, including the chairman of the Board of Directors and control the financial and operating activities of the Company. Consequently, Hikmat Ikhlas is controlled by the Company and is consolidated in these financial statements.

15. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Unquoted shares, at costs	**3,902**	4,076	**3,902**	3,902
Share of post-acquisition results	**-**	(174)	**-**	-
	3,902	3,902	**3,902**	3,902

Name of Company	Country of incorporation	Principal activities	Proportion of ownership interest	
			2011	2010
			%	%
Tamco Chongqing Switchgear Company Limited	China	In liquidation	**49**	49

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2011	2010
	RM'000	RM'000
Assets and liabilities		
Current assets	**2,903**	2,589
Non-current assets	**5,789**	5,789
Total assets	**8,692**	8,378
Current liabilities	**729**	414
Results		
Loss for the year	**-**	(461)

16. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2011	2010
	RM'000	RM'000
At beginning of financial year	**(6,107)**	(5,759)
Recognised in the income statement (Note 9)	**(762)**	(358)
Recognised in other comprehensive income	**(293)**	-
Attributable to subsidiaries disposed	**(299)**	-
Exchange differences	**97**	10
At end of financial year	**(7,364)**	(6,107)

16. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

	Group 2011 RM'000	Group 2010 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	**-**	299
Deferred tax liabilities	**(7,364)**	(6,406)
	(7,364)	(6,107)

The components and movements of deferred tax liabilities and deferred tax assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
At 1 June 2009	(6,680)	(99)	**(6,779)**
Recognised in income statement	(66)	16	**(50)**
Exchange differences	21	(11)	**10**
At 31 May 2010	(6,725)	(94)	**(6,819)**
Recognised in income statement	(464)	(207)	**(671)**
Recognised in other comprehensive income	(293)	-	**(293)**
Attributable to subsidiaries disposed	(299)	-	**(299)**
Exchange differences	97	-	**97**
At 31 May 2011	(7,684)	(301)	**(7,985)**

Deferred tax assets of the Group:

	Provisions RM'000	Tax losses and unabsorbed capital allowances RM'000	Total RM'000
At 1 June 2009	616	404	**1,020**
Recognised in the income statement	96	(404)	**(308)**
At 31 May 2010	712	-	**712**
At 1 June 2010	712	-	**712**
Recognised in the income statement	(615)	524	**(91)**
At 31 May 2011	97	524	**621**

16. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

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

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Unused tax losses	**26,084**	26,224	**60**	-

The unused tax losses are available for offset against future taxable profits, subject to and in accordance with the relevant tax legislation of the countries where the Group operates. Deferred tax assets have not been recognised in respect of unused tax losses as it is not certain that the Company will have future taxable profits to offset the tax losses.

17. INVENTORIES

	Group	
	2011	2010
	RM'000	RM'000
At costs		
Finished goods	**660**	8,437
Work-in-progress	**-**	10
Raw materials and consumable stores	**149**	114
	809	8,561
Cost of inventories recognised in income statement	**1,954**	3,236

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Current				
Trade receivables				
Third parties	**12,124**	25,531	**-**	-
Amounts due from related companies	**-**	1,011	**-**	-
	12,124	26,542	**-**	-
Less: Allowance for impairment				
Third parties	**-**	(283)	**-**	-
Trade receivables, net	**12,124**	26,259	**-**	-

18. TRADE AND OTHER RECEIVABLES (CONT'D.)

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Other receivables				
Refundable deposits	**346**	945	**11**	11
Other receivables	**918**	1,421	**-**	-
Amounts due from subsidiaries	**-**	-	**-**	341
Amounts due from related companies	**533**	-	**13**	-
Amount due from holding company	**3,014**	-	**3,140**	-
	4,811	2,366	**3,164**	352
	16,935	28,625	**3,164**	352
Total trade and other receivables	**16,935**	28,625	**3,164**	352
Add: Cash and bank balances	**6,163**	14,511	**2,991**	2,104
Total loans and receivables	**23,098**	43,136	**6,155**	2,456

(a) Trade receivables

Trade receivables are generally on 30 to 120 days (2010: 30 to 90 days) terms. Other credit terms are assessed and approved on case-by-case basis.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group
	2011
	RM'000
Neither past due nor impaired	6,287
1 to 30 days past due not impaired	2,963
31 to 60 days past due not impaired	1,287
61 to 90 days past due not impaired	945
91 to 120 days past due not impaired	218
More than 121 days past due not impaired	424
Past due but not impaired	5,837
	12,124

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are credit worthy debtors with good payment record with the Group. The Group's trade receivables arise from customers with long term relationship with the Group and losses have occured infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

18. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

Receivables that are impaired

The Group's trade receivables at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired	
	2011	2010
	RM'000	RM'000
Trade receivables	**-**	12,986
Less: Allowance for impairment	**-**	(283)
	-	12,703

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Related party balances

Amounts due from subsidiaries, related and holding companies

Related companies refer to subsidiaries of Ancom Berhad, the ultimate holding company.

Amounts due from holding company are loans that are unsecured, interest free and repayable on demand.

The balances with the subsidiaries and related companies arose mainly from expenses paid on behalf and intercompany charges which are negotiated on a basis determined within the Group. These amounts are unsecured, interest free and repayable on demand.

19. OTHER CURRENT ASSETS

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Prepaid operating expenses	**2,099**	1,995	**23**	27

20. OTHER INVESTMENTS

	Group 2011 RM'000	Group 2010 RM'000
Quoted investment designated as fair value through profit or loss	**1,806**	1,068

21. CASH AND BANK BALANCES

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash at banks and on hand	**5,527**	9,743	2,450	1,084
Short term deposits with licensed banks	**636**	4,768	541	1,020
	6,163	14,511	2,991	2,104

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average interest rate and maturity days of the short term deposits with licensed banks of the Group and of the Company are 2.62% (2010: 3.4%) per annum and the maturity days range from 30 days to 120 days (2010: 30 days to 120 days).

22. SHARE CAPITAL AND SHARE PREMIUM

	Group and Company		
	Number of ordinary shares of RM0.20/RM0.10 each	Amount	
	Share capital (issued and fully paid) '000	Share capital (issued and fully paid) RM'000	Share premium RM'000
At 1 June 2009/1 June 2010 (@ RM0.20 per share)	259,488	51,898	-
Capital reduction to RM0.10 per share	-	(25,949)	-
Issuance of shares:			
- for acquisition of subsidiaries	209,508	20,951	6,285
- private placement	4,290	429	129
At 31 May 2011 (@ RM0.10 per share)	473,286	47,329	6,414

22. SHARE CAPITAL AND SHARE PREMIUM (CONT'D.)

	Number of ordinary shares of RM0.10/RM0.20 each		Amount	
	2011	2010	**2011**	2010
	'000	'000	**RM'000**	RM'000
Authorised share capital				
At 1 June/31 May	**2,500,000**	2,500,000	**250,000**	500,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

During the financial year, the Company:

(a) completed a capital reduction of RM0.10 of the par value of each existing ordinary share of RM0.20 each in the Company;

(b) issued 209,508,593 ordinary shares of RM0.10 each at RM0.13 per share as part of the consideration for the purchase of Synergy Trans-Link Sdn Bhd. Group of companies. The share premium of RM6,285,000 are included in the share premium account.

(c) issued 4,290,000 ordinary shares of RM0.10 each at RM0.13 per share to approved bumiputera investors for additional working capital purposes. The share premium arising of RM129,000 are included in the share premium account.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. Further details are as disclosed in Note 34.

23. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

As at 31 May 2011, the 108 balance of the Company is nil (2010: nil). The Company may distribute dividends out of its entire retained earnings under the single tier system.

24. MERGER RESERVE AND OTHER RESERVES

	Merger reserve RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000
Group			
At 1 June 2009	50,762	-	(3,165)
Total comprehensive income	-	-	(2,235)
At 31 May 2010	50,762	-	(5,400)
At 1 June 2010	50,762	-	(5,400)
Total comprehensive income	-	(2,235)	5,474
Share issuance for acquisiton of a subsidiary	(27,236)	-	-
Merger reserve arising from acquisition of subsidiaries via cash	(15,000)	-	-
At 31 May 2011	8,526	(2,235)	74

(a) Merger reserve

Merger reserve arose from the acquisition of Synergy Trans-Link Sdn. Bhd. and has been accounted for under the pooling of interest method.

(b) Revaluation reserve

Revaluation reserve represents the increase in fair value of leasehold building, net of tax.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

25. LOAN AND BORROWINGS

	Maturity	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current:					
Secured:					
Hire purchase and finance lease payables (Note 29(c))	2012	**1,033**	985	**-**	96
Term loan	2012	**2,624**	2,580	**-**	-
		3,657	3,565	**-**	96

25. LOAN AND BORROWINGS (CONT'D.)

	Maturity	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Unsecured:					
Bank overdrafts	On demand	**1,306**	1,100	**-**	-
Bankers acceptances	2012	**1,552**	2,486	**-**	-
		2,858	3,586	**-**	-
		6,515	7,151	**-**	96
Non-current					
Secured:					
Hire purchase and payables (Note 29(c))	2013-2015	**1,299**	993	**-**	-
Term loans	2013-2014	**2,755**	1,399	**-**	-
		4,054	2,392	**-**	-
Total borrowings		**10,569**	9,543	**-**	96

(i) The unsecured borrowings bear interest at rates ranging from 1.75% to 6.6% per annum (2010 : 2.00% to 7.75% per annum) during the financial year.

(ii) The interest rates and maturity profile of hire purchase and finance lease payable are disclosed in Note 29.

(iii) The term loan is secured by corporate guarantee provided by the ultimate holding company, Ancom Berhad.

The remaining maturities of the loan and borrowings as at 31 May 2011 are as follows:

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
On demand or within one year	**6,515**	7,151	**-**	96
More than 1 year less than 2 years	**2,580**	1,399	**-**	-
More than 2 years less than 5 years	**1,474**	993	**-**	-
	10,569	9,543	**-**	96

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Current				
Trade payables				
Third parties	**4,766**	13,144	**-**	-
Other payables				
Accruals	**2,678**	4,169	**-**	1,480
Other payables	**2,155**	6,735	**1,249**	53
Amount due to holding company	**-**	11,122	**-**	11,037
Amount due to related companies	**-**	173	**-**	
	4,833	22,199	**1,249**	12,570
Total trade and other payables	**9,599**	35,343	**1,249**	12,570
Trade and other payables	**9,599**	35,343	**1,249**	12,570
Add: Loans and borrowings (Note 25)	**10,569**	9,543	**-**	96
Total financial liabilities carried at amortised cost	**20,168**	44,886	**1,249**	12,666

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2010: 30 to 90 days). These are non-interest bearing.

(b) Other payables

Other payables are normally settled on an average term of six months (2010: six months). These are non-interest bearing.

(c) Amounts due to holding company

These amounts are unsecured, repayable on demand and bore interest of 8% per annum during the financial year.

(d) Amounts due to related companies

These amounts are unsecured, interest free and repayable on demand.

27. DIVIDENDS

	Group/Company	
	2011	2010
	RM'000	RM'000
Recognised during the financial year		
2 sen per share single tier dividend on 473,286,313 ordinary shares paid on 31 March 2011	**9,466**	-

28. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Sale of property, plant and equipment to holding company (Note 34(a))	**25,000**	-	**25,000**	-
Sale of services to related companies	**4,506**	-	**-**	-
Interest income on advances to subsidiaries				
Dividend income from subsidiaries	**-**	-	**12,794**	2,030
Interest expense paid to holding company	**557**	800	**557**	800

The directors are of the opinion that the related party transactions above are entered into in the normal course of business on terms and conditions negotiated between related companies.

Related companies refers to subsidiaries and associates of Ancom Berhad.

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company and its subsidiaries.

The remuneration of key management personnel of the Group and of the Company during the year is as follows:

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Salaries	**1,592**	1,252	**990**	317
Defined contribution plan	**135**	173	**72**	38
Other emoluments	**300**	216	**60**	24
	2,027	1,641	**1,122**	379

Remunerations of executive director included in the total key management personnel are disclosed in Note 8.

29. COMMITMENTS

(a) Capital commitments

	Group 2011 RM'000	Group 2010 RM'000
Approved and contracted for:		
Property, plant and equipment	-	801

(b) Operating lease commitment

Future minimum rentals payable under non-cancellable operating lease at the reporting date are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Not later than 1 year	**14,003**	2,332
Later than 1 year but not later than 5 years	**62,161**	6,073
Later than 5 years	**20,603**	19,685
	96,767	28,090

(c) Finance lease commitment

	Group		Company	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Minimum lease payments:				
Not later than 1 year	**1,139**	1,015	-	102
Later than 1 year but not later than 2 years	**1,150**	843	-	-
More than 2 years but not later than 5 years	**220**	274	-	-
Total minimum lease payments	**2,509**	2,132	-	102
Less: Amounts representing finance charges	**(177)**	(154)	-	(6)
Present value of minimum lease payments	**2,332**	1,978	-	96
Present value of payments				
Not later than 1 year	**1,033**	985	-	96
Later than 1 year but not later than 2 years	**1,087**	726	-	-
More than 2 years but not later than 5 years	**212**	267	-	-
	2,332	1,978	-	96

The hire purchase and lease liabilities bore interest rates during the financial year of between 1.35% and 2.21% (2010: 1.81% and 2.14%) per annum.

30. CONTINGENT LIABILITIES

	Company 2011 RM'000	Company 2010 RM'000
Unsecured:		
Guarantees given to financial institutions for facilities granted to subsidiaries	3,000	3,000

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial instruments of the Company are a reasonable approximation of their fair value except for the following:

	Note	2011 Carrying amount RM'000	2011 Fair value RM'000
Borrowings (non-current portion)	25	4,054	4,137

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(a) Cash and cash equivalents, trade and other receivables, other current assets and trade and other payables

The carrying amounts approximate fair value due to the relatively short term maturity of these financial instruments.

(b) Borrowings

The fair values of loan and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing and leasing at the reporting date.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Management. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing their risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors.

Financial asset that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 18. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial asset that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bankers acceptance.

The maturity profile of the loan and borrowings is as disclosed in Note 25.

(c) Interest rate risk

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

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in Note 25.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM125,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, higher/lower interest income from floating rate loans to related parties, and lower/higher positive fair value of an interest rate swap. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign Currency Risk

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

The Group has transactional currency exposures arising from sales that are denominated in a currency other than the functional currency, RM. The foreign currency in which these transactions are denominated are Singapore Dollars ("SGD").

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and acceptable capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies.

The Group monitors capital using a gearing ratio, which is net debt (borrowings net of cash and cash equivalents) divided by total equity attributable to owners of the parent.

The Group's gearing ratio as at 31 May 2011 is computed as follows:

	2011 **RM'000**
Borrowings	10,569
Trade and other payables	9,599
Less: Cash and bank balances	(6,163)
Net debt	14,005
Total equity attributable to owners of the parent	65,281
Gearing ratio	21.5%

34. SIGNIFICANT EVENTS DURING THE YEAR

On 31 January 2011, the shareholders of the Company has performed accordingly to the Restructuring Scheme of the Company which includes the following:

(a) Disposal of a piece of leasehold land together with two (2) blocks of single storey warehouses annexed with double storey offices with postal address of No. 2A, Jalan 13/2, 46200 Petaling Jaya, Selangor to Ancom Berhad ("Ancom") at a disposal consideration of RM25,000,000 settled by off-setting RM15,000,000 against the purchase consideration for the acquisition of equity interest in Synergy Trans-link Sdn. Bhd. ("STL") and the remaining against an inter-company advance owing by the Company to Ancom;

(b) Reduction of RM0.10 of the par value of each existing ordinary share of RM0.20 each in the Company under Section 64(1) of the Companies Act, 1965 ("Capital Reduction");

(c) Acquisition of 418,895,518 ordinary shares of RM0.10 each in STL representing the entire equity interest in STL which include its three subsidiaries, namely Ancom-ChemQuest Terminals Sdn. Bhd. ("ACT"), SinSenmoh Transportation Pte Ltd. ("SSM") and Pengangkutan Cogent Sdn. Bhd. ("PCSB") [collectively referred to as "Subsidiaries"] from Ancom, Synergy Tanker Sdn. Bhd. ("STSB") and Lim Hock Heng ("LHH") [collectively referred to as "Vendors of STL"] for a total purchase consideration of RM42,236,117 satisfied by the issuance of 209,508,593 new ordinary shares of RM0.10 each in the Company after the Capital Reduction ("ALB New Shares") at an issue price of RM0.13 each per share and off-setting against the disposal consideration of RM15,000,000 pursuant to the disposal of land mentioned in (a);

(d) Exemption to Ancom and persons acting in concert with it ("PAC") from the obligation to undertake a mandatory offer for all the remaining ALB New Shares not already owned by Ancom and its PAC pursuant to the Acquisition of STL Group; and

(e) Special issue of up to 14,800,000 ALB New Shares at an issue price of RM0.13 per share to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI").

35. COMPARATIVES

Arising from the completion of the Restructuring Scheme as disclosed in Note 34, the Company had applied pooling of interest method in accounting for the acquisition of STL. In applying the pooling of interest method, all the entities within the Company and Synergy Trans-Link Sdn. Bhd. group had been presented as if they had been in combination since the previous financial years.

36. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products, and has three reportable operating segments as follows:

I. The logistics segment is in the busniess of providing services such as rental and transportation services. It also includes freight forwarding, packing and crafting services.

II. The other segment is involved in manufacturing and marketing of low voltage switchgear and investment holding activities.

III. The electronic segment is involved in trading and contracting in electrical engineering products. This segment has been classified as discontinued operation during the financial year (Note 10).

36. SEGMENTAL INFORMATION (CONT'D.)

	Logistics		Others		Electronics (discontinued)		Adjustments and eliminations		Note	Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010		**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000		**RM'000**	RM'000
Revenue:											
External customers	**58,229**	53,736	**3,659**	4,991	**30,926**	46,298	**(30,926)**	(46,132)	(a)	**61,888**	58,893
Inter-segment	**194**	3,728	**-**	-	**350**	230	**(544)**	(3,958)	(b)	**-**	-
Total revenue	**58,423**	57,464	**3,659**	4,991	**31,276**	46,528	**(31,470)**	(50,090)		**61,888**	58,893
Results:											
Dividend income	**-**	-	**13,796**	12,421	**1,680**	-	**(15,476)**	(12,421)	(c)	**-**	-
Depreciation and amortisation	**5,351**	4,976	**542**	612	**115**	184	**-**	-		**6,008**	5,772
Impairment of non- financial assets	**-**	-	**-**	72	**-**	-	**-**	-		**-**	72
Other non-cash expenses	**(6,559)**	(341)	**1,028**	1,241	**-**	-	**-**	-	(d)	**(5,531)**	900
Segment profit/(loss)	**6,910**	7,201	**26,083**	1,804	**(4,309)**	2,051	**(18,043)**	(5,905)		**10,641**	5,151
Assets:											
Investment in associates	**-**	-	**3,902**	3,902	**-**	-	**-**	-		**3,902**	3,902
Additions to non-current assets	**3,089**	8,399	**23,054**	-	**-**	-	**-**	-	(e)	**26,143**	8,399
Segment assets	**92,675**	86,015	**107,523**	82,999	**-**	32,893	**(93,652)**	(61,061)	(f)	**106,546**	140,846
Segment liabilities	**36,811**	39,386	**6,465**	18,614	**11,378**	14,704	**(26,094)**	(20,318)	(g)	**28,560**	52,386

36. SEGMENTAL INFORMATION (CONT'D.)

Note:

(a) The amounts relating to the electronics segment have been excluded to arrive at amounts shown in the consolidated statement of comprehensive income as they are presented seperately in the statement of comprehensive income within on line item, "loss from discontinued operation, net of tax".

(b) Inter-segment revenue are eliminated on consolidation.

(c) Inter-segment dividends are eliminated on consolidation.

(d) Other material non-cash expense consist of the following items as presented in the respective notes to the financial statements.

	Note	2011 RM'000	2010 RM'000
Gain on foreign exchange (net)	6	**(318)**	(306)
Allowance for doubtful debts	6	**1,028**	1,241
Gain on disposal of assets	6	**(6,241)**	(35)
		(5,531)	900

(e) Additions to non-current assets mainly consists of property, plant and equipment.

(f) The inter-segment assets are added to the segment assets to arrive at total assets reported in the consolidated statement of financial position.

(g) The inter-segment liability are added to the segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

Geographical Information

Revenue and segment assets information based on the geographical location if customers and assets respectively are as follows:

	Revenues		Segment assets	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Malaysia	**25,210**	23,838	**67,075**	107,893
Other Southeast Asian countries	**36,678**	35,055	**39,471**	32,953
Consolidated	**61,888**	58,893	**106,546**	140,846

37. REALISED AND UNREALISED PROFIT/(LOSSES)

The breakdown of the retained earnings of the Group and of the Company as at 31 May 2011, into realised and unrealiseed profits, is as follows:

	Group 2011 RM'000	Company 2011 RM'000
Retained losses		
Realised	**(1,980)**	**(1,460)**
Unrealised	**(7,364)**	**-**
	(9,344)	**(1,460)**
Less: Consolidated adjustments	**9,929**	**-**
Total retained earnings/(losses)	**585**	**(1,460)**

The determination of realised an unrealised profit is based on the Guidance on Special Matter No.1, determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accounts on 20 December 2010.

The disclosure of trealised and unrealised profirs above is solely for the purpose of complying with the disclosure requirements stipulated in the directives issued by Bursa Securities on 25 March 2010 and on 20 December 2010 and should not be applied for any other purposes.

ADDITIONAL INFORMATION

Disclosure on the Remuneration of Directors for the Financial Year Ended 31 May 2011

The disclosure on the Remuneration of the Directors for the financial year ended 31 May 2011 is set out in Note 8 to the financial statements.

Options, Warrants or Convertible Securities

The Company did not issue any options warrants and convertible securities during the financial year.

Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies.

Non-Audit Fees

There was no payment to the External Auditors in the financial year ended 31 May 2011 in respect of other services rendered.

Profit Estimate, Forecast or Projection

There were no significant variance between the results for the financial year ended 31 May 2011 and the unaudited results previously announced. The Company did not release any profit estimate, forecast and projections for the financial year.

Profit Guarantees

During the financial year, there were no profit guarantees given to the Company and its subsidiary companies.

Related Party Transactions

The disclosure on the Significant Related Party Transactions for the financial year ended 31 May 2011 is set out in Note 28 to the financial statements.

Material Contracts

There was no material contract (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiary companies which involves the Directors and major shareholders, either still subsisting at the end of the financial year ended 31 May 2011 or entered into since the end of the previous financial year.

Revaluation of Landed Properties

The Company does not own any landed properties as at 31 May 2011. The property that was previously owned was disposed off to Ancom Berhad during the financial year.

LIST OF PROPERTIES
AS AT 31 MAY 2011

	Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2011 (RM'000)	Date of Acquisition / Revaluation
Ancom-ChemQuest Terminals Sdn Bhd						
1.	Jeti Petrokimia, Pelabuhan Barat Pelabuhan Klang Selangor	Unexpired lease period of 13 years (Expiring on 31 August 2024)	9.8 acres	Tank farm, office and warehouse Age of building : approximately 14 years	31,769	N/A
SinSenMoh Transportation Pte Ltd						
1.	32 Tanjong Penjuru Singapore 609028	Unexpired lease period of 36 years (Expiring on 30 June 2047)	12,311.3 sq.m.	Office and warehouse Age of building : approximately 24 years	20,772 *(Value for building only)*	May 2011
Pengangkutan Cogent Sdn Bhd						
1.	PTD 149227 , Jln Berjaya 7 , Taman Perindustrian Berjaya , Daerah Johor Bahru , Johor	Freehold	6,070.3 sq.m.	Office building, Age of building : approximately 2 years	3,381	2010

ANALYSIS OF SHAREHOLDINGS

As At 10 October 2011

Number Of Holders Of Each Class Of Equity Securities

Class of securities	:	Ordinary shares of RM0.10 each
Voting Rights	:	One vote per ordinary share
Total no. issued	:	473,286,313
No. of holders	:	13,095

Distribution Schedule

Holdings	*No. of holders*	*Total Holdings*	*%*
Less than 100	3,225	165,243	0.1%
101 to 1,000	5,686	2,577,237	0.5%
1,001 to 10,000	3,149	11,741,377	2.5%
10,001 to 100,000	797	30,447,046	6.4%
100,001 to less than 5% of issued shares	234	125,121,237	26.4%
5% and above of issued shares	4	303,234,173	64.1%
	13,095	473,286,313	100.0%

Substantial Shareholders

	Direct		Indirect	
	No. of shares	**%**	**No. of shares**	**%**
Rhodemark Development Sdn Bhd	93,725,580	19.80%	-	-
Lim Hock Heng	80,573,516	17.02%	-	-
Synergy Tanker Sdn Bhd	72,743,592	15.37%	-	0.00%
Ancom Bhd	56,191,485	11.87%	166,595,425 (1)	35.20%
Dato' Siew Ka Wei	725,867	0.15%	223,712,349 (2)	47.27%

Note:

1. Held through Synergy Tanker Sdn Bhd, Ancom Overseas Ventures Sdn Bhd and Rhodemark Development Sdn Bhd,.
2. Deemed interest by virtue of his direct and indirect interest in Ancom Berhad, Siew Nim Chee & Sons Sdn Bhd, Silver Dollars Sdn Bhd and Datin Young Ka Mun.

Directors' Shareholdings

	Direct		Indirect	
	No. of shares	**%**	**No. of shares**	**%**
Dato' Siew Ka Wei	725,867	0.15%	223,712,349 (1)	47.27%
Safrizal Bin Mohd Said	5,000	0.00%	-	-

Note:

1. Deemed interest by virtue of his direct and indirect interest in Ancom Berhad, Siew Nim Chee & Sons Sdn Bhd, Silver Dollars Sdn Bhd and Datin Young Ka Mun.

Thirty Largest Shareholders
(Without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares	%
1.	Rhodemark Development Sdn Bhd	93,725,580	19.80%
2.	Lim Hock Heng	80,573,516	17.02%
3.	Synergy Tanker Sdn Bhd	72,743,592	15.37%
4.	Ancom Berhad	56,191,485	11.87%
5.	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Cheng Chuan (LEE4818M)	4,800,000	1.01%
6.	Loh Lai Kim	4,573,200	0.97%
7.	Abdul Radzim B. Abdul Rahman	4,000,000	0.85%
8.	RHB Capital Nominees (Tempatan) Sdn Bhd Ang Hing Tay (T-LBU1074)	3,699,700	0.78%
9.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd For Khoo Tony	3,600,000	0.76%
10.	Loh Boon Hong	2,800,000	0.59%
11.	RHB Nominees (Tempatan) Sdn Bhd Amara Investment Management Sdn Bhd For Tan Jit Liang	2,600,000	0.55%
12.	Jurunature Sdn Bhd	2,500,000	0.53%
13.	HDM Nominees (Asing) Sdn Bhd Philip Securities Pte Ltd For Kong Hwai Ming	2,476,000	0.52%
14.	Hong Peng Cheng	2,355,100	0.50%
15.	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Loh Boon Hong (Sentul Raya-CL)	2,331,400	0.49%
16.	Chang Siew Kuen	2,102,000	0.44%
17.	Chew Jin Chew	2,023,400	0.43%
18.	Yong Yin Kat	1,908,400	0.40%
19.	HSBC Nominees (Asing) Sdn Bhd Exempt AN For HSBC Private Bank (Suisse) S.A. (Hong Kong AC CL)	1,750,000	0.37%
20.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Fook Yew (E-SS2)	1,500,000	0.32%
21.	Public Invest Nominees (Tempatan) Sdn Bhd Exempt AN For Philip Securities Pte Ltd (Clients)	1,420,000	0.30%
22.	Ooi Sing Hwat	1,400,000	0.30%

	Name	No. of shares	%
23.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Rossana Annizah Binti Ahmad Rashid @ Mohd Rashidi (CEB)	1,400,000	0.30%
24.	Chang Seng Guan	1,388,900	0.29%
25.	Terengganu Incorporated Sdn Bhd	1,370,800	0.29%
26.	Tan Siew Lian	1,168,800	0.25%
27.	Gan Sook Peng	1,035,200	0.22%
28.	Lim Hoo Seng	1,004,000	0.21%
29.	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Low Mai Kin (Selayang JY-CL)	1,000,000	0.21%
30.	Rossana Annizah Binti Ahmad Rashid	1,000,000	0.21%
	Total	**360,441,073**	**76.16%**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 45th Annual General Meeting of the Company will be held at Kristal Ballroom 1, 1st Floor, West Wing, Hilton Petaling Jaya, No 2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 23 November 2011 at 9.30 a.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company and of the Group and the Reports of the Directors and the Auditors thereon for the financial year ended 31 May 2011 ; **[Please refer Explanatory Note 1]**

2. To approve the payment of a single tier final dividend of 2 sen per share for the financial year ended 31 May 2011 ; **[Resolution 1]**

3. To approve the payment of the Directors' fees for the financial year ended 31 May 2011 ; **[Resolution 2]**

4. To re-elect the following Directors who retire pursuant to the Company's Articles of Association :
   - 4.1 Lim Hock Heng (Article 90) **[Resolution 3]**
   - 4.2 Safrizal bin Mohd Said (Article 103) **[Resolution 4]**
   - 4.3 Lim Hock Chye (Article 103) **[Resolution 5]**

5. To re-appoint Ernst & Young as Auditors of the Company and to authorise the Board of Directors to fix their remuneration ; **[Resolution 6]**

AS SPECIAL BUSINESS
To consider and if thought fit, to pass the following resolutions :

Ordinary Resolutions

6. <u>Proposed Issuance Of New Ordinary Shares Of RM0.10 Each Pursuant To Section 132D Of The Companies Act, 1965</u> **[Resolution 7]**

   "THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue new ordinary shares of RM0.10 each in the Company from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may deem fit PROVIDED THAT the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company and that such authority shall unless revoked or varied by an ordinary resolution by the shareholders of the Company in general meeting commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company AND THAT the Directors are further authorised to do all such things and upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company to give effect to the issuance of new ordinary shares under this resolution including making such applications to Bursa Malaysia Securities Berhad for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution."

OTHER ORDINARY BUSINESS

To transact any other business that may be transacted at an annual general meeting of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By order of the Board,

CHOO SE ENG
STEPHEN GEH SIM WHYE
Secretaries

Petaling Jaya
1 November 2011

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote for him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

2. If the appointor is a corporation, this form must be executed under its common seal or under the hand of its attorney.

3. A member shall be entitled to appoint not more than two (2) proxies pursuant to Section 149(1)(c) of the Companies Act, 1965 to attend and vote at the same meeting. Where a member is an authorized nominee, it may appoint not more than two (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.

4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.

5. The instrument appointing a proxy must be deposited at the registered office of the Company at Unit C508, Block C, Kelana Square, Jalan SS27/26, Kelana Jaya,47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting.

EXPLANATORY NOTES

1. Item 1 of the Agenda

   This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 6 of the Agenda

   Resolution 7 proposed under item 6 of the Agenda, if passed, will authorise the Directors to issue not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental / regulatory bodies. This authorisation will empower the Directors to issue shares notwithstanding that the authorisation has ceased to be in force if the shares are issued in pursuance of an offer, agreement or option, made or granted by the Directors while the authorisation was in force. This authorisation will expire at the conclusion of the next annual general meeting.

   This is the renewal of the mandate obtained from the shareholders of the Company at the last annual general meeting ("Previous Mandate"). The Previous Mandate was not utilised and accordingly no proceeds were raised. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

ANCOM LOGISTICS BERHAD (6614-W)
(Incorporated in Malaysia)

Proxy Form

CDS A/C No.
No. of shares held

I/We ____
(Please Name in Block Letters)

of ____
(Full Address)

being (a) member(s) of Ancom Logistics Berhad, hereby appoint(s)

____
(Full Name in Block Letters)

of ____ or
(Full Address)

____
(Full Name in Block Letters)

of ____ or
(Full Address)

failing *him / her, the Chairman of the Meeting as *my / our proxy to attend and to vote for *me / us on *my / our behalf at the 45th Annual General Meeting of the Company to be held at Kristal Ballroom 1, 1st Floor, West Wing, Hilton Petaling Jaya, No.2, Jalan Barat, 46200 Petaling Jaya, Selangor, Malaysia on Wednesday, 23 November 2011 at 9.30 a.m or any adjournment thereof and to vote as indicated below -

Item	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements, Reports of the Directors and the Auditors thereon for the financial year ended 31 May 2011;			
		Resolution	For	Against
2.	To approve the payment of final dividend;	1		
3.	To approve the payment of Directors' fees;	2		
4.	To re-elect the following Directors who retire by rotation pursuant to the Company's Articles of Association:			
	4.1 Lim Hock Heng (Article 90)	3		
	4.2 Safrizal bin Mohd Said (Article 103)	4		
	4.3 Lim Hock Chye (Article 103)	5		
5.	To re-appoint Ernst & Young as Auditors of the Company and to authorise the Board of Directors to fix their remuneration;	6		
6.	To approve the Proposed Issuance of New Ordinary Shares of RM0.10 each Pursuant to Section 132D of the Companies Act, 1965	7		

(Please indicate with "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.)

Dated this .... day of 2011

....
[Signature / Common Seal of shareholder(s)]
[*Delete if not applicable]

Telephone no.
during office hours : ....

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote for him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. If the appointor is a corporation, this form must be executed under its common seal or under the hand of its attorney.
3. A member shall be entitled to appoint not more than two (2) proxies pursuant to Section 149(1)(c) of the Companies Act, 1965 to attend and vote at the same meeting. Where a member is an authorized nominee, it may appoint not more than two (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.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
5. The instrument appointing a proxy must be deposited at the registered office of the Company at Unit C508, Block C, Kelana Square, Jalan SS27/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting.

First fold here

AFFIX
STAMP

ANCOM LOGISTICS BERHAD
(Company No. : 6614-W)

Registered Office :
Unit C508, Block C, Kelana Square
Jalan SS7/26, Kelana Jaya
Selangor Darul Ehsan
Malaysia

Then fold here

www.ancomlogistics.com.my