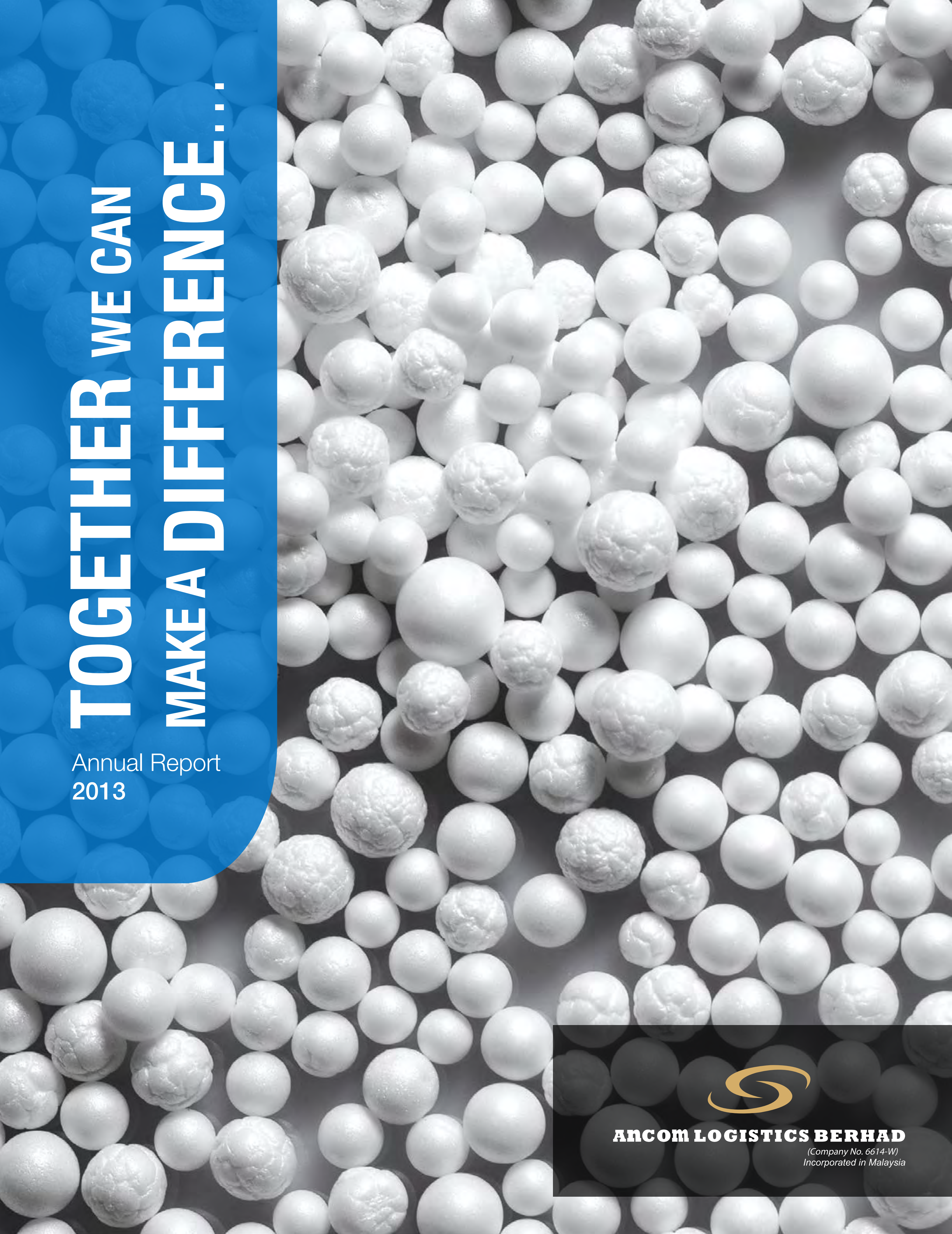

TOGETHER WE CAN MAKE A DIFFERENCE...

Annual Report
2013

ANCOM LOGISTICS BERHAD
(Company No. 6614-W)
Incorporated in Malaysia

“THE BOARD WILL CONTINUE TO EXPLORE WAYS TO IMPROVE REVENUE GROWTH WHILE STRENGTHENING ITS OPERATIONAL AND PRODUCTIVITY EFFICIENCIES.”

Dato’ Abdul Latif Bin Abdullah

The basic of any successful business is to have an understanding of customer needs and to translate this understanding into quality assured products. For over 20 years, we’ve been at the forefront of innovation and transformed the basics into purpose items which touch every point of our customer’s lives. We’re rest assured that at Ancom Logistics, together, we can make a difference.

CONTENTS

CORPORATE INFORMATION

DIRECTORS

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

Dato' (Dr.) 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)

Edmond Cheah Swee Leng
(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

No 2A, Jln 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

SHARE 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

SPONSOR

Maybank Investment Bank Berhad
32nd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
Tel : (603) 2059 1888

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

	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000
Revenue	61,463	62,069	61,888	58,893	66,094
Profit before tax	2,761	5,132	16,165	5,461	2,420
Profit/(loss) after tax	1,779	3,415	14,950	3,100	(682)
Effective rate of taxation (%)	35.6	33.5	7.5	43.2	N/A
(Loss)/profit from discontinued operations	-	-	(4,309)	2,051	(25,493)
Net profit/(loss) attributable to equity holders of the Company	628	2,363	10,641	5,151	(26,055)
ASSETS					
Property, plants and equipment	68,389	73,217	73,735	81,257	14,875
Investments	2,802	2,802	3,902	3,902	4,128
Other non-current assets	472	543	884	645	766
Current assets	24,223	23,285	28,646	55,042	41,379
Total assets	95,886	99,847	107,167	140,846	61,148
FINANCED BY					
Share capital	47,329	47,329	47,329	51,898	51,898
Reserves	15,038	17,660	17,367	45,362	(3,176)
(Accumulated losses)/Retained earnings	(5,829)	(6,518)	585	(20,369)	(19,271)
Shareholders' funds	56,538	58,471	65,281	76,891	29,451
Non-controlling interest	13,381	12,777	12,705	11,569	-
Total equity	69,919	71,248	77,986	88,460	29,451
Non-current liabilities	9,761	10,882	12,039	8,798	150
Current liabilities	16,206	17,717	17,142	43,588	31,547
Total funds employed	95,886	99,847	107,167	140,846	61,148
SHAREHOLDERS' INTERESTS					
Earnings/(Loss) per share (sen)	0.13	0.50	2.75	2.00	(10.1)
Dividend per share (sen)	0.5	2.0	2.0	-	-
Net assets per share attributable to equity holders of the Company (sen)	11.9	12.4	13.8	29.6	11.3
Depreciation and amortisation (RM'000)	6,951	6,925	6,091	5,809	1,330
Interest expense (RM'000)	517	598	1,143	1,129	1,235

LIST OF PRINCIPAL OFFICES

ANCOM LOGISTICS BERHAD
No. 2A, Jln 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

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 0288/9
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 2013

ANCOM BERHAD

- 100% Rhodemark Development Sdn Bhd — 19.80%
- 11.87%
- 100% Ancom Overseas Ventures Sdn Bhd — 0.03%
- 100% Synergy Tanker Sdn Bhd — 15.37%

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 major companies are shown in the corporate structure.

DATO' ABDUL LATIF BIN ABDULLAH
Age 63, Non-Independent Non-Executive Chairman

Dato' 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 of the Company.

Dato' Latif obtained the Bachelor of Arts (Hons) degree in International Relations from University Malaya and Master of Science (Marine Law & Policy) degree from University of Wales. He has also attended the Senior Management Development Program at Harvard Business School. 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 as Attachment Officer of the West Asian Desk. He later joined Malaysian International Shipping Corporation Berhad as a Management Trainee and was subsequently promoted to Assistant Manager. From 1982 to 1992, he was with Perbadanan Nasional Shipping Line Berhad ("PNSL") where he held a number of senior positions and was instrumental in the formation and heading of a number of subsidiaries and joint venture companies within the PNSL Group. In 1990, he became a founder Director of Mitsui OSK Lines (M) Sdn Bhd and remains as its Chairman since his retirement in 2005. He was previously the Executive Chairman of Realmild (M) Sdn Bhd and Chairman of Radicare (M) Sdn Bhd. He was Chairman of Labuan Shipyard & Engineering Sdn Bhd from March 2006 to December 2009; Chairman of Penang Port Sdn Bhd from January 2004 to December 2009; Chairman of the International Shipowners' Association of Malaysia from 1998 to 2008; Chairman of Amanah Raya Asian Finance Islamic Marine Fund from 2008 to 2010 and 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 is the Chairman of Efficient E-Solutions Berhad and the Deputy Chairman of Ekowood International Berhad.

DATO' (DR.) SIEW KA WEI
Age 57, Executive Vice Chairman

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

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 extensive working experience of more than 30 years in the field of petrochemicals locally and internationally.

Dato' Siew was the Chairman of the Malaysian Chapter of the Young Presidents Organisation ("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 the Chairman of YPO's Global Leadership Congress in Beijing, China. In April 2013, he was conferred an honourble degree in Doctor of Business Administration honoris causa by the HELP University. He is currently the President of the Imperial College Alumni Association of Malaysia and a Governor of the Board of Governors for Marlborough College of Malaysia.

Currently, Dato' Siew is the Group Managing Director of Ancom Berhad, the holding company of the Company, and its subsidiary, Nylex (Malaysia) Berhad, both of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

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

LIM HOCK HENG
Age 55, 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 Singapore 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 in Malaysia.

ABDUL LATIF BIN MAHAMUD
Age 56, Non-Independent Non-Executive Director

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

Abdul Latif 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 subsequently 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 Chief Executive Officer and Executive Director of Ranhill Power Berhad following the acquisition of EPE by Ranhill Berhad.

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

SAFRIZAL BIN MOHD SAID
Age 47, 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 Remuneration & Nomination Committee of the Company.

Safrizal gained his Bachelor of Commerce degree from University of New South Wales, Australia. He is a member of CPA Australia. He has vast working experience in both the consulting as well as the commercial sectors in various capacities in Australia and Malaysia. He joined the Fraser & Neave (F&N) Group in Malaysia in 2002 and was responsible for setting up F&N's in-house Tax Department. Prior to joining the F&N Group, he was attached to a couple of the Big Four Accounting Firms, with his last position being a tax director. His experience in the field of taxation totals more than 20 years. During his time as a tax consultant, Safrizal has managed a diversified portfolio of clients comprising local and multinational corporations from various industries, namely, finance, telecommunications, advertising, construction, manufacturing, shipping and insurance. Safrizal was also extensively involved in the rendering of business advice and tax planning in a variety of situations including corporate restructuring, public listing exercises, business expansion, privatization exercises, offshore investments and mergers and acquisitions.

Safrizal, who was an appointed Council Member of the Chartered Taxation Institute of Malaysia, has also conducted in-house training programmes and has chaired/spoken at public seminars on various tax matters.

Safrizal is currently a director of Nylex (Malaysia) Berhad, a subsidiary of Ancom Berhad which is listed on the Main Board of Bursa Malaysia Securities Berhad.

Lim Hock Chye joined the Board as Independent Non-Executive Director on 5 December 2003. He is currently the Chairman of the Remuneration & Nomination Committee and a member of the Audit Committee of the Company.

Mr Lim is a law graduate with a LLB (Hons) degree from the University of London, United Kingdom and holds a Certificate in Legal Practice.

He was formerly a consultant with an organisation promoting good corporate governance and practices. Prior to that, he was a Deputy Editor with the Star Newspaper, where he wrote for the Business Section.

He was a panel speaker for Rating Agency of Malaysia and is currently a speaker with Bursatra Sdn Bhd on Continuing Education Programmes for public-listed company directors. He continues to lecture on promotion of good corporate governance within Corporate Malaysia. He is currently the Group Director of Strategic Planning & Corporate Affairs of HELP International Corporation Berhad, a position he has held since April 2008.

Currently, Mr Lim is a Director of Ancom Berhad, the holding company of the Company and Nylex (Malaysia) Berhad, a subsidiary of Ancom Berhad, both of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr. Cheah joined the Board on 31 December 2011.

Mr. Cheah is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants and Association of Chartered Accountants, England & Wales. He is also a Certified Financial Planner.

Mr. Cheah's started his career as an Audit Manager with a professional accounting firm in London. He was later the Manager in charge of portfolio investment in a merchant bank in Malaysia and subsequently in charge of the corporate and planning division of a public listed company in Malaysia. Mr. Cheah was formerly the Chief Executive Officer / Executive Director and a member of the Investment Committee of Public Mutual Berhad, the largest private unit trust management company in Malaysia. He was also a Council Member and Chairman of the Secretariat of the Federation of Malaysian Unit Trust Managers ("FMUTM"); a former Task Force Member on Islamic Finance for the Labuan Offshore Financial Services Authority ("LOFSA"); a former member on the Securities Market Consultation Panel in Bursa Malaysia Securities Berhad and a founder member and a past President of the Financial Planning Association of Malaysia ("FPAM") and the Treasurer for the Society for the Prevention of Cruelty to Animals ("SPCA").

Mr. Cheah is currently an Investment Committee Member and Director of MAAKL Mutual Berhad; Chairman of Adventa Berhad and Director of Ancom Berhad, the holding company of the Company, both of which are listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a Director of Nylex (Malaysia) Berhad, a subsidiary of Ancom Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad.

Notes :

1. Other than Lim Hock Heng who is a Singaporean, all the Directors of the Company are Malaysian. None of the Directors has any family relationship with any other Directors and/or major 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 16 of this Annual Report for the Directors' meeting attendance records.
5. Please refer to page 35 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 present to you the Annual Report and audited financial statements of the Group and the Company for the financial year ended 31 May 2013 ("FY2013")."

To Our Shareholders,

On behalf of the Board of Directors, I would like to take this opportunity to present to you the Annual Report and audited financial statements of the Group and the Company for the financial year ended 31 May 2013 ("FY2013").

Review of Financial Results

The operating revenue of the Group decrease marginally to RM61.5 million for the FY2013 compared to RM62.0 million for the financial year ended 31 May 2012 ("FY2012"). Although the logistic segment reported higher revenue from its tank farm business, the slowdown in the transportation business in the earlier part of FY2013 has eroded its overall revenue. This was a spill-over effect from last financial year following loss of certain key contracts towards the end of FY2012, which have since recovered. For the FYE 2013, the other segment posted a flat revenue of RM2.9 million, which was primarily from the trading of engineering products.

Profit before taxation ("PBT") declined to RM2.8 million for the FY2013 from RM5.1 million for the FY2012. This was primarily due to higher operating costs incurred for the upkeep of fleets and other operational costs in the earlier quarters of the FY2013.

At ALB's company level, ALB recorded higher revenue during the FY2013. This was attributed to the higher dividend income received from its subsidiaries of RM5.2 million compared to RM3.0 million for the FY2012. Correspondingly, PBT of the Company improved to RM2.2 million for the FY2013 compared to RM0.1 million for the FY2012.

Given the challenges faced by the Group during the financial year, the Group's overall performance has been satisfactory. The Group's transportation business managed to recover during the FY2013 with new contracts being secured to replace those lost in the FY2012. The management will continue to focus in the growth of the business as well as improve its costs management, with the aim to achieve better shareholders' returns.

Prospects for Next Financial Year

In light of the global economic uncertainties, which may have an impact to the Group's business, the Board will continue to exercise caution in managing the Group's business in the coming financial year. The Board will continue to explore ways to improve revenue growth while strengthening its operational and productivity efficiencies.

The Board is of the view that, barring unforeseen circumstances, the financial performance and prospects of the Group will be satisfactory in the next financial year.

Significant Event

On 23 August 2013, we entered into a conditional share sale agreement ("CSSA") with CWT Limited for the proposed disposal of the entire equity interest in Sinsenmoh Transportation Pte Ltd for a net consideration of approximately RM46.4 million . As at the date of this report, we are still at the stages of finalising the conditions precedents contained in the CSSA. Subject to the approval of the shareholders in the upcoming Extraordinary General Meeting ("EGM") on the Proposed Disposal, the Board is proposing that a special dividend of 4.0 sen (single-tier) per share amounting to RM18,931,453 be declared upon completion and receipt of the proceeds. A capital repayment of 4.0 sen per share amounting to RM18,931,453 will also be proposed in the same EGM ("Proposed Capital Repayment"). The Proposed Capital Repayment will be paid once we have obtained the sanction from the High Court.

Dividends

During the financial year, the Company paid an interim dividend of 0.5 sen per share (single tier) to its shareholders on 14 September 2012 in respect of the FY2013.

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 years. It is also my pleasure to thank all our shareholders, valued customers, bankers and authorities and business associates for their confidence and unwavering support.

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

Dato' Abdul Latif bin Abdullah
Chairman

Petaling Jaya
16 October 2013

OPERATIONAL REVIEW

OVERVIEW

Ancom Logistics Berhad ("ALB") Group ("ALB Group" or "the Group") is principally involved in the provision of logistic services. The Group's Logistics Division provides bulk liquid chemical related logistics services in Malaysia and Singapore. The bulk liquid terminal is strategically located within Port Klang, West Port Bulk Liquid Terminal and Free Trade Zone. It owns and operates a large fleet of prime movers, road tankers and lorries, and provides cross border bulk chemicals land transportation between Malaysia and Singapore.

The key subsidiaries included in this division include:

- Ancom-ChemQuest Terminals Sdn Bhd ("ACT");
- Pengangkutan Cogent Sdn Bhd ("PCSB"); and
- SinSenMoh Transportation Pte Ltd, Singapore ("SSM")

The remaining operations of the Group are made up of investment holding and a subsidiary, Ancom Component Sdn Bhd ("ACM"), which is involved in the electrical trading business.

REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES

The operating revenue of the Group decrease marginally to RM61.5 million for the financial year ended 31 May 2013 ("FY2013") compared to RM62.0 million for the financial year ended 31 May 2012 ("FY2012"). Profit before taxation ("PBT") declined to RM2.8 million for the FY2013 from RM5.1 million for the FY2012.

LOGISTICS DIVISION

Revenue from the Logistics Division (excluding inter-segment sales) decreased marginally to RM58.6 million from RM59.2 million a year ago. Segmental PBT fell to RM6.0 million for the FY2013 compared to RM7.7 million for the FY2012. Lower revenue coupled with higher operational overheads have affected the PBT during the year. The results of the Logistics Division are made up of the operations from ACT, PCSB and SSM.

ACT operates a tank farm consisting of 48 tanks with capacities of 43,000 cubic meters in West Port in Klang, Selangor. ACT provides bulk storage facilities for liquid chemicals servicing MNC petrochemicals companies in the region. ACT continues to experience strong demands for its tank farms throughout the FY2013 due to shortages of such facilities. Revenue of ACT grew by 9.6% for the FY2013 (FY2012: +31.1%). The higher growth in FY2012 was due to the additional capacities which were completed and became operational during the FY2012. ACT should continue to benefit from the prevailing strong demand for its services. PBT of ACT grew by 7.2% for the FY2013 (FY2012: +9.9%), which was backed by the stronger revenue.

SSM specialises in bulk liquid chemical transportation, container haulage and bulk cargo handling services and provides warehousing services within Malaysia and Singapore. It owns a fleet of prime movers, road tankers and lorries catering to its customers within Singapore whilst transportation services to Malaysia is complemented by PCSB. During the FY2013, revenue of SSM increased by only 0.7% (FY2012: +5.4%). The lower growth in revenue of SSM was due to the spill-over effect from the loss of certain key customers in towards the end of FY2012. Efforts to regain the contracts have been successful during the year, and this has enable SSM to post better revenue in the later part of FY2013. However, PBT declined by 16.0% (FY2012: -33.8%) for the FY2013 due to higher overheads for its fleet maintenance.

PCSB owns and operates a fleet of approximately 90 road tankers. It provides cross border bulk chemicals land transportation services between Malaysia and Singapore. The revenue of PCSB decreased marginally by 2.4% for the FY2013 (FY2012: +1.4%). The loss of contracts in SSM has partially affected the revenue of PCSB. PBT fell by 59.2% (FY2012: -11.9%) due to lower revenue coupled with higher direct operational costs of the fleet.

OTHER SEGMENT

Other segment includes the results of the investment holding company and remaining subsidiaries of the Group, in particular ACM.

Revenue from this segment (excluding inter-segment sales) declined marginally to RM2.8 million for the FY2013 compared to RM2.9 million for the FY2012. The revenue is fully contributed by ACM, which is involved in the electrical trading business. The lower revenue for the FY2013 was due to the continued stiff competition in the pricing and products offerings.

Segmental profit increased from RM2.1 million for the FY2013 from RM0.03 million for the FY2012, . Which is primarily due to higher dividend income of RM5.2 million (FY2012: RM3.0 million) received by ALB from subsidiaries in the Logistics Division. In addition, there was an impairment of RM1.1 million made during the FY2012 following an assessment on the realisable value of assets in an associate.

OUTLOOK AND PROSPECTS

In light of the global economic uncertainties, which may have an impact to the Group's business, the Board will continue to exercise caution in managing the Group's business in the coming financial year. The Board will continue to explore ways to improve revenue growth while strengthening its operational and productivity efficiencies.

The Board is of the view that, barring unforeseen circumstances, the financial performance and prospects of the Group will be satisfactory in the next financial year.

INTRODUCTION

The Board of Directors of the Company ("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 and is committed towards adopting the Corporate Governance Framework of the Group, which complies with the principles of Malaysian Code on Corporate Governance 2012 ("Code") with reference to the Corporate Governance Guide ("Guide") issued by Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial year ended 31 May 2013. The Principles as set out in the Code which has been adopted in our Corporate Governance Framework are summarized as below:

1. Establish Clear Roles and Responsibilities;
2. Strengthen Composition;
3. Reinforce Independence;
4. Foster Commitment;
5. Uphold Integrity in Financial Reporting;
6. Recognise and Manage Risks;
7. Ensure Timely and High Quality Disclosure; and
8. Strengthen Relationship Between Company and Shareholders

The Board is pleased to report below the Group's application of the Principles and the extent to which the Group has complied with the Recommendations as set out in the Code throughout the financial year ended 31 May 2013.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board Role And Responsibilities

The Board comprised seven (7) Directors, one (1) of whom is the Executive Vice Chairman and one (1) Executive Director respectively. Five (5) of the Directors are Non-Executive Directors, one (1) of whom is the Non-Independent Non-Executive Chairman, three (3) Independent Directors, and one (1) Non-Independent Director. The composition of the Board complied with the ACE Market Listing Requirements of Bursa Securities ("Listing Requirements") which required at least one-third (1/3) of its members to be Independent Directors.

The profile of the Directors are set out in pages 6 to 9 of this Annual Report. All Board members are persons of caliber and credibility with extensive expertise and wealth of experience in legal, accounting, taxation, corporate finance, marketing and business practices to augment the Group's continuous growth and success.

The presence of a majority of Non-Executive Directors on the Board provided the necessary check and balances on the conduct on the Executive Vice Chairman and the Executive Director in managing the business of the Group.

The Independent Directors are not employees of the Group and do not participate in the day to day operation of the Group. They are 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 on the issues of strategy, business performance, resources and standards of conduct. They provided independent views in the Board's discussion. They are involved actively in the Board Committees of the Company.

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

- Formulating and charting the strategic direction and setting out short and long term plans and objectives of the Group;
- Reviewing, approving and adopting the Group's annual budgets, key operational initiatives, major investment and funding decisions;
- Overseeing and reviewing the Group business operation and performance within a systematic and controlled environment;

- 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;
- Establishing a succession plan for senior management;
- Overseeing the development and implementation of a shareholders communication policy for the Company; and
- Promoting ethical and the best corporate governance cultures within the Group.

The Board played an active role in formulating the Group's strategic direction with the Executive Vice Chairman/Executive Director and its management team. It does not involve in the day-to-day business operation of the Group which are being delegated to the Executive Vice Chairman and its management team.

The key matters reserved for the Board's approval include the Annual Business Plan, significant corporate proposals including mergers and acquisitions, Group business restructuring and 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 Executive Vice Chairman are distinct and separated with clear division of responsibilities to ensure a balance of power and authority.

The 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 divisional heads. The Chairman holds a Non-Executive position and is primarily responsible for ensuring the Board's effectiveness and conduct in discharging its responsibilities.

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. At the quarterly Board meetings, the 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 & 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.

Board Charter

The Board is mindful of the need to safeguard the interest of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Charter. A copy of the Company's Board Charter is available at the Company's website at www.ancomlogistics.com.my.

The Board Charter serves to ensure that all Board members acting on the Group's behalf are aware of their roles and responsibilities to ensure accountability.

The Board Charter focuses on the followings areas:
- Board composition and Board Committees;
- The duties and responsibilities of the Board members; and
- The Code of Ethics for the Board members

It shall be reviewed and updated from time to time to reflect changes to the Board's practices and amendments of the relevant rules, requirements and regulations.

Board Meetings

The Board holds its Board meetings quarterly and additional meetings were convened as and when necessary as determined by the Chairman.

The Board held four (4) Board meetings during the financial year. The attendance record of the Directors is as follows:

	Name of Directors	Attendance
1	Dato' Abdul Latif Bin Abdullah - Chairman *(Non-Independent Non-Executive Chairman)*	4/4
2	Dato' (Dr.) Siew Ka Wei *(Executive Vice Chairman)*	4/4
3	Lim Hock Heng *(Executive Director)*	4/4
4	Abdul Latif Bin Mahamud *(Non-Independent Non-Executive Director)*	4/4
5	Safrizal Bin Mohd Said *(Independent Non-Executive Director)*	3/4
6	Lim Hock Chye *(Independent Non-Executive Director)*	4/4
7	Edmond Cheah Swee Leng *(Independent Non-Executive Director)*	3/4

All the Directors have attained the minimum attendance during the financial year as required under the Listing Requirements.

Formalised Ethical Standard Through Code of Ethics

The Board adheres to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia in discharging its overall role effectively. The Code of Ethics requires all Directors to observe high ethical business standards and to apply these values to all aspects of the Group's business and professional practices and act in good faith in the best interest of the Group and its shareholders.

Strategically Promoting Sustainability

The Board promotes good corporate governance in the application of sustainability practices throughout the Group, the benefit of which are believed to translate into better corporate performance. The activities thus far, demonstrating the Group's commitment to the global environmental, social, governance and sustainability agenda, appears on page 30 of this Annual Report.

Access to Information and Advice

All Directors have unrestricted access to information of the Group and on an on-going basis, the Directors interact with the management team to seek further information, updates or explanation on any aspect of the Group's operations or businesses. The Directors have access to the advice and services of the Company Secretaries and may engage independent professional advice on any matter connected with the discharge of their responsibilities as they may deem necessary and appropriate, at the Company's expense.

Prior to the Board/Committee meetings, the Directors are provided with an agenda on matters to be discussed together with the meeting papers which contained minutes of meetings, operational and financial performance reports, details of corporate proposals, the quarterly Interim Financial Reports or the annual Audited Financial Statements, reports of the Board Committees, Internal Audit Reports and other matters for the Directors' perusal before the Board/Committee meetings.

Senior management staff and the Company's Sponsors who are appointed pursuant to the requirements under the Listing Requirements or professional advisers appointed to advise the Company on its corporate proposals were invited to attend the Board meetings and to provide the Board with explanation and clarifications to facilitate informed decision making.

Qualified and Competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries. The Company Secretaries regularly update and appraise the Board on new regulations issued by the regulatory authorities and on matters related to ethics and good corporate governance. The Company Secretaries attend and ensure all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of the Company. The Company Secretaries worked closely with the Chairman and the Executive Vice Chairman to ensure that there are timely and appropriate information flows within the Board and to the Board Committees.

2. STRENGTHEN COMPOSITION

Remuneration and Nomination Committee

The Board has combined the functions of the Remuneration Committee and Nomination Committee into one Remuneration & Nomination Committee ("R&N Committee") which was established on 24 September 2001.

The R&N Committee is responsible for identifying and recommending suitable candidates for Board memberships and also for reviewing and assessing the performance of the Directors, the effectiveness of the Board as a whole and the Board Committees. It is also responsible for reviewing the gender diversity, the required mixed of skills and experience and core competencies which the Non-Executive Directors should bring to the Board. 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 Committees also entrusted with the responsibility to review candidates for key management positions, to determine their remuneration package and to formulate selection, compensation and succession policies for the Group.

During the financial year ended 31 May 2013, the members of the R&N Committee are as follows:

Lim Hock Chye (Independent Non-Executive Director) - Chairman
Dato' Abdul Latif Bin Abdullah (Non-Independent Non-Executive Director) - Member
Abdul Latif bin Mahamud (Non-Independent Non-Executive Director) - Member
Safrizal Bin Mohd Said (Independent Non-Executive Director) - Member

Re-election

In accordance with 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.

The Articles also provide 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 Executive Vice Chairman does not have a service contract which the notice period for termination is more than one year. The 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.

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.

The R&N Committee is responsible for making recommendation to the Board on the re-election of Directors who are re-retiring pursuant to the Articles of Association of the Company. In making the recommendation, the R&N Committee would consider the Director's qualifications, skill and experience and their commitment to the Board in discharging their roles and responsibilities through attendance at their respective meetings. 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 were furnished in the Annual Report.

Annual Assessment

The Board reviews and evaluates its own performance and the performance of its Committee on an annual basis, with a view to meeting current and future requirements of the Group. The Board evaluation comprises a Board and Board Committee assessment, an individual assessment and an assessment of independence for Independent Directors. The R&N Committee also reviewed its compositions annually with a view to identify new candidates who can bring new experience, knowledge and expertise to the Group.

The result of assessment would form the basis of the R&N Committee's recommendation to the Board for nominations of new Directors and the re-election of retiring Directors at the Company's AGM.

Remuneration of Directors

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 remuneration for the Directors. The Directors' fees would be submitted to the shareholders for approval at the annual general meeting of the Company.

The R&N Committee was also responsible for reviewing the remuneration of the Executive Vice Chairman and Executive Director and made recommendation on the same for the Board approval. The Executive Vice Chairman's and the Executive Director's remuneration consists of monthly salary, bonuses, benefit-in-kind ("BIK") and other benefits which the Board will approve from time to time. Their respective remunerations are linked to the performance of the Group in the financial year. They did not participate in the Board deliberation on their remuneration at the Board meeting.

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

Directors' fee

For the financial year ended 31 May 2012, 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 RM290,822 was approved by the shareholders at the 46th Annual General Meeting of the Company.

In addition, the Non-Executive Directors also received attendance allowance amounting to RM416.67 for each Board and Board Committee meeting attended. Other than the Non-Executive Chairman who is provided with a car and a driver, the other Non-Executive Directors are not entitled to any BIK.

The R&N Committee had not engaged a consultant to do a comparative study on the Directors' remuneration. However, based on the members' personal experience, the R&N Committee is of the opinion that the amount of Directors' fee and allowances paid in the previous year ended 31 May 2012 were reflective of the market rates and had recommended the same amount of remuneration be paid to the Non-Executive Directors in the current financial year ended 31 May 2013.

The Board has endorsed the R&N Committee's recommendation and will propose the same quantum of Directors' fee for the Board and Board Committees for the current financial year ended 31 May 2013 subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The remuneration of the Executive Vice Chairman comprises of monthly salary, bonuses, BIK and other benefits that the Board will approve from time to time. The Executive Vice Chairman and the Executive Director are not entitled to the Director's fee and attendance allowance for the Board and Board Committee meetings they attended. During the current financial year, the Executive Vice Chairman did not receive any remuneration from the Group, other than a bonus of RM500,000.

Subject to the approval of the Company's shareholders on the Directors' fee, the details of the remuneration received and receivable by the Directors from the Company and its subsidiaries during the financial year ended 31 May 2013, by category and in bands of RM50,000, are as shown below:

Remuneration by category		Executive Director	Non-Executive Director	Total
Fees	RM'000	-	320	320
Salaries and bonuses (including EPF)	RM'000	1,240	-	1,240
Other emoluments	RM'000	1,580	40	1,620
Benefits-in-kind	RM'000	-	28	28
Total	RM'000	2,820	388	3,208

Remuneration in bands of RM50,000	Executive Director	Non-Executive Director	Total
RM50,001 to RM100,000	-	5	5
RM450,001 to RM500,000	1	-	1
RM1,700,001 to RM1,750,000	1	-	1
Total	2	5	7

In addition to the above, the Company has taken up a Directors' and Officers' Liability ("D&O") insurance for the benefit of all the Directors. The D&O insurance covers the defense costs and legal representation expenses of the Directors in respect of actions against them in respect of liabilities arising from them acting in their capacity as Director of the Company and/or its subsidiaries. It does not indemnify a Director if he is proven to have acted fraudulently or dishonestly or for any intentional breach of the law.

3. REINFORCE INDEPENDENCE

Assessment of Independence

The Board, through the R&N Committee, assessed the independence of the Independent Directors. The criteria for assessing include the non-existence of significant business relationship or transaction by the Independent Directors with the Group. The Independent Directors are not employees of the Group and do not participate in the day to day operation of the Group. They are 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 views in the Board's discussion. They are involved actively in the Board Committees of the Company.

The presence of a majority of Non-Executive Directors on the Board provided the necessary check and balances on the conduct on the Executive Vice Chairman and the Executive Director in managing the business of the Group.

Tenure of Independence

The Board noted Recommendation 3.2 of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years.

From the date the Independent Directors were appointed, they were required to provide an undertaking to Bursa Securities confirming and declaring that they are Independent Directors as defined under Rule 1.01 of the Listing Requirements.

The Board is of the view that the length of service of the Independent Directors should not affect a directors' independence but rather the important criteria that must be possess by the Independent Directors are their independence from management and they are free from any business and other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. In addition, as the Board had adopted the criterias set out under the definitions of "independent director" in the Listing Requirements to assess independence of directors, accordingly, the Board believes that Recommendation 3.2 of the Code (assessment of Independent Director should also include tenure) and Recommendation 3.3 of the Code (the Board is allowed to seek shareholders' approval for Independence Directors after nine (9) years tenure to remain as Independent Directors) are irrelevant. Pursuant thereto, the Board is satisfied that Safrizal Bin Mohd Said and Lim Hock Chye fulfilled the criterias and would continue to retain them as Independent Directors of the Company, notwithstanding that they have served as Independent Directors of the Board for more than nine (9) years as at 31 May 2013.

Separation of the Positions of the Chairman and the Executive Vice Chairman ("EVC")

The position of the Chairman and the EVC are held by 2 different persons who assume different roles and responsibilities. The distinct and separate roles of the Chairman and the EVC, with a clear division of responsibilities, ensure a balance of power and authorities, such that no one individual has unfettered powers of decision making.

As mentioned above, the composition of the Board complies with the Listing Requirements which required at least one-third (1/3) of its members to be Independent Directors. However, the composition is not in line with Recommendation 3.5 of the Code where the Board must consist of a majority of Independent Directors when the Chairman of the Board is not an Independent Director. The Chairman of the Board, Dato Abdul Latif Bin Abdullah, is a Non-Executive Non-Independent Director while the Board now consists of four (4) Non-Independent Directors and three (3) Independent Directors.

Notwithstanding the current composition, the Board is satisfied that it is in the interest of the Company to retain Dato Abdul Latif Bin Abdullah as the Chairman as he is an experience businessman and corporate director capable of providing strong leadership to the Board by marshaling the Board's priority more objectively.

4. FOSTER COMMITMENT

All the Directors have committed sufficient time to carry out their duties for the tenure of their appointments. To ensure that the Directors have the time to focus and fulfill their roles and responsibilities, the Directors do not hold more than five (5) directorships in public listed companies as required in the Listing Requirements.

At the end of each calendar year, the Company Secretaries would draw a proposed timetable for all the Board and Committee meetings, including the annual general meeting, to be held in the next calendar year, to ease the Directors in planning their attendances at the Board/Committee meetings.

The Directors are also required to inform the Board should they accept new board directorship in other public listed companies or non-listed public companies or companies engaging in similar business as the Company.

Continuing Development Program

All Directors have attended the Directors' Mandatory Accreditation Programme and are aware of the requirements of the Continuing Education Programme prescribed by the Listing Requirements.

The Board will assume the onus of determining and overseeing the training needs of the Directors and will encourage Directors to attend courses and trainings to enhance their skills and knowledge and to keep abreast with the relevant changes in laws, regulations and business environment to effectively discharge their responsibilities. Directors have also on their own initiative requested to attend courses, according to their individual needs as a Director or as members of a Board Committee on which they serve.

Our Director, Lim Hock Chye, is a panel speaker for Bursatra Sdn Bhd on Continuing Education Programmes for public-listed company directors and he continues to give lectures and seminars and spoke as a panelist on Audit Quality Framework at the National Accounting Educators Symposium 2013 in May 2013. He has also attended a course on "Directors Training on The Personal Data Protection Act, 2012 and Malaysian Code on Corporate Governance, 2012" during the financial year.

Our Director, Safrizal Bin Mohd Said has not attended any courses or training during the financial year, however, he has conducted in-house training programmes and chaired/spoken at public seminars on various tax matters during the financial year.

The other Directors, namely, Dato' Abdul Latif Bin Abdullah, Dato' (Dr.) Siew Ka Wei, Lim Hock Heng, Abdul Latif Bin Mahamud and Edmond Cheah Swee Leng, have not attended any courses or trainings during the financial year.

The Board will identify courses and trainings which the Board considers relevant and useful for Dato' Abdul Latif Bin Abdullah, Dato' (Dr.) Siew Ka Wei, Lim Hock Heng, Abdul Latif Bin Mahamud and Edmond Cheah Swee Leng to attend in the next financial year.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board strives to present true and fair, comprehensive, 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 the Group in accordance with the Companies Act, 1965 ("CA"), the Malaysia Financial Reporting Standards ("MFRS") and the Listing Requirements.

The Board ensures the integrity of the Group's financial reporting and its compliance with the CA, the MFRS and the Listing Requirements as it recognizes that accountability in financial disclosure is integral practice of good corporate governance.

A statement by the Board on its responsibilities for preparing the annual Audited Financial Statements is set out in page 31 of this Annual Report.

The Group's Quarterly Interim Financial Reports are reviewed by the Audit Committee together with the management while the annual Audited Financial Statements are reviewed by the Audit Committee together with the management and the external auditors. Thereafter, the Audit Committee will recommend to the Board to approve the same. The Audit Committee also provides assurance to the Board with support from the external auditors that all the statutory financial statements and reports presented are in compliance with applicable laws and accounting standards and give a true and fair view of the Group's performance and financial positions.

The Board has a formal and transparent relationship with the external auditors. The Audit Committee recommends to the Board on the appointment of the external auditors which is subject to the approval of the shareholders of the Company at the annual general meeting. The Board will determine the auditors' remuneration as authorized by the shareholders at the annual general meeting.

The report of the Audit Committee is set out in pages 24 - 27 of this Annual Report.

The Audit Committee would also hold private sessions with the external auditors in the absence of the management if deemed fit.

6. RECOGNISED AND MANAGE RISKS

The Board acknowledges their responsibility to maintain a sound system of internal controls covering not only financial controls but also operational and compliance controls to identify risks in the operation, financial and to design measures to manage those risks. 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.

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 internal 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. It would also approve the Internal Audit plan and review and assess the performance of the internal audit function.

The Audit Committee Report and the Statement on Risk Management and Internal Control are separately set out in pages 24 - 27 and 28 - 29 respectively of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

In line with the Listing Requirements and best practices, the Company must disclose to the public all material information necessary for investors to make informed investment decisions and take reasonable steps to ensure that all investors enjoy equal access to such information. The Board commits to disclose such information to the public through Bursa Securities, the media and the Company's Investor Relation ("IR") portal (www.ancomlogistics.com.my).

Information is considered material if it is reasonably expected to have a material effect on the price, value and market activity of the Company's securities or the decision of a holder of security or an investor in determining his choice of actions.

The Company Secretaries are responsible to compile such information for the approval of the Board soonest possible and release such information to the market as stipulated by Bursa Securities.

The Board recognizes that certain material information may be prudent to be temporarily withheld from public disclosure at exceptional circumstances. The Board commits to ensure that the strictest confidentiality is maintained and that the market activity is closely monitored to observe sign of leakage of information or insider trading which will warrant an immediate announcement by the Company or action to be taken against any possible insider trading.

The Company's IR portal provides all relevant corporate information and it is accessible via www.ancomlogistics.com.my by the public. The Company's website includes share price information, all announcements made by the Company, Annual Reports, financial results, as well as the corporate governance statement of the Company.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLERS

Investors' Relations and Shareholders' Communication

The Board recognizes the importance of transparency and accountability to its shareholders and the need for regular, effective and comprehensive communications with the Company's shareholders and investors. The Company maintained active communications with its shareholders and investors on the Group's performance, business activities, financial performance, material information and corporate events through the issuance of annual reports, announcements, quarterly financial reports, circulars and press releases. The Company has established an 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 and financial ratios are also posted on the IR portal and these are accessible by the shareholders and investors without any restriction.

Shareholders and investors are also able to pose questions and queries to the Company via the IR portal or e-mail at corp@ancom.com.my and these questions and queries would be attended by the Company's senior management or the Board, as the case maybe.

General Meetings

The Company's general meeting is the principal forum for dialogue between the Company and its shareholders.

The current minimum notice period for general meeting is as prescribed in the Listing Requirements and the Board believes that such notice period is adequate. Notwithstanding the Board noted the Recommendation of the Code and will endeavor to serve the notices of meeting earlier than the minimum prescribed notice period whenever possible in future.

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 EVC would give a briefing on the performance during the financial year and his view and insights on the future prospects of the Group's businesses. The Chairman, when presenting the agenda items for voting, would give a brief background on the items to be voted and shareholders are invited to give their views and comments before voting took place.

Shareholders would be informed of their right to demand for a poll vote on the resolutions before the commencement of the general meeting. In line with the Listing Requirements to encourage more shareholders participation at the Company's general meetings, the Company allows its member who is entitled to attend and vote at the general meeting to appoint a proxy to attend and vote for him and that the proxy so appointed 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. The Company is in the process of amending its Articles of Association to include explicitly the right of a proxy to speak at general 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 Notice for the forthcoming 47th Annual General Meeting of the Company, which will be held on 20 November 2013, is on pages 101 - 103 of this Annual Report.

CONCLUSION

The Board recognizes the importance of good corporate governance and the Board believes that it has managed the affairs of the Group in accordance with good corporate governance standards which are in compliance with the Recommendations as set out in the Code, except where state otherwise above. The Board will strive to continually improve on the Group's Corporate Governance Framework in order to achieve the highest standard of good corporate governance practices.

AUDIT COMMITTEE REPORT

PURSUANT TO PARAGRAPH 15.15 OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The Board of Directors of the Company ("Board") is pleased to present its Audit Committee Report for the financial year ended 31 May 2013.

1. TERMS OF REFERENCE

COMPOSITION

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

All members of the Audit Committee must be financially literate with sufficient financial experience and ability and at least one (1) of them shall be a member of the Malaysian Institute of Accountants or a person who fulfills the requirements under Paragraph 15.09 (1) (c) of the Listing Requirements. No Alternate Director shall be appointed as a member of the Audit Committee.

The Chairman of the Audit Committee shall be elected at the first Audit Committee meeting held after each annual general meeting of the Company, from amongst its members and he shall be an Independent Non-Executive Director. The Chairman so elected shall hold office until the commencement of the first Audit Committee meeting held after each annual general meeting of the Company.

If a member of the Audit Committee resigns or for any reason ceases to be a member which result in the number of members being less than the required number of three (3), the Board 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 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 in fulfilling its fiduciary responsibilities relating to risk management, 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. ensuring the implementation of appropriate risk management framework for identification of principal risks associated with the Group's business;
4. reviewing the adequacy and integrity of the Group's risk management framework, its system of internal control and management information system; and
5. reviewing and ensuring the financial statements reported are meeting the applicable accounting standards, financial reporting standards and other statutory requirements.

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 audit plan, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
   - iii. To review the quarterly interim financial reports and year-end audited 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 review the audit report, the assistance given by the employees of the Company to the external auditors, and 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); and
   - v. To review the external auditors' evaluation of the system of internal controls;

B. INTERNAL AUDIT
   i. To do the following, in relation to the internal audit function:
      a. determine the scope and functions 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 programme, processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
      e. 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 internal auditors.
   ii. To review any related party transaction and conflict of interests situation that may arise within the Company and its subsidiaries including any transaction, procedure or course of conduct that raises questions of management integrity;
   iii. To review the quality, adequacy and effectiveness of the Group's internal audit functions; and
   iv. To consider other topics as defined by the Board which would be beneficial to the Company and help to ensure the effective discharge of the Committee's duties and responsibilities.

2. The representatives of the Internal Auditors and 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 Auditors 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 Executive Vice Chairman or the Executive Director, the Chief Financial Officer and other senior operating staff, the Internal Auditors 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 with relevant experience and expertise if it considers necessary.

MEETING

The Audit Committee shall meet every quarterly or at other frequencies as directed by the Board 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 least seven (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 upon request.

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

2. MEMBERS

The membership of the Audit Committee during the financial year is as listed below:

- Safrizal Bin Mohd Said - (Independent Non-Executive Director) - Chairman
- Lim Hock Chye - (Independent Non-Executive Director) - Member
- Abdul Latif Bin Mahamud - (Non-Independent Non-Executive Director) - Member

Safrizal Bin Mohd Said is a person who fulfills the requirements under Paragraph 15.09(1)(c)(ii) of the Listing Requirements. As such, the composition of the Audit Committee during the financial year complied with the Terms of Reference of the Audit Committee.

3. MEETINGS AND SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee carried out its duties as set out in its Terms of Reference. The Audit Committee held five (5) meetings which were attended by all the members. The Internal Auditors and the External Auditors attended four (4) and three (3) Audit Committee meetings respectively. With the concurrence of the External Auditors that there were no matters requiring the External Auditors to discuss with the Audit Committee in private, there were no private sessions held with the External Auditors without the presence of management during the financial year.

Below is a summary of the activities undertaken by the Audit Committee during the financial year:
- Reviewed the quarterly Interim Financial Reports with the management before recommending them for the Board's approval for release to Bursa Securities; and
- Reviewed the annual Audited Financial Statements with the management and the External Auditors prior to submission to the Board for approval for release to Bursa Securities.

The reviews above were to ensure, inter-alia, that the quarterly Interim Financial Reports and the annual Audited Financial Statements complied with the provisions of the Companies Act, 1965, the Listing Requirements, the approved Malaysian Financial Reporting Standards ("MFRS") and other statutory and regulatory requirements.

- Reviewed and approved the External Auditors' statutory audit plan including the scope of the audits for the financial year prior to the commencement of the audits with the External Auditors;
- In respect of the statutory audit plan, to appraise with the management the significant changes to the MFRS and the significant areas of audit emphasis and the possible impact of these changes and areas of audit emphasis to the Group's annual Audited Financial Statements;
- Reviewed and approved the Internal Auditors' internal audit plan, including the scope of the audits for the financial year prior to the commencement of the audits with the Internal Auditors;
- Reviewed with the External Auditors the results of their audit, the audit report and the internal control recommendations in respect of the weaknesses noted in the Group's risk management and internal control system in the course of their audit and the management's responses and remedial actions to be undertaken in relation to the weaknesses noted therein;
- Reviewed the External Auditors' performance with the management, their independence and suitability for their re-appointment, the reasonableness of their remuneration and made recommendation to the Board for acceptance and for their reappointment (subject to approval by the shareholders);
- Reviewed the quarterly Internal Audit Reports with the Internal Auditors on audit findings on major weaknesses in the Group's risk management and internal control system and the management responses thereon and monitoring the remedial actions taken in response to the weaknesses noted;
- Reviewed the key risks identified and the risk management procedures, including an ongoing evaluation of these risk management procedures, to mitigate those risks;

- Reviewed the related party transactions and the conflict of interest situations entered into by the Group and the disclosures in the annual Audited Financial Statements, if any; and
- Review the performance of the Internal Auditors and the resources requirements thereof.

During the Board meetings, the Chairman of the Audit Committee briefed the Board on the matters discussed during the Audit Committee meetings. The Chairman of the Audit Committee also briefed the Board on their deliberation pertaining to the Internal Audit Reports, the quarterly Interim Financial Reports, the annual Audited Financial Statements and the recommendations of the Committee thereon to the Board to adopt the quarterly Interim Financial Reports and the annual Audited Financial Statements.

4. 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 Group's risk management and internal control system. During the financial year, the Audit Committee outsourced the Group's internal audit function to Sterling Business Alignment Consulting Sdn Bhd, a professional consulting firm.

As per the Terms of References for the Audit Committee, the Audit Committee has been explicitly accorded the power 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.

During the financial year, the Internal Auditors carried out their responsibilities according to the Internal Audit Plan approved by the Audit Committee. Amongst the responsibilities of the Internal Auditors were:

a. to assist the Board in reviewing the adequacy and effectiveness of the Group's risk management framework and internal control system in identifying and managing principal risks, ensuring compliance with the law and regulations, preserving the quality of assets and the integrity of management information system and consequently to determine the future requirements for internal control system and to co-develop a prioritized action plan;
b. to perform a risk assessment of the Group's business operation and to identify the business processes within the Group that internal audit should focus on; and
c. to allocate audit resources to areas within the Group that provide the Audit Committee and the management with efficient and effective level of audit coverage.

At the Audit Committee meetings, the Internal Auditors presented the quarterly Internal Audit Reports to the Audit Committee for review and discussion. The quarterly Internal Audit Reports highlighted major weaknesses identified in the Group's risk management and internal control system. The Internal Auditors' also recommended the corrective actions to overcome the weaknesses as well as the management's response to the findings and the recommendations. Target was set for the appropriate corrective actions to be effected and the Internal Auditors would report their findings from the follow-up reviews in the subsequent Audit Committee meetings.

5. CONCLUSION

The Audit Committee is of the opinion that it has discharged its duties in accordance with the Terms of Reference as established above during the financial year under review. The Audit Committee is satisfied that, during the financial year under review, the Group's risk management framework and internal control system was adequate and effective.

Please refer pages 28 - 29 of this Annual Report for the Statement on Risk Management and Internal Control.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

PURSUANT TO PARAGRAPH 15.26(b) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

INTRODUCTION

The Board of Directors of the Company ("Board") recognised and is committed to maintain a sound internal control system and effective risk management framework within the Group to safeguard its assets and shareholders' investment as recommended under the Malaysian Code on Corporate Governance 2012 ("Code").

The Board is pleased to provide the Group's Statement on Risk Management and Internal Control for the financial year ended 31 May 2013 made pursuant to Paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"). This Statement has been prepared in accordance with the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" endorsed by Bursa Securities.

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

RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the establishment and maintenance of a sound Risk Management and Internal Control system in the Group. The Board is also responsible for reviewing the adequacy, effectiveness and integrity of the Group's Risk Management and Internal Control system. There were on going and independent reviews carried out by the Internal Audit function on the Group's Internal Control system during the financial year under review.

It is important to note that, nevertheless, the Group's Risk Management and 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 due to its inherent limitations and the consideration of cost factor. As such, the Group's Risk Management and Internal Control system can only provide reasonable and not absolute assurance against material mis-statement of management or financial information, financial losses or frauds.

RISK MANAGEMENT PROCESS AND INTERNAL CONTROL

The Group has an ongoing process for identifying key risks in its operations and developing the related internal controls to manage those risks. These processes are embedded within the Group's business operations and guided by the operational manuals and policies and procedures of the Group.

The Board has delegated the management of risks in the Group's daily operations to the management team. The Internal Audit function reviewed the Internal Control system of the Group and reported to the Audit Committee of its findings at the Audit Committee meetings.

KEY ELEMENTS OF INTERNAL CONTROL

The main features of the Group's Internal Control system during the financial year ended 31 May 2013 are summarised as follows:

- **Organisation structure and responsibility levels**

  The Group's organisational structure has clearly defined level of authorities and lines of responsibility to ensure accountabilities for risk management and control activities. There are proper segregation of duties and responsibilities to eliminate the incidence of an employee having a total control of a business process.

  The Board entrusted the daily running of the business to the Executive Vice Chairman and his management team. Experienced and competent employees were placed in positions of responsibility to ensure that the objectives of the Group's Risk Management and Internal Control system are achieved.

  The Board 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 Executive Vice Chairman.

- **Audit Committee and internal audit**

  The Audit Committee was entrusted by the Board to ensure that an effective and adequate Risk Management and Internal Control system was in place during the financial year. To assist the Audit Committee in discharging its duties and responsibilities, the Audit Committee outsourced the Internal Audit function to a professional consulting firm to take charge of the Group's Internal Audit function. The Internal Audit function supported the Audit Committee by providing independent appraisal of the adequacy, effectiveness and integrity of the Group's Internal Control system.

  The Audit Committee has 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. It would also approve the Internal Audit plan. The Board has also empowered the Audit Committee to review and assess the performance of the Internal Audit function.

  The Internal Audit function has conducted independent reviews of the key activities within the Group's operating units based on a detailed Internal Audit plan which has been approved by the Audit Committee during the financial year.

  The Internal Audit function reported its findings on the Group's Risk Management and Internal Control system quarterly to the Audit Committee and would report any incidence of non-compliance of the Group's Risk Management and Internal Control system and any other matters that would have a material effect on the Group's operations and financial results to the Audit Committee. The Internal Audit function has also performed follow-up reviews to ensure that all weaknesses and non-compliance of the Internal Control system were rectified accordingly. Nonetheless, these weaknesses and non-compliance that have been identified were not deemed significant and hence have not been disclosed in this Statement, as it has not materially impacted the Group's business, financial conditions and results of operations. The Internal Audit function would report the results of the follow-up reviews at the subsequent meeting with the Audit Committee.

  During the financial year under review, the Board was satisfied 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.

- **Reporting and review**

  The Executive Vice Chairman has regular meetings with the senior management to discuss and resolve operational, corporate, financial and key management issues. A report on the Group's performance would be presented to the Board by the management during the Board meetings.

  The Group's quarterly Interim Financial Report and annual Audited Financial Statements would only be endorsed and released to public after being reviewed by the Audit Committee and the Sponsors of the Company as prescribed in the Listing Requirements and upon being 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 of executing 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 delineate authority limits to the appropriate persons to ensure accountability and segregation of duties.

CONCLUSION

The process as outlined on this Statement for identifying, evaluating and managing key risks has been in place for the financial year ended 31 May 2013 and up to the date of the financial statements. The Group's Risk Management and Internal Control system has been reviewed and the Board was satisfied with the review of its adequacy and effectiveness and it has received assurance from the Executive Vice Chairman and the Chief Financial Officer that the Group's Risk Management and Internal Control system was operating adequately and effectively.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Board of Directors ("Board") understands the needs 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 Company and its subsidiaries ("Group") has adopted the following broad principles 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, mutual respect, and win-win proposition; and
- the Group shall manage its activities according to the principles of sustainable development for the needs of future generations.

The Group has carried out certain activities during the financial year ended 31 May 2013 which focused on three (3) main focal areas as disclosed below:

Environment

As a responsible corporation, the Group has initiated various sustainable environmental conservation efforts. Used materials such as papers, paper cartons and cardboard boxes are re-used, where possible, or sent to recycling centres. Used photocopy ink cartridges are sent to ink suppliers for re-use to help save the environment.

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 were conducted to ensure that employees are well trained to handle emergency situations;
- Regular training on workplace safety, product handling, inspection of fire fighting equipment; fire safety talk by the Public Fire Safety & Prevention Education Centre, the personal protection equipment talk and fire and chemical handling drills were carried out for the employees on a regular basis;
- Regular first aid training to employees at the Group's Bulk Liquid Terminal; and
- Fire drill 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, employees of the Group are encouraged to volunteer in community projects. During the financial year, the Group organised various fund raising activities for old folks home and orphanages; made donations to schools and mosques and donated bloods for hospitals.

DIRECTORS' RESPONSIBILITIES STATEMENT IN RELATION TO THE PREPARATION OF AUDITED FINANCIAL STATEMENTS

PURSUANT TO PARAGRAPH 15.26(a) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

In accordance with the Companies Act, 1965, the Directors of the Company are required to prepare 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 Companies and its subsidiaries ("Group") as at the end of the financial year and of the results and the cashflows of the Company and the Group for the financial year then ended.

Pursuant to paragraph 15.26 (a) of the Listing Requirements of Bursa Malaysia Securities Berhad ("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 maintain 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 for the financial year ended 31 May 2013 and the results and cashflows for the Company and the Group for the financial year then ended. The Directors are also responsible for the preparation of financial statements so as to give a true and fair view is accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the Companies Act, 1965; the Listing Requirements and other statutory and regulatory requirements.

In preparing the audited financial statements of the Company and the Group for the financial year ended 31 May 2013 ("Financial Statements"), the Directors have:

- adopted accounting policies which are appropriate and consistently applied ;
- made judgement and estimates which are reasonable and prudent ;
- adopted the assumption that the Company and the Group will operate as a going concern; and
- ensured that all applicable approved accounting standards have been duly complied with subject to any material departure being disclosed and explained in the Financial Statements.

The Directors have also provided the 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.

FINANCIAL STATEMENTS

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 2013.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	1,779	2,577
Attributable to:		
Equity holders of the Company	628	2,577
Non-controlling interest	1,151	-
	1,779	2,577

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

DIVIDENDS

On 14 September 2012, the Company paid a single tier interim dividend of 0.5 sen per ordinary share of RM2,366,415 in respect of the financial year ended 31 May 2013.

The Directors do not recommend any final dividend in respect of the current financial year ended 31 May 2013.

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' (Dr.) Siew Ka Wei	(Executive Vice Chairman)
Abdul Latif bin Mahamud	
Safrizal bin Mohd Said	
Lim Hock Chye	
Lim Hock Heng	
Edmond Cheah Swee Leng	

In accordance with Article 103 of the Company's Articles of Association, Dato' (Dr.) Siew Ka Wei and Dato' Abdul Latif bin Abdullah retire by rotation and, being eligible, offer themselves for re-election.

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 (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Company as shown in Note 8 to the financial statements) by reason 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 26 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 corporations during the financial year were as follows:

	Number of Shares			
	Balance at 1.6.2012	Acquired	Sold	Balance at 31.5.2013
Ordinary Shares of RM0.10 each in the Company				
Direct				
Safrizal bin Mohd Said	5,000	-	(5,000)	-
Dato' (Dr.) Siew Ka Wei	725,867	-	-	725,867
Lim Hock Heng	80,573,516	-	-	80,573,516
Deemed interest				
Dato' (Dr.) Siew Ka Wei	223,712,349	-	-	223,712,349
Ordinary Shares of RM1.00 each in Holding Company, Ancom Berhad				
Direct				
Dato' (Dr.) Siew Ka Wei	15,121,765	2,758,300	-	17,880,065
Deemed interest				
Dato' (Dr.) 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' (Dr.) Siew Ka Wei	107,292,858	-	-	107,292,858

By virtue of his interest in the shares of the holding company, Ancom Berhad, Dato' (Dr.) 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 income statements, statements of comprehensive income and statements of financial 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 no allowance for doubtful debts was necessary; 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 to make any allowance for doubtful debts in respect of the financial statements of the Group and of the Company; 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 of the Group and of the Company which would render any amount stated in the financial statements 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.

SUBSEQUENT EVENT

Details of subsequent event is disclosed in Note 32 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 20 September 2013.

Dato' Abdul Latif bin Abdullah
Director

Dato' (Dr.) Siew Ka Wei
Director

STATEMENT BY DIRECTORS

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

We, Dato' Abdul Latif bin Abdullah and Dato' (Dr.) 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 40 to 94 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 33 to the financial statements on page 95, 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 on behalf of the Board in accordance with a resolution of the Directors dated 20 September 2013.

Dato' Abdul Latif bin Abdullah **Dato' (Dr.) 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 40 to 95 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 20 September 2013. **Lim Chang Meng**

Before me,
N.Madhavan Nair
(No. B064)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the members of Ancom Logistics Berhad
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ancom Logistics Berhad, which comprise the statements of financial position as at 31 May 2013 of the Group and of the Company, and the income statements, 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 40 to 94.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. The Directors are responsible for such internal control as the Directors determine is 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 entity's preparation of 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 entity'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 give a true and fair view of the financial position of the Group and of the Company as at 31 May 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia ("Act"), 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 13 to the financial statements, being the financial statements that have been included in the consolidated 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 REPORTING RESPONSIBILITIES

The supplementary information set out in Note 33 to the financial statements on page 95 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

As stated in Note 2 to the financial statements, Ancom Logistics Berhad adopted Malaysian Financial Reporting Standards on 1 June 2012 with a transition date of 1 June 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 May 2012 and 1 June 2012, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 May 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 May 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 June 2012 do not contain misstatements that materially affect the financial position as at 31 May 2013 and financial performance and cash flows for the year then ended.

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

Ernst & Young
AF:0039
Chartered Accountants
Kuala Lumpur, Malaysia
20 September 2013

Kua Choh Leang
No. 2716/01/15(J)
Chartered Accountant

INCOME STATEMENTS
For the financial year ended 31 May 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue	4	**61,463**	62,069	**5,200**	3,000
Cost of sales	4	**(44,859)**	(44,321)	**-**	-
Gross profit		**16,604**	17,748	**5,200**	3,000
Other income		**610**	326	**-**	9
Selling and marketing expenses		**(156)**	(204)	**-**	-
Administrative and other expenses		**(13,780)**	(12,109)	**(3,034)**	(2,894)
Finance costs	5	**(517)**	(598)	**-**	-
Share of results of an associate		**-**	(31)	**-**	-
Profit before tax	6	**2,761**	5,132	**2,166**	115
Taxation	9	**(982)**	(1,717)	**411**	(183)
Profit/(loss) net of tax		**1,779**	3,415	**2,577**	(68)
Profit/(loss) attributable to:					
Owners of the parent		**628**	2,363	**2,577**	(68)
Non-controlling interest		**1,151**	1,052	**-**	-
		1,779	3,415	**2,577**	(68)
Earnings per share attributable to owners of the parent					
- Basic (sen)	10	**0.13**	0.50		

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 May 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Other comprehensive income/(expense)				
Profit/(loss) net of tax	**1,779**	3,415	**2,577**	(68)
Foreign currency translation, representing other comprehensive (expense)/income for the year, net of tax	**(195)**	293	**-**	-
Total comprehensive income/(expense) for the year	**1,584**	3,708	**2,577**	(68)
Total comprehensive income/(expense) attributable to:				
Owners of the parent	**433**	2,656	**2,577**	(68)
Non-controlling interest	**1,151**	1,052	**-**	-
	1,584	3,708	**2,577**	(68)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 May 2013

	Note	As at 31 May 2013 RM'000	As at 31 May 2012 RM'000	As at 1 June 2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	11	**68,389**	73,217	73,735
Intangible asset	12	**362**	428	263
Investment in an associate	14	**2,802**	2,802	3,902
Deferred tax assets	15	**110**	115	621
		71,663	76,562	78,521
Current assets				
Inventories	16	**636**	696	809
Trade and other receivables	17	**15,699**	14,258	16,935
Other current assets	18	**1,481**	1,385	2,099
Tax recoverable		**652**	652	834
Other investments	19	**264**	1,549	1,806
Cash and bank balances	20	**5,491**	4,745	6,163
		24,223	23,285	28,646
Total assets		**95,886**	99,847	107,167
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	24	**8,968**	8,748	9,599
Loans and borrowings	23	**7,014**	8,516	6,515
Provision for taxation		**224**	453	1,028
		16,206	17,717	17,142
Net current assets		**8,017**	5,568	11,504
Non-current liabilities				
Deferred tax liabilities	15	**8,285**	8,280	7,985
Loans and borrowings	23	**1,476**	2,602	4,054
		9,761	10,882	12,039
Total liabilities		**25,967**	28,599	29,181
Net assets		**69,919**	71,248	77,986

	Note	As at 31 May 2013 RM'000	As at 31 May 2012 RM'000	As at 1 June 2011 RM'000
Equity attributable to equity holders of the Company				
Share capital	21	**47,329**	47,329	47,329
Share premium	21	**6,414**	6,414	6,414
(Accumulated losses)/retained earnings		**(5,829)**	(4,091)	3,012
Merger reserve	22	**8,526**	8,526	8,526
Other reserves	22	**98**	293	-
		56,538	58,471	65,281
Non-controlling interest		**13,381**	12,777	12,705
Total equity		**69,919**	71,248	77,986
Total equity and liabilities		**95,886**	99,847	107,167

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

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 May 2013

	Note	As at 31 May 2013 RM'000	As at 31 May 2012 RM'000	As at 1 June 2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	11	**139**	252	388
Investments in subsidiaries	13	**42,236**	42,236	42,236
Investment in an associate	14	**2,833**	2,833	3,902
		45,208	45,321	46,526
Current assets				
Trade and other receivables	17	**1,048**	11	3,164
Other current assets	18	**-**	13	23
Tax recoverable		**646**	646	828
Cash and bank balances	20	**12**	107	2,991
		1,706	777	7,006
Total assets		**46,914**	46,098	53,532
Equity attributable to equity holders of the Company				
Share capital	21	**47,329**	47,329	47,329
Share premium	21	**6,414**	6,414	6,414
Accumulated losses		**(10,783)**	(10,994)	(1,460)
Total equity		**42,960**	42,749	52,283
Current liabilities				
Trade and other payables, representing total other financial liabilities	24	**3,954**	3,349	1,249
Total equity and liabilities		**46,914**	46,098	53,532

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 2013

			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	Non-controlling interest RM'000
Balance as at 1 June 2011		77,986	47,329	6,414	585	8,526	2,427	2,353	74	12,705
Effect of adopting MFRS 1		-	-	-	2,427	-	(2,427)	(2,353)	(74)	-
Balance as at 1 June 2011		77,986	47,329	6,414	3,012	8,526	-	-	-	12,705
Total comprehensive income		3,708	-	-	2,363	-	293	-	293	1,052
Transaction with owners										
Dividends paid to non-controlling interest of subsidiary		(980)	-	-	-	-	-	-	-	(980)
Dividends on ordinary shares	25	(9,466)	-	-	(9,466)	-	-	-	-	-
Balance as at 31 May 2012/ 1 June 2012		71,248	47,329	6,414	(4,091)	8,526	293	-	293	12,777
Total comprehensive income/ (expense)		**1,584**	**-**	**-**	**628**	**-**	**(195)**	**-**	**(195)**	**1,151**
Transaction with owners										
Additional capital contribution		**433**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**433**
Dividends paid to non-controlling interest of subsidiary		**(980)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(980)**
Dividends on ordinary shares	**25**	**(2,366)**	**-**	**-**	**(2,366)**	**-**	**-**	**-**	**-**	**-**
Balance as at 31 May 2013		**69,919**	**47,329**	**6,414**	**(5,829)**	**8,526**	**98**	**-**	**98**	**13,381**

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 2013

	← Non-distributable →			
	Share Capital RM'000	**Share Premium RM'000**	**Accumulated Losses RM'000**	**Total Equity RM'000**
Balance as at 1 June 2011	47,329	6,414	(1,460)	52,283
Total comprehensive expense	-	-	(68)	(68)
Transaction with owners				
Dividends on ordinary shares (Note 25)	-	-	(9,466)	(9,466)
Balance as at 31 May 2012/1 June 2012	47,329	6,414	(10,994)	42,749
Total comprehensive income	**-**	**-**	**2,577**	**2,577**
Transaction with owners				
Dividends on ordinary shares (Note 25)	**-**	**-**	**(2,366)**	**(2,366)**
Balance as at 31 May 2013	**47,329**	**6,414**	**(10,783)**	**42,960**

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax:	**2,761**	5,132	**2,166**	115
Adjustments for:				
Depreciation of property, plant and equipment	**6,885**	6,860	**113**	136
Amortisation of development expenditure	**66**	65	**-**	-
Impairment of investment in an associate	**-**	1,069	**-**	1,069
Interest expense	**517**	598	**-**	-
Interest income	**(3)**	(12)	**-**	(9)
Fair value gain in other investments	**(15)**	(43)	**-**	-
Gain on disposal of property, plant and equipment	**(101)**	(26)	**-**	-
Dividend income	**-**	-	**(5,200)**	(3,000)
Property, plant and equipment written off	**3**	-	**-**	-
Unrealised gain on foreign exchange	**(35)**	(2)	**-**	-
Share of results of associate	**-**	31	**-**	-
Operating cash flows before changes in working capital	**10,078**	13,672	**(2,921)**	(1,689)
Changes in working capital				
Inventories	**60**	113	**-**	-
Receivables	**(390)**	1,273	**13**	3,162
Payables	**(429)**	(3,340)	**485**	2,100
Related companies	**(63)**	4,371	**2,783**	-
Cash flows from operations	**9,256**	16,089	**360**	3,573
Income tax refund	**527**	-	**481**	-
Income tax paid	**(1,735)**	(1,365)	**(70)**	-
Net cash generated from operating activities	**8,048**	14,724	**771**	3,573
Cash flows from investing activities				
Interest received	**3**	12	**-**	9
Dividend received	**-**	-	**1,500**	3,000
Additional investments in other investments	**(400)**	(1,800)	**-**	-
Proceeds from other investments	**1,700**	2,100	**-**	-
Proceeds from disposal of property, plant and equipment	**773**	43	**-**	-
Purchase of intangible assets	**-**	(230)	**-**	-
Purchase of property, plant and equipment	**(1,800)**	(4,018)	**-**	-
Net cash generated from/(used in) investing activities	**276**	(3,893)	**1,500**	3,009

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash flows from financing activities				
Interest paid	**(517)**	(598)	**-**	-
Dividend paid to non-controlling interest	**(980)**	(980)	**-**	-
Dividend paid	**(2,366)**	(9,466)	**(2,366)**	(9,466)
(Repayment)/drawdown of term loans	**(58)**	725	**-**	-
Repayment of loans and borrowings	**(3,145)**	(2,667)	**-**	-
Repayment of hire purchase payables	**(796)**	(1,086)	**-**	-
Net cash used in financing activities	**(7,862)**	(14,072)	**(2,366)**	(9,466)
Net increase/(decrease) in cash and cash equivalents	**462**	(3,241)	**(95)**	(2,884)
Effect of exchange rate changes in cash and cash equivalents	**(195)**	293	**-**	-
Cash and cash equivalents at 1 June	**1,909**	4,857	**107**	2,991
Cash and cash equivalents at 31 May	**2,176**	1,909	**12**	107
Cash and cash equivalents:				
Cash at banks and on hand (Note 20)	**5,238**	4,644	**12**	107
Short term deposits with licensed banks	**253**	101	**-**	-
	5,491	4,745	**12**	107
Less: Bank overdrafts (Note 23)	**(3,315)**	(2,836)	**-**	-
	2,176	1,909	**12**	107

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 listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). 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 No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The Company is a subsidiary of Ancom Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Securities.

The Company is an investment holding company. The principal activities of the subsidiaries are disclosed in Note 13. There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 September 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

On 1 June 2012, the Group and the Company adopted the Malaysian Financial Reporting Standards ("MFRS") framework established by the Malaysian Accounting Standards Board ("MASB"). The MFRS framework was introduced to fully converge the existing Financial Reporting Standards ("FRS") in Malaysia with the International Financial Reporting Standards ("IFRS") framework established by the International Accounting Standards Board ("IASB").

The financial statements of the Group and of the Company have been prepared in accordance with MFRS, IFRS and the Companies Act, 1965 in Malaysia. Unless otherwise indicated in the significant accounting policies, the financial statements have been prepared under the historical cost basis.

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 First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

The financial statements of the Group and of the Company for the year ended 31 May 2013 are the first set of financial statements prepared in accordance with the MFRS and MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards has been applied. For the periods up to and including the year ended 31 May 2012, the Group and the Company prepared its financial statements in accordance with FRS in Malaysia.

In preparing its opening MFRS Statement of Financial Position as at 1 June 2011, which is the date of transition, the Group has adjusted the amounts previously reported in financial statements prepared in accordance with the FRS. Except as discussed below, the transition from FRS to MFRS has no significant impact on the financial position, financial performance and cash flows of the Group and of the Company. Accordingly, no notes related to the statement of financial position as at date of transition to MFRS are presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") *(continued)*

(i) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from the full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

(a) the classification of former business combinations under FRS is maintained;
(b) there is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
(c) the carrying amount of goodwill recognised under FRS is not adjusted.

(ii) Property, plant and equipment

The Group has previously applied the transitional provisions of IAS 16 (Revised), Property, Plant and Equipment adopted by MASB. Leasehold land and buildings were revalued in 2011 and as permitted by the transitional provisions, these assets continue to be stated on the basis of their 2011 valuation.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. The revaluation reserve of RM2,353,000 (31 May 2012: RM2,353,000; 1 June 2011: RM2,353,000) was transferred to accumulated losses on date of transition to MFRS.

(iii) Foreign currency translation reserve

Under the FRS, the Group recognised translation differences on foreign operations in a separate component of equity.

Exemption is provided under MFRS 1 whereby a first-time adopter need not comply with the above requirement for cumulative translation differences that existed at the date of transition to MFRS. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at date of transition to MFRS and the gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to MFRS and shall include later translation differences.

The Group has elected to reset all cumulation translation differences to zero at the transition date. Accordingly, the cumulative foreign currency translation differences of RM74,000 were adjusted to accumulated losses.

(iv) Estimates

The estimates at 1 June 2011 and 31 May 2012 are consistent with those made for the same dates in accordance with FRS. The estimates used by the Company to present amount in accordance with MFRS reflect conditions as at 1 June 2011, the date of transition to MFRS and as of 31 May 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") *(continued)*

(v) (Accumulated losses)/retained earnings

The following changes which affected the (accumulated losses)/retained earnings have been restated:

	FRS RM'000	Re-classification RM'000	MFRS RM'000
Group			
At 31 May 2012			
Foreign currency translation reserve	(367)	74	(293)
Revaluation reserve	(2,353)	2,353	-
Accumulated losses	(6,518)	2,427	(4,091)
At 1 June 2011			
Foreign currency translation reserve	(74)	74	-
Revaluation reserve	(2,353)	2,353	-
Retained earnings	585	2,427	3,012

2.3 Applicable MFRS and amendments to MFRS that are not yet effective and not adopted

MFRS		Effective for annual periods beginning on or after
MFRS 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 as amended by IASB in December 2003)	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Applicable MFRS and amendments to MFRS that are not yet effective and not adopted *(continued)*

Amendments to		Effective for annual periods beginning on or after
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)	1 January 2013
MFRS 1	Government Loans	1 January 2013
MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities - Transition Guidance	1 January 2013
MFRS 10, MFRS 12 and MFRS 127	Investment Entities	1 January 2014
MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 101	Presentation of Items of Other Comprehensive Income (Annual Improvements 2009-2011 Cycle)	1 January 2013
MFRS 116	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Interpretation		
IC Interpretation 21	Levies	1 January 2014

Adoption of the above standards will have no material impact on the financial statements of the Group and of the Company in the year of initial application, except as discussed below:

MFRS 10 Consolidated Financial Statements

MFRS 10 supercedes MFRS 127 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Pupose Entities. The standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Applicable MFRS and amendments to MFRS that are not yet effective and not adopted *(continued)*

The principle of control sets out the following three elements of control:

(a) power over the investee;
(b) exposure, or rights, to variable returns from involvement with the investee; and
(c) the ability to use power over the investee to affect the amount of the investor's returns.

The standard also sets out the accounting requirements for the preparation of consolidated financial statements, especially in circumstances where the investor holds less than a majority of voting rights, or where an investee is designed so that voting rights are not the dominant factor in deciding control, or in circumstances involving agency relationships or where the investor has control over specified assets of an investee.

MFRS 12 Disclosure of Interests in Other Entities

MFRS 12 is a combined disclosure standard for interests in subsidiaries, joint ventures, associates and unconsolidated structured entities. The standard requires an entity to disclose information that enables users of its financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

The standard affects disclosures only and has no impact on the financial position or performance of the Group.

Amendments to MFRS 101 Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

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.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Basis of consolidation *(continued)*

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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.

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.

2.5 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Foreign currency *(continued)*

(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.

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

Property, plant and equipment are initially stated at cost. Cost consists of purchase, commissioning, installation costs and in respect of construction of plant and machinery, interest expense incurred prior to commencement of production and other expenditure that is directly attributable to the acquisition of the asset.

Subsequent to recognition, all property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Other repair and maintenance costs are recognised in profit or loss as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Property, plant and equipment *(continued)*

Certain leasehold land and buildings of the Group have not been revalued since they were first revalued in 2011. As permitted under the transitional provisions of IAS 16 (Revised) Property, Plant and Equipment, these assets were stated at their 2011 valuation less accumulated depreciation. Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. The revaluation reserve of RM2,353,000 at 1 June 2011 and 31 May 2012 was reclassified to accumulated losses on date of transition to MFRS.

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

Buildings	8 - 36 years
Plant and machinery	5 - 20%
Furniture, fittings and office equipment	10%
Motor vehicles	5%
Renovation	10%

Assets under construction included in property, 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 values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives 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 useful life or the expected pattern of consumption of future economic benefits embodied in the asset 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.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Intangible assets *(continued)*

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.

Research and development costs

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. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project (ranging from 4 to 8 years) on a straight line basis.

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")).

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 investments in associates are 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.

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.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at each reporting date whether there is any objective evidence that the investments in the associates are 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 associates 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 statements 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Financial assets *(continued)*

(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 are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(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 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, the date that the Group and the Company commit to purchase or sell the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, receivables 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.

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, highly liquid investments 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 MFRS 139, are recognised in the statements 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.

All financial liabilities of the Group are classified as other financial liabilities which include trade payables, other payables and loans 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 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Employee benefits

Defined contribution plans

The Group and the Company make contribution to the Employees Provident Fund ("EPF") in Malaysia, a defined contribution pension scheme. The Group's foreign subsidiary makes contribution to its respective country's statutory pension scheme. Contributions to respective country's statutory pension scheme are recognised as an expense in the period in which the related service is performed.

2.19 Leases - as lessee

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.

2.20 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.

(c) Interest income

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

(d) Dividend income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21 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.

(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:

(i) 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

(ii) 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:

(i) 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

(ii) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21 Income taxes *(continued)*

(b) Deferred tax *(continued)*

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.

2.22 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 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 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 Judgement made in applying accounting policies

In the process of applying the Group's accounting policies, management has not made any significant judgement during the financial year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

3.2 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 vehicles transportation 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 11. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 19.4% (2012: 10.0%) variance in the Group's profit net of tax.

(b) Impairment of the investment in an associate

The Group assesses at each reporting date whether there is any objective evidence that the investment in an associate is impaired.

The associate is currently under voluntary liquidation and is in the process of disposing its property and other assets for realisation in cash. After all its property and other assets are realised in cash, it will be distributed to its shareholders in accordance to the liquidation process.

During the current financial year, based on the estimated recoverable amount of the investment in an associate, which include valuation of the remaining property revalued by independent professional valuers, the accumulated impairment for the investment in the said associate as at 31 May 2013 was RM1,069,000 (2012: RM1,069,000).

4. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of goods	**2,845**	2,883	**-**	-
Rendering of services	**58,618**	59,186	**-**	-
Dividend income	**-**	-	**5,200**	3,000
	61,463	62,069	**5,200**	3,000

Cost of sales represents the cost of product sold and cost of rendering services.

5. FINANCE COSTS

	Group 2013 RM'000	Group 2012 RM'000
Interest expense:		
Bank overdrafts	**152**	114
Lease and hire purchases	**61**	63
Term loans and banker's acceptance	**304**	421
	517	598

6. PROFIT BEFORE TAX

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amortisation of development expenditure (Note 12)	**66**	65	**-**	-
Auditors' remuneration	**194**	132	**94**	50
Depreciation of property, plant and equipment (Note 11)	**6,885**	6,860	**113**	136
Operating lease rental	**2,736**	2,820	**-**	-
Rental of premises	**295**	177	**-**	-
Realised loss/(gain) on foreign exchange	**34**	(79)	**-**	-
Property, plant and equipment written off	**3**	-	**-**	-
Unrealised gain on foreign exchange	**(35)**	(2)	**-**	-
Impairment of investment in an associate (Note 14)	**-**	1,069	**-**	1,069
Gain on disposal of property plant and equipment	**(101)**	(26)	**-**	-
Interest income	**(3)**	(12)	**-**	(9)
Fair value gain in other investments	**(15)**	(43)	**-**	-
Employee benefits expense (Note 7)	**7,113**	7,910	**972**	732

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Wages and salaries	**5,305**	6,509	**320**	329
Defined contribution plan	**641**	732	**40**	39
Others	**1,167**	669	**612**	364
	7,113	7,910	**972**	732

Included in staff costs of the Group are Executive Directors' remuneration of RM2,820,000 (2012: RM1,953,000) 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	
	2013	**2012**
	RM'000	**RM'000**
Executive Directors		
Salaries	**1,240**	1,426
Other emoluments	**1,580**	527
	2,820	1,953
Non-Executive Directors		
Fees	**360**	291
Benefit-in-kind	**28**	28
	388	319
Total Directors' remuneration	**3,208**	2,272

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	
	2013	**2012**
Executive Directors		
RM1 to RM1,250,000	**1**	2
RM1,250,001 to RM2,500,000	**1**	-
	2	2
Non-Executive Directors		
RM1 to RM50,000	**-**	1
RM50,001 to RM100,000	**5**	4
	5	5

9. TAXATION

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	**1,420**	1,185	**-**	-
- (Over)/under provision in prior years	**(458)**	34	**(411)**	183
	962	1,219	**(411)**	183
Deferred tax (Note 15):				
Relating to originating and reversal of temporary differences	**29**	400	**(9)**	(13)
(Over)/under provision in prior years	**(9)**	98	**9**	13
	20	498	**-**	-
Taxation recognised in profit or loss	**982**	1,717	**(411)**	183

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year. The corporate tax rate applicable to the subsidiary domiciled in Singapore is 17% (2012: 17%).

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate against the income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit before tax:	**2,761**	5,132	**2,166**	115
Taxation at Malaysian statutory tax rate of 25%	**690**	1,283	**542**	29
Effect of different tax rates in foreign countries	**(144)**	(173)	**-**	-
Income not subject to tax	**(321)**	(243)	**(1,300)**	(750)
Expenses not deductible for tax purpose	**726**	550	**229**	434
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**-**	(89)	**-**	-
Deferred tax asset not recognised during the financial year	**535**	276	**520**	274
(Over)/under provision of deferred tax in prior years	**(9)**	98	**9**	13
(Over)/under provision of tax expenses in prior years	**(458)**	34	**(411)**	183
Others	**(37)**	(19)	**-**	-
	982	1,717	**(411)**	183

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

10. EARNINGS PER SHARE

Basic earnings per ordinary share amounts are calculated by dividing the profit for 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	
	2013 RM'000	**2012 RM'000**
Profit net of tax, attributable to the owners of the parent	**628**	2,363
	Number of shares '000	**Number of shares '000**
Weighted average number of ordinary shares for basic earnings per share computation *	473,286	473,286

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

	Group	
	2013 RM	**2012 RM**
Earnings per share attributable to owners of the parent:		
- Basic, for continuing operations (sen)	**0.13**	0.50

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.

11. 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								
At 1 June 2012	1,016	27,914	52,360	36,036	2,719	160	-	120,205
Additions	-	57	436	2,366	107	6	-	2,972
Disposals	-	-	(1,003)	(881)	(5)	-	-	(1,889)
Write off	-	-	(31)	(75)	(99)	-	-	(205)
Reclassification	-	(1,769)	198	(198)	-	1,769	-	-
Exchange differences	-	(191)	(5)	(65)	(6)	(15)	-	(282)
At 31 May 2013	1,016	26,011	51,955	37,183	2,716	1,920	-	120,801
Accumulated Depreciation								
At 1 June 2012	-	1,744	22,113	21,320	1,687	124	-	46,988
Charge for the financial year (Note 6)	-	755	2,633	3,035	271	191	-	6,885
Disposals	-	-	(421)	(792)	(4)	-	-	(1,217)
Write off	-	-	(29)	(74)	(99)	-	-	(202)
Reclassification	-	(552)	45	(45)	-	552	-	-
Exchange differences	-	(5)	(3)	(25)	(3)	(6)	-	(42)
At 31 May 2013	-	1,942	24,338	23,419	1,852	861	-	52,412
Net Book Value								
At 31 May 2013	1,016	24,069	27,617	13,764	864	1,059	-	68,389

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

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 2011	1,016	26,145	51,679	33,506	3,505	110	24	115,985
Additions	-	1,722	711	3,192	375	50	-	6,050
Disposals	-	-	(37)	(312)	(6)	-	-	(355)
Write off	-	-	-	(424)	(1,394)	-	-	(1,818)
Reclassification	-	(209)	-	-	234	-	(25)	-
Exchange differences	-	256	7	74	5	-	1	343
At 31 May 2012	1,016	27,914	52,360	36,036	2,719	160	-	120,205
Accumulated Depreciation								
At 1 June 2011	-	1,973	19,489	18,974	2,310	(496)	-	42,250
Charge for the financial year (Note 6)	-	897	2,644	3,058	250	11	-	6,860
Disposals	-	-	(23)	(312)	(3)	-	-	(338)
Write off	-	-	-	(424)	(1,394)	-	-	(1,818)
Reclassification	-	(1,130)	-	-	521	609	-	-
Exchange differences	-	4	3	24	3	-	-	34
At 31 May 2012	-	1,744	22,113	21,320	1,687	124	-	46,988
Net Book Value								
At 31 May 2012	1,016	26,170	30,247	14,716	1,032	36	-	73,217

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

Company	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 June/31 May	**11**	**743**	**754**
Accumulated Depreciation			
At 1 June 2012	**7**	**495**	**502**
Charge for the financial year (Note 6)	**2**	**111**	**113**
At 31 May 2013	**9**	**606**	**615**
Net Book Value			
At 31 May 2013	**2**	**137**	**139**
Cost			
At 1 June 2011	11	1,167	1,178
Write off	-	(424)	(424)
At 31 May 2012	11	743	754
Accumulated Depreciation			
At 1 June 2011	5	785	790
Charge for the financial year (Note 6)	2	134	136
Write off	-	(424)	(424)
At 31 May 2012	7	495	502
Net Book Value			
At 31 May 2012	4	248	252

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

(a) Certain leasehold land and buildings of the Group have not been revalued since they were first revalued in 2011. As permitted under the transitional provisions of IAS 16 (Revised) Property, Plant and Equipment, these assets were stated at their 2011 valuation less accumulated depreciation. Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment.

(b) A piece of leasehold land of the Group with a carrying amount of RM19,679,000 (2012: RM20,431,000) is pledged for banking facilities granted to the Group as disclosed in Note 23.

(c) During the financial year, the Group acquired property, plant and equipment at aggregate cost of RM2,972,000 (2012: RM6,050,000) of which RM1,172,000 (2012: RM2,032,000) were acquired by means of hire purchase and finance lease arrangements.

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	
	2013	**2012**
	RM'000	**RM'000**
Motor vehicles	**4,424**	5,899

12. INTANGIBLE ASSET

	Group	
	2013	**2012**
	RM'000	**RM'000**
Development expenditure		
At beginning of financial year	**428**	263
Addition during the financial year	**-**	230
Amortisation during the financial year	**(66)**	(65)
At end of financial year	**362**	428

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	**2012**
	RM'000	**RM'000**
Unquoted shares - at cost	**42,569**	42,569
Less: Accumulated impairment losses	**(333)**	(333)
	42,236	42,236

13. INVESTMENTS IN SUBSIDIARIES *(continued)*

Details of subsidiaries are as follows:

Name of Company	Country of incorporation	Principal activities	Proportion of ownership interest 2013 %	2012 %
Held by the Company:				
Ancom Components Sdn Bhd*	Malaysia	Manufacturing and marketing of low voltage switchgear	**67**	67
Ancom Systems Technology (Malaysia) Sdn Bhd*	Malaysia	Dormant	**100**	100
Synergy Trans-Link Sdn Bhd*	Malaysia	Investment holding	**100**	100
Hikmat Ikhlas Sdn Bhd@*	Malaysia	Trading and contracting in electrical engineering products	**35**	35
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**	51
Sinsenmoh Transportation Pte Ltd	Singapore	Freight forwarding, packing and crafting services	**100**	100
Synergy Concepts Sdn Bhd	Malaysia	In liquidation	**100**	100
Synergy Point Sdn Bhd	Malaysia	In liquidation	**100**	100
Pengangkutan Cogent Sdn Bhd*	Malaysia	Providing transportation and related services	**100**	100

* Audited by Ernst & Young

@ 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

14. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unquoted shares, at costs	**3,902**	3,902	**3,902**	3,902
Share of post-acquisition results	**(31)**	(31)	**-**	-
	3,871	3,871	**3,902**	3,902
Less: Accumulated impairment losses	**(1,069)**	(1,069)	**(1,069)**	(1,069)
	2,802	2,802	**2,833**	2,833

Details of associate are as follows:

Name of Company	Country of incorporation	Principal activities	Proportion of ownership interest 2013 %	2012 %
Tamco Chongqing Switchgear Company Limited	China	In liquidation	**49%**	49%

The summarised financial information of the associate based on management accounts as at the reporting date and not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2013 RM'000	2012 RM'000
Assets and liabilities		
Current assets	**3,915**	3,885
Non-current assets	**2,412**	2,521
Total assets	**6,327**	6,406
Current liabilities/total liabilities	**401**	396
Results		
Loss for the year	**(55)**	(63)

15. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2013 RM'000	Group 2012 RM'000
At 1 June	**(8,165)**	(7,364)
Recognised in profit or loss (Note 9)	**(20)**	(498)
Exchange differences	**10**	(303)
At 31 May	**(8,175)**	(8,165)

	Group 2013 RM'000	Group 2012 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	**110**	115
Deferred tax liabilities	**(8,285)**	(8,280)
	(8,175)	(8,165)

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 2011	(7,684)	(301)	(7,985)
Recognised in profit or loss	8	-	8
Exchange differences	-	(303)	(303)
At 31 May 2012	(7,676)	(604)	(8,280)
At 1 June 2012	**(7,676)**	**(604)**	**(8,280)**
Recognised in profit or loss	**(15)**	**-**	**(15)**
Exchange differences	**-**	**10**	**10**
At 31 May 2013	**(7,691)**	**(594)**	**(8,285)**

15. DEFERRED TAX ASSETS/(LIABILITIES) *(continued)*

Deferred tax assets of the Group:

	Provisions RM'000	Tax losses and unabsorbed capital allowances RM'000	Total RM'000
At 1 June 2011	97	524	621
Recognised in profit or loss	18	(524)	(506)
At 31 May 2012	115	-	115
At 1 June 2012	**115**	-	**115**
Recognised in profit or loss	**(5)**	-	**(5)**
At 31 May 2013	**110**	-	**110**

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unused tax losses	**5,323**	3,185	**2,078**	-

At the reporting date, the Group and the Company have tax losses of approximately RM5,323,000 (2012: RM3,185,000) and RM2,078,000 (2012: nil) respectively that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

16. INVENTORIES

	Group	
	2013 RM'000	2012 RM'000
At costs		
Finished goods	**582**	650
Raw materials and consumable stores	**54**	46
	636	696
Cost of inventories recognised in profit or loss	**1,678**	1,237

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current				
Trade receivables				
Third parties	**12,548**	12,324	**-**	-
Other receivables				
Refundable deposits	**307**	294	**11**	11
Other receivables	**474**	467	**-**	-
Amounts due from related companies	**2,284**	1,173	**982**	-
Amount due from holding company	**86**	-	**55**	-
	3,151	1,934	**1,048**	11
	15,699	14,258	**1,048**	11
Total trade and other receivables	**15,699**	14,258	**1,048**	11
Add: Cash and bank balances (Note 20)	**5,491**	4,745	**12**	107
Total loans and receivables	**21,190**	19,003	**1,060**	118

(a) Trade receivables

Trade receivables are generally on 30 to 120 days (2012: 30 to 90 days) terms. Other credit terms are assessed and approved on case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

<u>Ageing analysis of trade receivables</u>

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

	Group	
	2013 RM'000	2012 RM'000
Neither past due nor impaired	**8,742**	4,579
1 to 30 days past due not impaired	**2,092**	3,058
31 to 60 days past due not impaired	**810**	2,609
61 to 90 days past due not impaired	**343**	1,057
91 to 120 days past due not impaired	**185**	319
More than 121 days past due not impaired	**376**	702
Past due but not impaired	**3,806**	7,745
	12,548	12,324

17. TRADE AND OTHER RECEIVABLES *(continued)*

(a) Trade receivables *(continued)*

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy 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 occurred infrequently.

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

Receivables that are past due but not impaired

The trade receivables of the Group of RM3,806,000 (2012: RM7,745,000) that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

(b) Related party balances

Amounts due from subsidiaries, related and holding companies

Related companies refer to subsidiaries of Ancom Berhad, the 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.

18. OTHER CURRENT ASSETS

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Prepayments	**1,481**	1,385	**-**	13

19. OTHER INVESTMENTS

	Group	
	2013	**2012**
	RM'000	**RM'000**
Quoted investment designated as fair value through profit or loss	**264**	1,549
Market value	**264**	1,549

20. CASH AND BANK BALANCES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash at banks and on hand	**5,238**	4,644	**12**	107
Short term deposits with licensed banks	**253**	101	**-**	-
	5,491	4,745	**12**	107

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 are 3.11% (2012: 3.15%) per annum and the maturity days range from 1 day to 127 days (2012: 30 days to 120 days).

21. SHARE CAPITAL AND SHARE PREMIUM

	Group and Company 2013/2012		
	Number of ordinary shares RM0.10 each Share capital (issued and fully paid) '000	Amount Share capital (issued and fully paid) RM'000	Amount Share premium RM'000
At beginning/end of year	473,286	47,329	6,414

	Number of ordinary shares of RM0.10 each 2013 '000	Number of ordinary shares of RM0.10 each 2012 '000	Amount 2013 RM'000	Amount 2012 RM'000
Authorised share capital				
At beginning/end of year	**2,500,000**	2,500,000	**250,000**	250,000

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.

22. MERGER RESERVE AND OTHER RESERVES

	Merger reserve RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
Group				
At 1 June 2011	8,526	2,353	74	10,953
Effect of adopting MFRS 1	-	(2,353)	(74)	(2,427)
Total other comprehensive income	-	-	293	293
At 31 May 2012	8,526	-	293	8,819
At 1 June 2012	**8,526**	**-**	**293**	**8,819**
Total other comprehensive expense	**-**	**-**	**(195)**	**(195)**
At 31 May 2013	**8,526**	**-**	**98**	**8,624**

(a) Merger reserve

Merger reserve arose from the acquisition of certain subsidiaries in previous financial years and was accounted for under the pooling of interest method.

(b) 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.

23. LOANS AND BORROWINGS

		Group	
	Maturity	2013 RM'000	2012 RM'000
Current:			
Secured:			
Hire purchase and finance lease payables (Note 27(b))	2014	**1,305**	1,478
Bank overdrafts	On demand	**3,315**	2,836
Bankers acceptances	2014	**1,564**	1,622
		6,184	5,936
Unsecured:			
Term loan	2014	**830**	2,580
		7,014	8,516
Non-current			
Secured:			
Hire purchase and finance lease payables (Note 27(b))	2013-2015	**1,476**	1,772
Unsecured:			
Term loan	2013-2014	**-**	830
		1,476	2,602
Total loans and borrowings		**8,490**	11,118

Bank overdrafts

The secured borrowings bear interest at rates ranging from 5% to 8.6% per annum (2012: 1.75% to 8.6% per annum) during the financial year.

Bankers acceptances

The secured banker acceptances bear interest at rates ranging from 3% to 5% per annum (2012: 3% to 4% per annum) during the financial year.

The bank overdrafts and banker acceptances are secured by the leasehold property, fixed deposit and corporate guarantee provided by the holding company, Ancom Berhad.

Obligations under hire purchase and finance lease payables

The interest rates and maturity profile of hire purchase and finance lease payables are disclosed in Note 27 (b).

Term loan

The term loan bears interest at rates ranging from 5.2% to 5.8% per annum (2012: 5.0% to 5.8% per annum) and is secured by corporate guarantee provided by the holding company, Ancom Berhad.

24. TRADE AND OTHER PAYABLES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Current				
Trade payables				
Third parties	**3,105**	3,937	**-**	-
Other payables				
Accruals	**1,065**	1,325	-	-
Other payables	**2,100**	1,489	**1,078**	593
Amount due to holding company	**2,296**	1,757	**2,230**	1,750
Amounts due to related companies	**402**	240	**646**	1,006
	5,863	4,811	**3,954**	3,349
Total trade and other payables	**8,968**	8,748	**3,954**	3,349
Trade and other payables	**8,968**	8,748	**3,954**	3,349
Add: Loans and borrowings (Note 23)	**8,490**	11,118	**-**	-
Total financial liabilities carried at amortised cost	**17,458**	19,866	**3,954**	3,349

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2012: 30 to 90 days). These are non-interest bearing.

(b) Other payables

Other payables are normally settled on an average term of 6 months (2012: 6 months). These are non-interest bearing.

(c) Amount due to holding company

Amount due to holding company is unsecured, non-interest bearing (2012: bore interest of 8% per annum) and repayable on demand.

(d) Amounts due to related companies

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

25. DIVIDENDS

	Dividends in respect of Year		Dividends recognised Year	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interim dividend for 2013: 0.5 sen per share single tier interim dividend on 473,286,313 ordinary shares paid on 14 September 2012	**2,366**	-	**2,366**	-
Final dividend for 2011: 2 sen per share single tier final dividend on 473,286,313 ordinary shares paid on 22 December 2011	**-**	-	**-**	9,466
	2,366	-	**2,366**	9,466

26. 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of services to related companies	**5,988**	4,278	**-**	-
Dividends income from subsidiaries	**-**	-	**5,200**	3,000

Related companies refer to subsidiaries and associates of Ancom Berhad.

26. RELATED PARTY TRANSACTIONS *(continued)*

(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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Salaries	**2,028**	1,945	**237**	212
Defined contribution plan	**48**	41	**29**	25
Other emoluments	**1,434**	424	**559**	242
	3,510	2,410	**825**	479

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

27. COMMITMENTS

(a) Operating lease commitment

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

	Group	
	2013 RM'000	2012 RM'000
Not later than 1 year	**4,375**	2,061
Later than 1 year but not later than 5 years	**9,790**	4,699
Later than 5 years	**25,545**	19,528
	39,710	26,288

27. COMMITMENTS *(continued)*

(b) Finance lease commitment

The Group has finance leases for certain items of plant and equipment and furniture and fixtures (Note 11). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

	Group	
	2013	**2012**
	RM'000	**RM'000**
Minimum lease payments:		
Not later than 1 year	**1,406**	1,619
Later than 1 year but not later than 2 years	**1,449**	1,080
More than 2 years but not later than 5 years	**85**	781
Total minimum lease payments	**2,940**	3,480
Less: Amounts representing finance charges	**(159)**	(230)
Present value of minimum lease payments	**2,781**	3,250

	Group	
	2013	**2012**
	RM'000	**RM'000**
Present value of payments		
Not later than 1 year	**1,305**	1,478
Later than 1 year but not later than 2 years	**1,476**	1,015
More than 2 years but not later than 5 years	**-**	757
	1,476	1,772
	2,781	3,250

The hire purchase and lease liabilities bore flat interest rates during the financial year of between 1.60% and 3.50% (2012: 1.90% and 3.25%) per annum.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. The carrying amounts of the financial instruments of the Group are reasonable approximation of their fair value except for the following:

	Group	
	Amount RM'000	Fair value RM'000
At 31 May 2013		
Hire-purchase and finance lease payables	**1,476**	**1,543**
At 31 May 2012		
Hire-purchase and finance lease payables	1,772	1,817
Term loans	830	885

(a) Determination of fair value

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

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(ii) Hire-purchase, finance lease payables and term loans

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

(iii) Unquoted equity instruments

These investments are valued using valuation models which uses both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

(b) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (such as prices) or indirect (such as derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

28. FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

A. The carrying amounts of the financial instruments of the Group are reasonable approximation of their fair value except for the following: *(continued)*

(b) Fair value hierarchy *(continued)*

As at 31 May 2013, the Group held the following financial instruments carried at fair value in the statement of financial position:

	2013 RM	Level 1 RM	Level 2 RM	Level 3 RM
Assets measured at fair value				
Financial asset at fair value through profit or loss:				
Quoted shares in Malaysia	**264**	**264**	-	-

	2012 RM	Level 1 RM	Level 2 RM	Level 3 RM
Assets measured at fair value				
Financial asset at fair value through profit or loss:				
Quoted shares in Malaysia	1,549	1,549	-	-

29. 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 foreign currency 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 the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(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.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Credit risk *(continued)*

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 17. 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 17.

Financial guarantees

The Company provides unsecured financial guarantees to banks and other institutions in respect of facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

A nominal amount of RM2,243,000 (2012: RM2,182,000) relating to corporate guarantees provided by the Company to the banks and other institutions in respect of facilities of its subsidiaries.

As at the reporting date, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised as their fair values on initial recognition were not material (2012: not material).

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(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.

Analysis of financial instruments by remaining contractual maturities

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

	2013			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	8,968	-	-	8,968
Loans and borrowings	7,380	1,543	-	8,923
	16,348	1,543	-	17,891
Company				
Financial liabilities:				
Trade and other payables	3,954	-	-	3,954

	2012			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	8,748	-	-	8,748
Loans and borrowings	9,420	2,702	-	12,122
	18,168	2,702	-	20,870
Company				
Financial liabilities:				
Trade and other payables	3,349	-	-	3,349

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of 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.

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 23.

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 RM16,000 (2012: RM21,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, lower/higher interest income from floating rate loans to related parties. 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").

30. 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.

30. CAPITAL MANAGEMENT *(continued)*

The Group's gearing ratio is computed as follows:

	2013 RM'000	2012 RM'000
Borrowings	**8,490**	11,118
Trade and other payables	**8,968**	8,748
Less: Cash and bank balances	**(5,491)**	(4,745)
Net debt	**11,967**	15,121
Total equity attributable to owners of the parent	**56,538**	58,471
Gearing ratio	**21.2%**	25.9%

31. SEGMENTAL INFORMATION

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

I. The logistics segment is in the business 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.

31. SEGMENTAL INFORMATION *(continued)*

	Logistics		Others		Adjustments and eliminations		Note	Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000		2013 RM'000	2012 RM'000
Revenue:									
External customers	**58,618**	59,186	**2,845**	2,883	-	-		**61,463**	62,069
Inter-segment	**1,083**	177	**-**	-	**(1,083)**	(177)	(a)	-	-
Total revenue	**59,701**	59,363	**2,845**	2,883	**(1,083)**	(177)		**61,463**	62,069
Results:									
Dividend income	**-**	-	**5,200**	3,000	**(5,200)**	(3,000)	(b)	-	-
Depreciation and amortisation	**6,700**	6,653	**251**	272	**-**	-		**6,951**	6,925
Impairment of non-financial assets	-	-	**-**	1,069	**-**	-		-	1,069
Other non-cash (income)/ expenses	**(117)**	919	**-**	-	**-**	-	(c)	**(117)**	918
Segment profit	**4,784**	6,177	**2,123**	30	**(5,128)**	(2,792)		**1,779**	3,415
Assets:									
Investment in an associate	-	-	**2,802**	2,802	**-**	-		**2,802**	2,802
Additions to non-current assets	**2,962**	5,760	**10**	290	**-**	-	(d)	**2,972**	6,050
Segment assets	**92,715**	96,052	**102,063**	100,597	**(98,892)**	(96,802)	(e)	**95,886**	99,847
Segment liabilities	**34,658**	36,031	**7,672**	7,676	**(16,363)**	(15,108)	(f)	**25,967**	28,599

31. SEGMENTAL INFORMATION *(continued)*

Note:

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

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

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

	Note	2013 RM'000	2012 RM'000
Gain on foreign exchange (net)	6	**(1)**	(81)
Fair value gain on investment	6	**(15)**	(43)
Gain on disposal of assets	6	**(101)**	(26)
Impairment of investment in an associate	6	**-**	1,069
		(117)	919

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

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

(f) The inter-segment liabilities 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 of customers and assets respectively are as follows:

	Revenues		Segment assets	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Malaysia	**34,312**	34,757	**62,031**	65,221
Other Southeast Asian countries	**27,151**	27,312	**33,855**	34,626
Consolidated	**61,463**	62,069	**95,886**	99,847

32. SIGNIFICANT EVENT DURING THE YEAR AND SUBSEQUENT TO THE REPORTING PERIOD

(a) On 23 August 2013, the Company entered into a Conditional Share Sale Agreement ("conditional SSA") to dispose of 7,911,192 ordinary shares of Sinsenmoh Transportation Pte Ltd ("SSM") to CWT Limited for a total cash consideration of SGD19,000,000. The disposal is subject to the fulfilment of certain conditions precedent contained in the conditional SSA.

33. SUPPLEMENTARY INFORMATION - REALISED AND UNREALISED LOSSES

The breakdown of the accumulated losses of the Group and of the Company as at 31 May 2013, into realised and unrealised losses, is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Accumulated losses				
Realised	**(862)**	(1,739)	**(10,783)**	(10,994)
Unrealised	**(8,175)**	(8,165)	**-**	-
	(9,037)	(9,904)	**(10,783)**	(10,994)
Less: Consolidated adjustments	**3,208**	5,813	**-**	-
Total accumulated losses	**(5,829)**	(4,091)	**(10,783)**	(10,994)

The determination of realised and unrealised loss 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 ("Bursa Securities") Listing Requirements, issued by the Malaysian Institute of Accounts on 20 December 2010.

The disclosure of realised and unrealised loss 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

COMPLIANCE INFORMATION PURSUANT TO APPENDIX 9C OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

SHARE BUY BACK
The Company did not have any mandate to purchase its own shares during the financial year.

DISCLOSURE ON THE REMUNERATION OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 MAY 2013
The disclosure on the remuneration of the Directors for the financial year ended 31 May 2013 is set out in Note 8 to the financial statements

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES
The Company did not issue any options, warrants or 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 relevant authorities during the financial year.

NON-AUDIT FEES
The Company did not engage the external auditors of the Company for non-audit engagements during the financial year.

COST OF INTERNAL AUDIT FUNCTION
During the financial year, the internal audit function of the Company was carried out by an external party for a fee of RM18,000.00.

VARIATION IN RESULTS
There was no significant variance between the results for the financial year ended 31 May 2013 and the unaudited results previously announced. The Company did not announce any profit estimates, forecasts 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.

MATERIAL CONTRACTS
There as no material contract (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiary companies which involves the Directors and major shareholders, either still subsisting at the end of the financial year ended 31 May 2013 or entered into since the end of the previous financial year.

RELATED PARTY TRANSACTIONS
The disclosure on the Significant Related Party Transactions for the financial year ended 31 May 2013 is set out in Note 26 to the financial statements.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The aggregate value of RRPT made during the financial year, pursuant to the shareholders' mandate obtained at the last general meeting of the Company, are as follow :

<table>
<tr><th colspan="2">Transacting parties</th><th rowspan="2">Nature of transaction</th><th rowspan="2">Value of RRPT (RM'000)</th><th rowspan="2">Interested directors, major shareholders and connected persons</th></tr>
<tr><th>ALB Group</th><th>Related Party</th></tr>
<tr><td>Ancom-ChemQuest Terminals Sdn Bhd</td><td>PKG</td><td>Storage services</td><td>3,615</td><td rowspan="5">Dato' (Dr) Siew Ka Wei, Lim Hock Heng and Siew Nim Chee & Sons Sdn Bhd</td></tr>
<tr><td>Ancom-ChemQuest Terminals Sdn Bhd</td><td>PKG</td><td>Handling and pipeline services</td><td>470</td></tr>
<tr><td>Pengangkutan Cogent Sdn Bhd</td><td>PKG, Femrpo and Nylex</td><td>Transportation services</td><td>1,824</td></tr>
<tr><td>Sinsenmoh Transportation Pte Ltd</td><td>Dynamic</td><td>Storage services</td><td>191</td></tr>
<tr><td>Sinsenmoh Transportation Pte Ltd</td><td>Dynamic</td><td>Handling and transportation services</td><td>383</td></tr>
</table>

Note :

PKG - Perusahaan Kimia Gemilang Sdn Bhd
Fermpro - Fermpro Sdn Bhd
Nylex - Nylex (Malaysia) Berhad
Dynamic - Dynamic Chemical Trading Pte. Ltd.

LIST OF PROPERTIES
As at 31 May 2013

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2013 (RM'000)	Date of Acquisition / Revaluation
Ancom-ChemQuest Terminals Sdn Bhd					
Jeti Petrokimia, Pelabuhan Barat Pelabuhan Klang Selangor	Unexpired lease period of 11 years (Expiring on 31 August 2024)	9.8 acres	Tank farm, office and warehouse Age of building : approximately 16 years	27,503	N/A
Pengangkutan Cogent Sdn Bhd					
PTD 149227 Jalan Berjaya 7 Taman Perindustrian Berjaya, Daerah Johor Bahru, Johor.	Freehold	6,070.3 sq.m.	Office and factory buildings Age of buildings : approximately 4 years	3,718	2010
SinSenMoh Transportation Pte Ltd					
32 Tanjong Penjuru Singapore 609028	Unexpired lease period of 34 years (Expiring on 30 June 2047)	12,311.3 sq.m.	Office and warehouse Age of building : approximately 26 years	20,827 *(Value for building only)*	May 2011

No. 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	:	12,292

Distribution Schedule

Holdings	No. of holders	Total holdings	%
Less than 100	3,234	163,910	0.1%
100 to 1,000	5,334	2,345,284	0.5%
1,001 to 10,000	2,740	10,002,378	2.1%
10,001 to 100,000	769	29,734,051	6.3%
100,001 to less than 5% of issued Shares	211	127,806,517	27.0%
5% and above of issued Shares	4	303,234,173	64.1%
	12,292	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 Berhad	56,191,485	11.87	166,595,425[1]	35.20
Dato' (Dr.) 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 Kah Mun.

Directors' Shareholdings

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' (Dr.) Siew Ka Wei	725,867	0.15	223,712,349[1]	47.27
Lim Hock Heng	80,573,516	17.02	-	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 (LEE4666C)	7,884,200	1.67%
6	HDM Nominees (Asing) Sdn Bhd Phillip Securities Pte Ltd for Kong Hwai Ming	5,498,100	1.16%
7	Abdul Radzim Bin Abdul Rahman	4,000,000	0.85%
8	Ang Hing Tay	3,600,000	0.76%
9	Loh Boon Hong	3,100,000	0.65%
10	Public Invest Nominees (Tempatan) Sdn Bhd Exempt AN For Philip Securities Pte Ltd (Clients)	2,819,600	0.60%
11	RHB Nominees (Tempatan) Sdn Bhd Amara Investment Management Sdn Bhd For Tan Jit Liang	2,818,000	0.60%
12	Loh Boon Hong	2,800,000	0.59%
13	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Cheng Chuan (8057815)	2,714,000	0.57%
14	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Fook Yew (E-SS2)	2,631,800	0.56%
15	Loh Kah Guan	2,547,900	0.54%
16	Wong Sick Kiew	2,495,000	0.53%
17	Tan Jit Liang	2,402,700	0.51%
18	Chang Siew Kuen	2,152,000	0.45%
19	Law Say Huat	2,125,900	0.45%
20	Chew Jin Chew	2,023,400	0.43%
21	Lim Hoo Seng	2,000,000	0.42%
22	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd For Khoo Tony	2,000,000	0.42%
23	Lim Ah Choo	1,911,600	0.40%
24	Loh Kah Peng	1,900,000	0.40%
25	HSBC Nominees (Asing) Sdn Bhd Exempt AN For HSBC Private Bank (Suisse) S.A. (Hong Kong AC CL)	1,750,000	0.37%
26	Kow Ji Mang	1,500,000	0.32%
27	Hong Peng Cheng	1,432,800	0.30%
28	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rossana Annizah Binti Ahmad Rashid @ Mohd Rashidi (CEB)	1,400,000	0.30%
29	Terengganu Incorporated Sdn Bhd	1,370,800	0.29%
30	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Boon Hong (Sentul Raya-CL)	1,222,600	0.26%
	Total	**371,334,573**	**78.46%**

NOTICE IS HEREBY GIVEN that the 47th Annual General Meeting of Ancom Logistics Berhad ("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, 20 November 2013 at 11.30 a.m to transact the following business:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements, Reports of the Directors and the Auditors thereon for the financial year ended 31 May 2013; **[Please refer Explanatory Note 1]**

2. To approve the payment of Directors' fees for the financial year ended 31 May 2013; **[Resolution 1]**

3. To re-elect the following Directors who retire pursuant to the Company's Articles of Association:

   3.1 Dato' (Dr) Siew Ka Wei (Article 103); **[Resolution 2]**
   3.2 Abdul Latif Bin Mahamud (Article 103); **[Resolution 3]**

4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **[Resolution 4]**

AS SPECIAL BUSINESS

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

5. Ordinary Resolution
   Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate") **[Resolution 5]**

   "THAT subject always to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"), the Company shall be mandated to enter into the recurrent related party transactions of a revenue or trading nature with those related parties as specified in Section 2.4 of the Circular to Shareholders of the Company dated 29 October 2013 subject to the following:

   (i) that the transactions are in the ordinary course of business, made on arm's length and on normal commercial terms and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders;

   (ii) that disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted pursuant to the Shareholders' mandate during the financial year based on the type of recurrent transactions made and the related parties involved;

   (iii) that the authority conferred by such mandate shall continue to be in force from the date of this resolution, unless revoked or varied by resolution passed by shareholders of the Company at a general meeting, until the conclusion of the next annual general meeting of the Company or after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; and

(iv) that the Directors and/or any one of them be and are hereby authorised to complete and to do all such acts and things including executing such documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

6. Special Resolution
Proposed Amendments to the Articles and Association of the Company ("Proposed Articles Amendments") **[Resolution 6]**

"THAT the Proposed Articles Amendments as set out in the Company's Statement dated 29 October 2013 be and are hereby approved AND THAT the Directors be and are hereby authorised to do all acts and things and take all steps as they consider necessary to give full effect to the Proposed Articles Amendments."

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
29 October 2013

NOTES

1. A member entitled to attend and vote at the Meeting may appoint up to two (2) proxies 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. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. Where a member of the Company is an authorised 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.

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

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

6. In respect of deposited securities, only members whose names appear in the Record of Depositors on 13 November 2013 ("General Meeting Records of Depositories") shall be eligible to attend, speak and vote or appoint proxy to attend and vote on his behalf.

7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Unit C508, Block C, Kelana Square, Jalan SS7/26, 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 5 of the Agenda**
   Resolution 5 proposed under item 5 of the Agenda, if passed, will authorise the Company and its subsidiaries to enter into recurring transactions of a revenue or trading nature with its related parties as defined in the Listing Requirements of Bursa Securities. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the Shareholders at a general meeting, expire at the next annual general meeting. Detailed information on the Proposed Renewal of Shareholders' Mandate is set out in the Circular to Shareholders in relation to Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature dated 29 October 2013 which is sent together with this Annual Report.

3. **Item 6 of the Agenda**
   Resolution 6 proposed under item 6 of the Agenda, if passed, will render the Articles of Association of the Company to be in line with the amendments to the Listing Requirements of Bursa Securities as well as to enhance administrative efficiency of the Company.

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ANCOM LOGISTICS BERHAD
(Company No 6614-W)
Incorporated in Malaysia

FORM OF PROXY

CDS A/C No.	No. of shares held

I/We ____
(Full Name In Block Letters)

of____
(Full Address)

being (a) member(s) of ANCOM LOGISTICS BERHAD, hereby appoint

Full Name In Block Letters		Proportion of Shareholdings %
Full Address		
Full Name In Block Letters		Proportion of Shareholdings %
Full Address		
		100%

failing *him/her, the Chairman of the Meeting as *my / Our proxy to attend and to vote for *me / our behalf at the 47th 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 20 November 2013 at 11.30 a.m or any adjournment thereof and to vote as indicate below -

Item	Agenda			
1	To receive the Audited Financial Statements, Reports of the Directors and the Auditors there on for the financial year ended 31 May 2013;			
		Resolution	**For**	**Against**
2	To approve the payment of Directors' fees for the financial year ended 31 May 2013;	1		
3	To re-elect the following Directors' who retire by rotation pursuant to the Company's Articles of Association;			
	3.1 Dato' (Dr) Siew Ka Wei (Article 103);	2		
	3.2 Abdul Latif Bin Mahamud (Article 103);	3		
4	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.	4		
5	To approve the Proposed Renewal of Shareholders' Mandate	5		
6	To approve the Proposed Articles Amendments	6		

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

Dated this __________________ day of ___________________2013

____
(Signature / Common Seal of shareholders(s)
[*Delete if not applicable]

Telephone No.
during office hours:__________________________

Notes:

1. A member entitled to attend and vote at the Meeting may appoint up to two (2) proxies to attend and vote for him. A proxy may but Registrar of Companies. The provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. 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.
3. If the appointor is a corporation, this form must be executed under its common seal or under the hand of its attorney.
4. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act. 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. In respect of desposited securities, only members whose names appear in the Record of Depositors on 13 November 2013 ("General Meeting Records of Depositories") shall be eligible to attend, speak and vote or appoint proxy to attend and vote on his behalf.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Unit C508, Block C, Kelana Square Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting.

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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

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www.ancomlogistics.com.my