TOGETHER WE CAN MAKE A DIFFERENCE

ANNUAL REPORT **2014**

ANCOM LOGISTICS BERHAD

(Company No. 6614-W)
Incorporated in Malaysia

For over two decades, Ancom Logistics Berhad has brought together the diverse elements of our business to provide multi-layered solutions to our customers. Our expertise in merging innovation and technology are the bedrock of our success, guided by our understanding of customer needs and the principle that together, we can make a difference.

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Dato' Abdul Latif bin Abdullah
(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 AND 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, Jalan 13/2, Sek.13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

REGISTRAR

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

AUDITORS

Ernst & Young, Chartered Accountants

STOCK EXCHANGE LISTING

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

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad

SOLICITORS

Shearn Delamore & Co

DOMICILE

Malaysia

FIVE-YEAR HIGHLIGHTS

	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
Operating revenue	**49,729**	61,463	62,069	61,888	58,893
Profit before taxation	**14,939**	2,761	5,132	16,165	5,461
Profit after taxation	**13,923**	1,779	3,415	14,950	3,100
Effective rate of taxation (%)	**6.8**	35.6	33.5	7.5	43.2
(Loss)/profit from discontinued operation	**-**	-	-	(4,309)	2,051
Net profit attributable to shareholders of the Company	**13,596**	628	2,363	10,641	5,151
ASSETS EMPLOYED					
Property, plant, equipment	**37,715**	68,389	73,217	73,735	81,257
Investment	**1,802**	2,802	2,802	3,902	3,902
Other non-current assets	**162**	472	543	884	645
Current assets	**41,301**	24,223	23,285	28,646	55,042
Total assets	**80,980**	95,886	99,847	107,167	140,846
FINANCED BY:					
Share capital	**47,329**	47,329	47,329	47,329	51,898
Reserves	**14,940**	15,038	17,660	17,367	45,362
(Accumulated losses)/Retained earnings	**(11,164)**	(5,829)	(6,518)	585	(20,369)
Shareholders' funds	**51,105**	56,538	58,471	65,281	76,891
Minority interests	**13,708**	13,381	12,777	12,705	11,569
Total shareholders' funds and minority interests	**64,813**	69,919	71,248	77,986	88,460
Non-current liabilities	**7,099**	9,761	10,882	12,039	8,798
Current liabilities	**9,068**	16,206	17,717	17,142	43,588
Total funds employed	**80,980**	95,886	99,847	107,167	140,846
SHAREHOLDERS' INTERESTS					
Earnings per share (sen)	**2.87**	0.13	0.50	2.75	2.00
Dividend per share (sen)	**4.0**	0.5	2.0	2.0	-
Net assets attributable to shareholders per share (sen)	**10.8**	11.9	12.4	13.8	29.6
Depreciation and amortisation (RM'000)	**6,269**	6,951	6,925	6,091	5,809
Interest expense (RM'000)	**325**	517	598	1,143	1,129

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

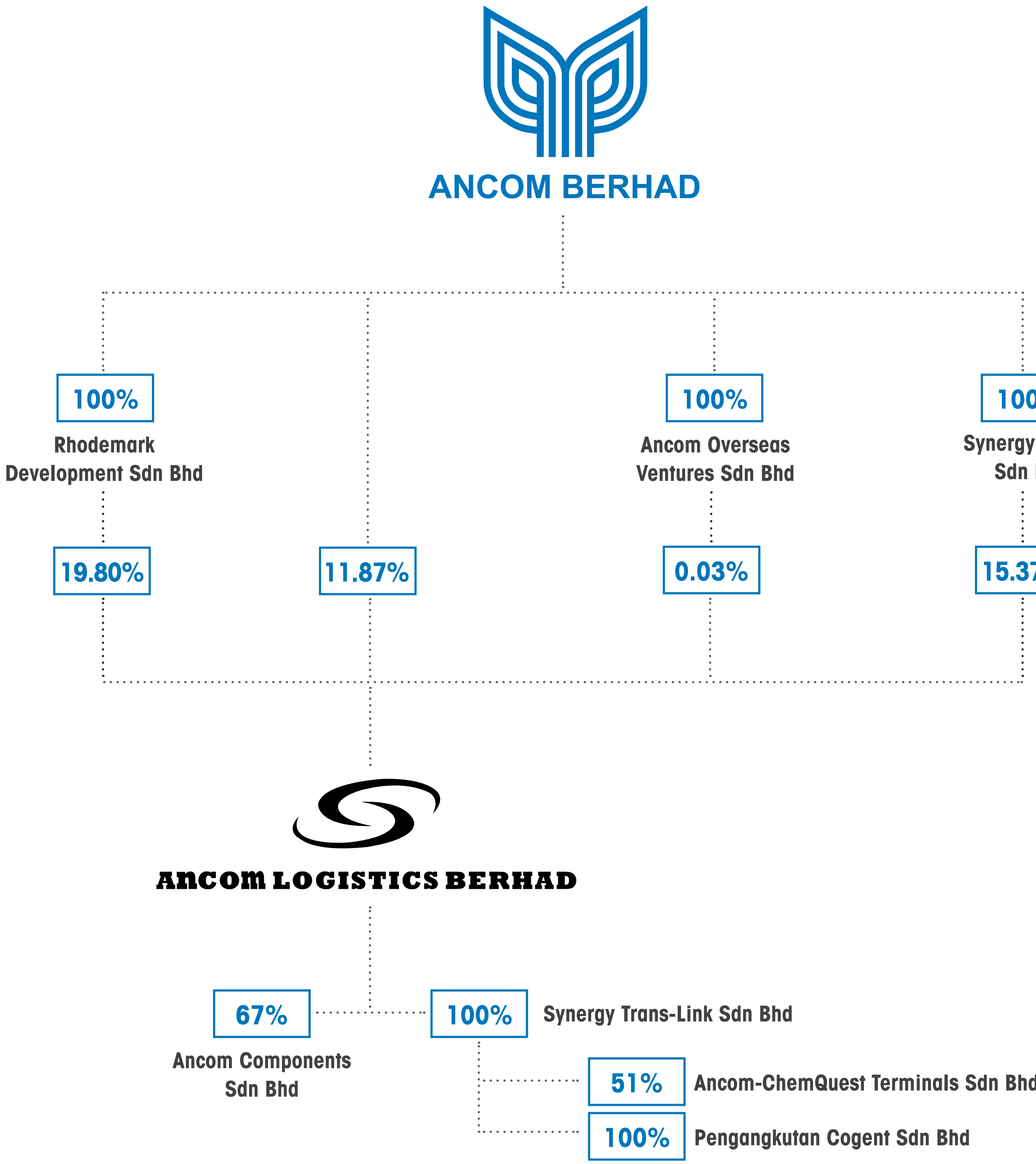
7, Jalan Empat
Off Jalan Chan Sow Lin
57100 Kuala Lumpur
Malaysia
Tel : (603) 9223 0288 / 0289
Fax : (603) 9223 7388

PENGANGKUTAN COGENT SDN BHD

PTD 149227, Jalan Berjaya 7
Taman Perindustrian Berjaya
81200 Kempas Lama
Johor Darul Takzim
Malaysia
Tel : (607) 558 3131
Fax : (607) 558 1313

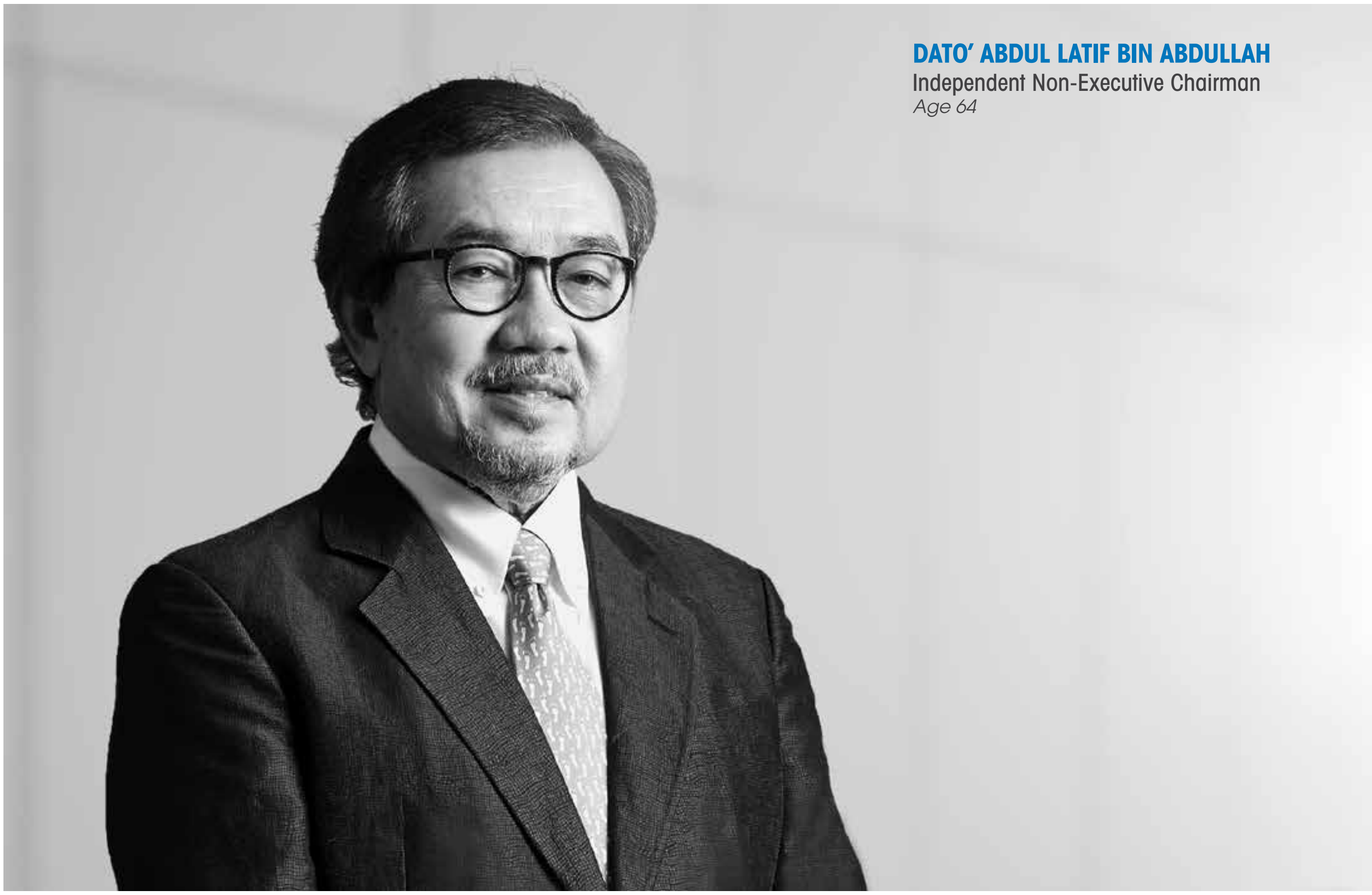
CORPORATE STRUCTURE

As at 31 May 2014



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

BOARD OF DIRECTORS



DATO' ABDUL LATIF BIN ABDULLAH
Independent Non-Executive Chairman
Age 64

Dato' Latif was appointed as Chairman of the Company on 20 August 2004. He was re-designated as Executive Chairman on 1 December 2004, as Non-Executive Chairman on 1 June 2006 and as Independent Non-Executive Chairman on 15 August 2014. He is currently a member of the Remuneration and Nomination Committee ("R&N 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. 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.

BOARD OF DIRECTORS

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

He 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.

He was the Chairman of the Malaysian Chapter of the Young Presidents Organisation ("YPO"), an international grouping of more than 22,000 chief executive officers and leaders of major companies and organisations 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 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.

BOARD OF DIRECTORS

ABDUL LATIF BIN MAHAMUD
Non-Independent
Non-Executive Director
Age 57

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 R&N 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 Power Berhad and was the Managing Director of Ancom Berhad's Agricultural Chemicals business until his retirement in July 2014.

Abdul Latif has no directorship in other public listed companies.

SAFRIZAL BIN MOHD SAID
Independent
Non-Executive Director
Age 48

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

BOARD OF DIRECTORS

Edmond Cheah joined the Board as Independent Non-Executive Director on 31 December 2011.

He 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.

He 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").

He 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.

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

He 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.

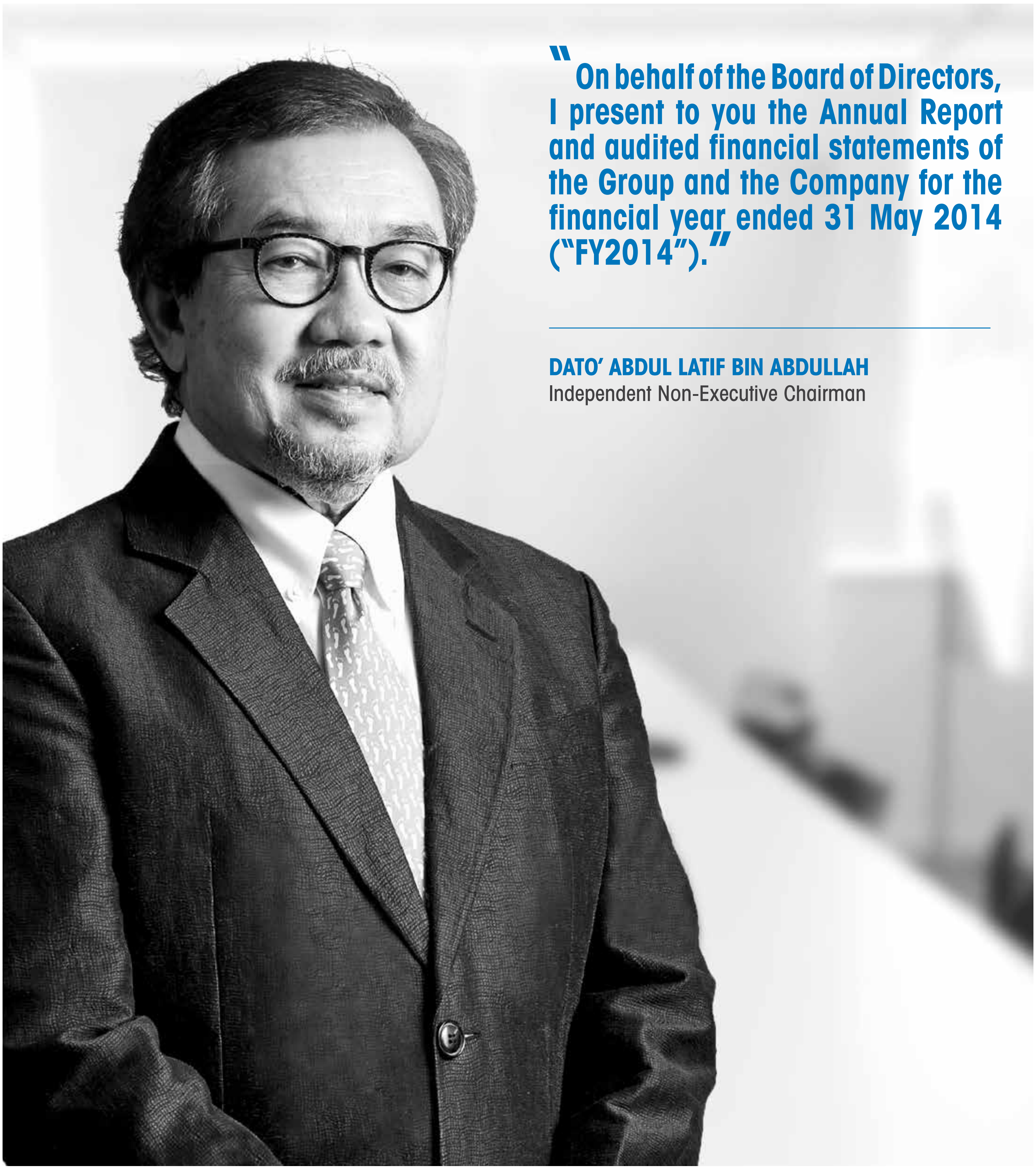
He was also a panel speaker for Bursatra Sdn Bhd on Continuing Education Programmes for public-listed company directors. He is currently the Group Director of Strategic Planning & Corporate Affairs of HELP International Corporation Berhad, a position he has held since April 2008.

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.

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 substantial shareholders of the Company.
2. Other than certain Related Party Transactions as disclosed in this Annual Report, the Directors do not have any business interest which conflict with their positions in the Company.
3. None of the Director has been convicted for any offence other than traffic offences (if any) within the past ten (10) years.
4. Please refer to pages 14 to 26 – Statement on Corporate Governance of this Annual Report for the Directors' meeting attendance records.
5. Please refer to pages 37 to 38 – Directors' Report of this Annual Report for the Directors' securities holdings in the Company and its related corporations.

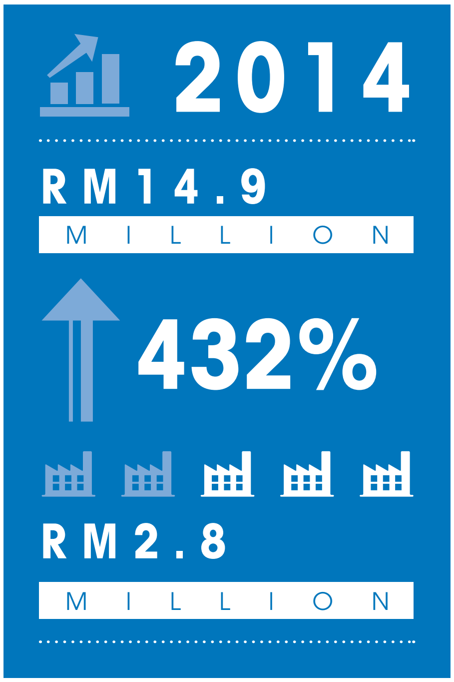
CHAIRMAN'S STATEMENT



"On behalf of the Board of Directors, I present to you the Annual Report and audited financial statements of the Group and the Company for the financial year ended 31 May 2014 ("FY2014")."

DATO' ABDUL LATIF BIN ABDULLAH
Independent Non-Executive Chairman

CHAIRMAN'S STATEMENT



Review of Financial Results

The operating revenue of the Group fell to RM49.7 million in FY2014 compared to RM61.5 million for the financial year ended 31 May 2013 ("FY2013"). The decrease in operating revenue for FY2014 was primarily due to the discontinued recognition of revenue from Sinsenmoh Transportation Pte Ltd ("SSM"), following the completion of its disposal in December 2013. Nevertheless, a higher profit before taxation ("PBT") of RM14.9 million was achieved in FY2014 compared to RM2.8 million in FY2013, mainly due to the one-off gain of RM20.1 million arising from the sale of SSM.

At ALB's company level, ALB posted higher revenue of RM27.0 million during FY2014. This was attributed to the special dividend received from subsidiary arising from the one-off gain from the sale of SSM. Correspondingly, the Company's PBT for FY2014 improved to RM19.8 million from RM2.2 million for FY2013.

Significant Event

The Group completed the disposal of SSM in FY2014, which resulted in a net gain of RM20.1 million. In accordance with the shareholders' approval obtained at the Extraordinary General Meeting held on 28 November 2013, ALB paid a special cash dividend of 4.0 sen (single-tier) per share amounting to RM18.9 million on 30 January 2014. The capital repayment of 4.0 sen per share amounting to RM18.9 million was completed on 10 Jun 2014, after the financial year-end.

Prospects for the Next Financial Year

The regional and domestic markets are tied closely to the economic performance in China. With the slowing of the Chinese economy, the Board views that the financial performance and prospects of the Group will be challenging in the coming year. In managing our business, the Board will continue to exercise caution going forward.

During the financial year, the Group completed its disposal of SSM. Following the disposal, the Board will therefore continue to explore other business opportunities to further enhance shareholders' value.

Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to extend my thanks to the Management and all the staff of the Group for their dedication and commitment. I must also extend my sincere thanks to our shareholders for their trust in us and to all our valued customers, bankers, authorities and business associates for their confidence and unwavering support in us throughout all these years.

Dato' Abdul Latif bin Abdullah
Chairman

Petaling Jaya
29 October 2014

OPERATIONAL REVIEW

Profit Before Tax ("PBT") improved to RM14.9 million in FY2014

GROUP

432%

Ancom-ChemQuest Terminals ("ACT") maintained steady revenue of

10.3 MIL

TANK FARMS

OVERVIEWS

Ancom Logistics Berhad ("ALB") Group ("ALB Group" or "the Group") is principally involved in the provision of bulk liquid chemical related logistics services in Malaysia. 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 within this division include:

- Ancom-ChemQuest Terminals Sdn Bhd ("ACT"); and
- Pengangkutan Cogent Sdn Bhd ("PCSB").

During the financial year ended 31 May 2014 ("FY2014"), ALB disposed its wholly-owned subsidiary,Sinsenmoh Transportation Pte Ltd ("SSM"), Singapore.

The remaining operations of the Group are made up of investment holding and electrical trading business under a subsidiary, Ancom Components Sdn Bhd ("ACM").

OUTLOOK AND PROSPECTS

The operating revenue of the Group fell to RM49.7 million in FY2014 compared to RM61.5 million for the financial year ended 31 May 2013 ("FY2013"). Despite the lower operating revenue, profit before taxation ("PBT") improved to RM14.9 million in FY2014 compared to RM2.8 million in FY2013. The higher PBT is primarily due to the one-off gain of RM20.1 million from the sale of SSM during the financial year.

Logistics Division

Revenue from the Logistics Division (excluding inter-segment sales) decreased to RM47.0 million in FY2014 compared to RM58.6 million a year earlier. Segmental profit in FY2014 increased to RM30.9 million from RM6.0 million in the last financial year mainly due to the one-off gain from the sale of SSM. Following the disposal of SSM, the results of the Logistics Division are made up of operations from ACT and PCSB.

OPERATIONAL REVIEW

ACT operates a tank farm in West Port in Klang, Selangor. ACT provides bulk storage facilities for liquid chemicals servicing MNC petrochemicals companies in Malaysia and the region. In the year under review, ACT maintained steady revenue of RM10.3 million on sustained strong demand for its tank farms throughout the financial year. Revenue remains similar to FY2013 as ACT is currently at full capacity. The outlook for ACT remains positive and the company should continue to benefit from the prevailing strong demand for tank farm storage facilities. PBT of ACT fell by 10% in FY2014 (FY2013: 7.2%) due to higher costs incurred for repairs and maintenance.

PCSB owns and operates a fleet of approximately 80 road tankers. It provides cross border bulk chemicals land transportation services between Malaysia and Singapore. The revenue of PCSB decreased by 5.0% for FY2014 (FY2013: 2.4%) whilst PBT fell by 58.0% (FY2013: -59.2%) as the company faced stiff competition and a shortages of experience drivers. As a result, direct operational costs of the fleet increased while revenue growth was minimal. Going forward, PCSB will be reviewing its fleet and resources to improve on cost efficiencies and optimise its resources.

Other Segment

Other segment includes the results of the investment holding company and ACM.

Revenue from this segment (excluding inter-segment sales) declined marginally to RM2.7 million for FY2014 compared to RM2.8 million in FY2013. Revenue is fully contributed by ACM from its electrical trading business. ACM continued to face pressure in the pricing of its products. Efforts to expand its product offerings are being undertaken to minimise this issue.

Outlook and Prospects

The slowdown in the Chinese economy is affecting both the regional and domestic markets. Consequently, the Board is of the view that the financial performance and prospects of the Group will be challenging in the financial year ending 31 May 2015. The Board will continue to exercise caution in managing the business.

Following the disposal of SSM, the Board will therefore continue to explore other business opportunities to further enhance shareholders' value.

STATEMENT ON CORPORATE GOVERNANCE

Pursuant to Paragraph 15.25 of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements")

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 the Company's assets and to 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 a corporate governance framework for the Group which complies with the principles of the 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 2014.

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 2014.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

i. Clear functions of the Board and Management

The Board is responsible for the oversight and overall management of the business direction and objectives of the Group. The Non-Executive Directors are independent of the Management but will have free and open contact with the Management to ensure that approved targets and business plans are met.

The Management, under the direction and responsibility of the Executive Vice Chairman ("EVC"), is accountable for the day-to-day operations of the Group and implementation of the Board's decisions and policies.

ii. Clear roles and responsibilities of the Board

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;
- Establishing a succession plan for senior management;
- Overseeing the development and implementation of a shareholders' communication policy for the Company;
- 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; 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 EVC and its Management team. The Board does not involve in the day-to-day business operation of the Group which are being delegated to the EVC and the Management team.

STATEMENT ON CORPORATE GOVERNANCE

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 EVC has an 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 roles of the Non-Executive Chairman and the EVC are distinct and separated with clear division of responsibilities to ensure a balance of power and authority. The Chairman holds a Non-Executive position and is primarily responsible for ensuring the Board's effectiveness and conduct in discharging its responsibilities.

At the beginning of each financial year, the EVC and the 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 results in the previous year and as well as the budget and forecasts at the quarterly Board meetings. At the quarterly Board meetings, the EVC would provide 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.

iii. 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 Company and its shareholders.

iv. 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. During the financial year ended 31 May 2014, the Group has carried out such activities thus far, demonstrating the Group's commitment to the global environmental, social, governance and sustainability agenda, as appeared in page 33 of this Annual Report.

v. 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.

STATEMENT ON CORPORATE GOVERNANCE

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 or professional advisers appointed by the Company 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.

vi. Qualified and Competent Company Secretaries

The Board is supported by two (2) qualified and competent Company Secretaries. The Company Secretaries regularly update and appraise the Board on new regulations issued by the regulatory authorities. 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 EVC to ensure that there are timely and appropriate information flows within the Board and to the Board Committees and to the Management.

vii. Formalise and Review of 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 role and responsibilities to ensure accountability. The Board Charter focuses on the following areas:

- Board composition and Board Committees;
- The duties and responsibilities of the Board members; and
- The Code of Ethics for the Board members.

The Board Charter 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.

2. STRENGTHEN COMPOSITION

The Board comprises seven (7) Directors, two (2) of them are Executive Directors, and five (5) are Non-Executive Directors, including the Non-Executive Chairman who is an Independent Director. Three (3) of the Non-Executive Directors are Independent Directors. The composition of the Board complied with the Listing Requirements which required at least one-third (1/3) of its members to be Independent Directors.

The Board comprises Directors who are persons of caliber and credibility with extensive expertise and wealth of experience in legal, accounting, corporate finance, marketing, public services and business practice to augment the Group's continuous growth and prosperity.

The profile of the Directors is set out in pages 6 to 9 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

The presence of a majority of Non-Executive Directors on the Board provided the necessary check and balances on the conduct on the EVC in managing the business of the Group. The Independent Non-Executive Directors are not employees of the Group and do not participate in the day-to-day operations of the Group. They are all independent of management and are free from any business or other relationship which would materially interfere with the exercise of their independent judgement. They are people of caliber, credibility and have the necessary skill and experience to bring an independent judgement on the issues of strategy, business performance, resources and standards of conduct. They provide independent views in the Board's discussions. They are involved actively in the Board Committees of the Company.

i. 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").

The Terms of Reference of the R&N Committee can be found in the Company's website at www.ancomlogistics.com.my.

During the financial year ended 31 May 2014, the members of the R&N Committee, all of whom are Non-Executive Director, are as follows:

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

The R&N Committee is responsible for reviewing and assessing the performance and effectiveness of the Board and the Board Committee as a whole, its Directors individually and collectively. Should there be any Board vacancy or should there be any need for new blood and talent in the Board, the R&N Committee is responsible for identifying and recommending suitable candidates for Board memberships. In such evaluation, the R&N Committee would consider the candidates' qualifications, 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 Board is also responsible for reviewing the gender diversity in the Board composition.

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 result of assessment would form the basis of the R&N Committee's recommendation to the Board for the re-election of Directors at the annual general meeting ("AGM") and also for new appointment.

During the financial year under review, the R&N Committee, after reviewing the current compositions of the Board and the Board Committee, is satisfied that the composition of the Board and Board Committees are appropriate in terms of the required mixed of skill and experience and core competencies as required under the Board Charter and the terms of reference of the Board Committees. Accordingly, the R&N Committee recommended that the current compositions of the Board and Board Committees be retained and no new appointment is recommended.

STATEMENT ON CORPORATE GOVERNANCE

The R&N Committee has not identified any woman candidate for appointment to the Board in the current year under review. The R&N Committee will keep a look out for suitable woman candidate for appointment to the Board and Board Committees in order to satisfy the gender diversity requirements by 2016.

Remuneration of Directors

The R&N Committee also assumes 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 also reviewed the remuneration of the Executive Directors including the EVC and made recommendation on the same for the Board's approval. The Executive Directors did not participate in the Board deliberation on their remuneration at the Board meeting. The remuneration of the Executive Directors comprises of monthly salary, bonuses, BIK and other benefits that the Board will approve from time to time. The Executive Directors are not entitled to the Director's fee and attendance allowance for the Board and Board Committee meetings they attended.

The EVC did not received any remuneration, other than the proposed Director's bonus of RM100,000/- mentioned below, during the financial year.

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

Directors' Fee

For the last financial year, the Chairman of the Board and the Non-Executive Directors of the Board received RM60,000/- and RM50,000/- respectively as Directors' fee per annum. The members of the Audit Committee received RM15,000/- each while the members of the R&N Committee received RM5,000/- each per annum. These were as recommended by the R&N Committee and the total Directors' fee of RM325,000/- was approved by the shareholders at the 47th AGM 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, the other Non-Executive Directors are not entitled to any BIK.

During the financial year under review, the holding company of the Company has engaged a firm of consultants to provide a review of the director's fee for non-executive directors of 30 Malaysian Public Listed Companies listed on the Bursa Securities, based on their most recent annual reports as at 1 January 2014.

Based on the above and 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 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.

STATEMENT ON CORPORATE GOVERNANCE

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 subject to the approval of the Company's shareholders at the forthcoming AGM.

Directors' Bonus

During the financial year, the Group completed the disposal of its wholly-owned subsidiary, SinSenMoh Transportation Pte Ltd ("SSM") for cash consideration. The proceeds from the disposal totaling RM46.9 million, was used inter-alia, to fund the payment of a special cash dividend of 4 sen each per share and a capital repayment of 4 sen each per share, both of which were completed during and after the financial year, involving a total cash proceeds of RM37.9 million.

In recognising the Directors' effort in concluding the Disposal which spanned over a period of more than a year, the Board has decided that the following bonuses shall be payable to the Directors, subject to approval from the shareholders at the forthcoming AGM:

- ***Bonus amounting to RM100,000/- each***
  Dato' (Dr) Siew Ka Wei;
  Lim Hock Heng;
  Edmond Cheah Swee Leng; and
  Abdul Latif Bin Mahamud.

- ***Bonus amounting to RM200,000/- each***
  Dato' Abdul Latif Bin Abdullah;
  Safrizal Bin Mohd Said; and
  Lim Hock Chye.

Total Directors' Remuneration

Subject to the approval of the Company's shareholders on the Directors' fee and Directors' bonus at the forthcoming 48th AGM of the Company, the details of the remuneration received and receivable by the Directors from the Company and its subsidiaries during the financial year are disclosed in Note 8 of the audited Financial Statements. The Directors' remuneration in bands of RM50,000/=, are as shown below:

Remuneration in bands of RM50,000	Executive Directors	Non-Executive Directors	Total
RM50,001 to RM100,000	1	-	1
RM150,001 to RM200,000	-	2	2
RM250,001 to RM300,000	-	3	3
RM1,650,001 to RM1,700,000	1	-	1
Total	2	5	7

Including the Directors' bonus.

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.

STATEMENT ON CORPORATE GOVERNANCE

3. REINFORCE INDEPENDENCE

Assessment of Independence

The Board, through the R&N Committee, assessed the independence of the Independent Directors. The criteria of an independent director includes the following:

- The independent director is neither an employee nor is related to any major shareholders/management of the Group and do not participate in the day-to-day operation of the Group and has fulfilled the definition of "independent directors" in the Listing Requirements;
- He/she is free from any business or other relationship with the Group which would materially interfere with the exercise of his/her independent judgment on matters on hand; and
- He/she is a person of caliber, credibility and has the necessary skill and experience to bring an independent judgment to bear on the issues of strategy, business performance, resources and standards of conduct. He/she is able to provide independent views in the Board's discussion.

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 Paragraph 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 possessed 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 criteria 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 Independent Directors after nine (9) years tenure to remain as independent directors) are irrelevant. Pursuant thereto, the Board is satisfied that Lim Hock Chye and Safrizal Bin Mohd Said have fulfilled the criteria 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 2014.

Separation of the Positions of the Chairman and the EVC

The position of the Chairman and the EVC are held by 2 different persons with 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.

During the financial year, the composition of the Board complied with the Listing Requirements which required at least one-third (1/3) of its members to be Independent Directors. However, the composition does not comply with Recommendation 3.5 of Code which requires that where the Chairman of the Board is not an Independent Director, the Board must consist of a majority of Independent Directors. The Chairman of the Board, Dato' Abdul Latif Bin Abdullah, was a Non-Independent Non-Executive Director while the Board consisted of four (4) Non-Independent Directors and three (3) Independent Directors.

STATEMENT ON CORPORATE GOVERNANCE

The Board was satisfied that the Board composition was in the interest of the Company despite the non-compliance. Dato' Latif as the Chairman of the Board is an experienced businessman as well as being board director of other listed companies in Malaysia. He is able to provide strong leadership to the Board by marshaling the Board's priority more objectively in the absence of him having any business relationship with the Group.

Dato' Latif has been redesignated as an Independent Non-Executive Director on 15 August 2014.

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.

To help the Directors in planning their attendance at the Board and committees' meetings, 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. Reminders were also sent to the Directors prior to each of the Board/Committee meeting.

The Directors are also required to inform the Board should they accept new board directorship in other public listed companies.

Board Meetings

The Board holds its Board meetings quarterly and additional meetings were convened as and when necessary as determined by the Chairman. The attendance records below indicate the level of commitment of the Director in carrying out their duties as Directors of the Company.

The Board held four (4) Board meetings while the Audit Committee and the R&N Committee held five (5) and one (1) meetings respectively during the financial year. The attendance record of the Directors is as follows :

Attendance at Board meetings **Name of Directors**	**Attendance**
Dato' Abdul Latif Bin Abdullah	3/4
Dato' (Dr) Siew Ka Wei	2/4
Lim Hock Heng	3/4
Abdul Latif Bin Mahamud	4/4
Safrizal Bin Mohd Said	4/4
Edmond Cheah Swee Leng	4/4
Lim Hock Chye	4/4

Attendance at Audit Committee meetings **Name of Directors**	**Attendance**
Safrizal Bin Mohd Said	5/5
Abdul Latif Bin Mahamud	5/5
Lim Hock Chye	5/5

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Attendance at R&N Committee meeting **Name of Directors**	**Attendance**
Lim Hock Chye	1/1
Dato' Abdul Latif Bin Abdullah	1/1
Lim Hock Chye	1/1
Abdul Latif Bin Mahamud	1/1

In addition, all the Directors have attended the Company's AGM and the extraordinary general meeting in November 2013.

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

Continuing Development Programme and Training

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 has assume the onus of determining and overseeing the training needs of the Directors and will encourage Directors to attend courses, seminars 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. In addition to the updates on relevant guidelines and statutory and regulatory requirements provided by the Company Secretaries from time to time, the Directors have 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.

The following are the seminars/courses/trainings attend by the Directors during the financial year:

Dato' Abdul Latif Bin Abdullah

- In-house Corporate Training Programme on "Role & Responsibilities of Directors Under the Listing Requirements" and "Updates on Corporate Governance Guide -2nd Edition" conducted by Tricor Knowledge House Sdn Bhd in May 2014.

Dato' (Dr) Siew Ka Wei

- In-house Corporate Training Programme on "Role & Responsibilities of Directors Under the Listing Requirements" and "Updates on Corporate Governance Guide -2nd Edition" conducted by Tricor Knowledge House Sdn Bhd in May 2014.

Lim Hock Heng

- In-house Corporate Training Programme on "Role & Responsibilities of Directors Under the Listing Requirements" and "Updates on Corporate Governance Guide -2nd Edition" conducted by Tricor Knowledge House Sdn Bhd in May 2014.

Abdul Latif Bin Mahamud

- Tricor GST Conference organised Tricor Knowledge House Sdn Bhd in January 2014.

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Safrizal Bin Mohd Said

- Risk Management and Internal Control workshop organised by Bursa Malaysia in May 2013.

Edmond Cheah

- The New Landscape for Global Political Risk Management organised by Bursatra Sdn Bhd in July 2013; and

- In-house Corporate Training Programme on "Role & Responsibilities of Directors Under the Listing Requirements" and "Updates on Corporate Governance Guide -2nd Edition" conducted by Tricor Knowledge House Sdn Bhd in May 2014.

Lim Hock Chye

- Directors Training on Enterprise Risk Management organised by HELP University in June 2013; and

- In-house Corporate Training Programme on "Role & Responsibilities of Directors Under the Listing Requirements" and "Updates on Corporate Governance Guide - 2nd Edition" conducted by Tricor Knowledge House Sdn Bhd in May 2014.

Re-election of Directors

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 Group Managing Director does not have a service contract which the notice period for termination is more than one year. The Group Managing Director 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 AGM 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. Accordingly, two (2) Directors retired by rotation at the 47th AGM of the Company on 23 November 2013 and were re-elected to the Board by the Company's shareholders.

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.

STATEMENT ON CORPORATE GOVERNANCE

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 Group in accordance with the Companies Act, 1965 ("CA"), the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Listing Requirements.

The Directors are responsible for keeping proper accounting records which disclosed with reasonable accuracy the financial position of the Company and the Group, to enable them to ensure that the financial statements comply with the CA, the MFRS and the Listing Requirements.

A statement by the Board on its responsibilities for preparing the annual Audited Financial Statements is set out in page 34 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 same prior to releasing to Bursa Securities within the stipulated time frame. 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 would undertake an assessment of the suitability and independence of the External Auditors annually. The assessment would focus on whether there exist any relationship between the External Auditors and the Directors or Senior Management and major shareholders of the Group as well as any conflict of interest situation arising therefrom including the extent of non-audit services performed by the External Auditors during the financial year that will give rise to questions about the External Auditors' independence and objectivities in carrying out their responsibilities entrusted on them.

The Audit Committee, upon satisfying itself with the independence of the External Auditors, would recommend to the Board on the appointment of External Auditors which is subject to the approval of the shareholders of the Company at the AGM. The Board will however determine the External Auditors' remuneration as authorised by the shareholders at the AGM.

Whenever required, the Audit Committee would hold private sessions with the External Auditors in the absence of the Management to discuss about the issues affecting the Group, if any.

6. RECOGNISED AND MANAGE RISKS

The Board acknowledge 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 measure 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 report of the Audit Committee is separately set out in pages 27 to 29 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 informed investing and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information. The Board strives to disclose such information to the public as soon as practicable through Bursa Securities, the media and the Company's Investor Relation ("IR") portal (www.ancomlogistics.com.my), and that such information should be handled properly to avoid leakage and improper use of such information.

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 he shall release such information to the market in accordance with the Listing Requirements.

The Company's IR portal (www.ancomlogistics.com.my) provides all relevant corporate information and it is accessible by the public.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLERS

Investors' Relations and Shareholders' Communication

The Board recognises 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 and these questions and queries would be attended to the Company's senior management or the Board, as the case maybe.

The Board also encouraged shareholders to communicate with the Company through other channels. The Board has decided not to appoint a Director to whom any queries or concerns may be conveyed as shareholders and investors are now able to convey their view and queries through the Company's IR portal at www.ancomlogistics.com.my or e-mail at corp@ancom.com.my.

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General Meetings

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

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's Articles of Association explicitly allow 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 Company held its 47th AGM at the Hilton Petaling Jaya at No 2 Jalan Barat, 46200 Petaling Jaya. The Notice of the AGM and the annual Audited Financial Statement and the related circulars were sent to the shareholders in accordance with the regulatory and statutory provisions. The Notice was advertised in a national English newspaper within the prescribed deadlines. All the Directors and a total of 551 shareholders and proxies attended the 47th AGM.

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

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

The Notice for the forthcoming 48th AGM of the Company, which will be held on 20 November 2014, is on pages 114 to 116 of this Annual Report.

CONCLUSION

The Board recognises the importance of the Group practising good corporate governance and will continually improve on the Group's corporate governance practices and structure to achieve an optimal governance framework.

AUDIT COMMITTEE REPORT

Pursuant to Paragraph 15.15 of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements")

The Board is pleased to present its Audit Committee Report for the financial year ended 31 May 2014.

1. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee can be found in the Company's website at www.ancomlogistics.com.my.

2. MEMBERS

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

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

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

3. SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee held five (5) meetings. The Audit Committee members attended all the meetings held during the financial year. The Internal Auditors and the External Auditors attended four (4) and three (3) Audit Committee meetings respectively. 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:

Financial results

- Reviewed the quarterly Interim Financial Reports with management before recommending them for the Board's approval for release to Bursa Malaysia Securities Berhad ("Bursa Securities"); and

- Reviewed the annual Audited Financial Statements with the management and 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"), International Financial Reporting Standards ("IFRS") and other statutory and regulatory requirements and that all audit issues were satisfactorily resolved.

Statutory audits

- Reviewed and approved the External Auditors' statutory audit plan including the scope of the audit for the financial year prior to the commencement of the audit;

AUDIT COMMITTEE REPORT

- In respect of the statutory audit plan, to appraise with the management the significant changes to the MFRS and IFRS 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 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 internal control system, if any, in the course of their audit and the management's responses and remedial actions to be undertaken in relation to the weaknesses noted therein; and

- 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).

Internal audits

- Reviewed and approved the internal audit plan, including the scope of the audit for the financial year prior to commencement of the audit;

- Reviewed with the Internal Auditors the quarterly Internal Audit Reports, which detailed the findings on weaknesses in the Group's internal control system, the possible impact on the effectiveness of the internal control system;

- Reviewed the management responses on the weaknesses noted in the quarterly Internal Audit Reports and monitored the remedial actions taken by the management in response to the weaknesses noted;

- Reviewed the performance of the Internal Auditors and the resources requirements thereof; and

- Reviewed the risk management policy, the key risks identified and the ongoing evaluation and management of the significant risks faced by the Group.

Related party transactions

- Reviewed and approved the related party transactions entered into by the Group and appropriate disclosures in the annual Audited Financial Statements.

Share issuance scheme

- The Company has not established any share issuance scheme and has no subsisting share issuance scheme during the financial year.

During the Board Meeting, the Chairman of the Audit Committee briefed the Board on the matters discussed at the Audit Committee meetings. The Chairman also briefed the Board on the discussion on the Internal Audit Reports and the issues raised in respect of the Group's internal control system, the quarterly Interim Financial Reports, the annual Audited Financial Statements and the recommendations of the Committee thereon to the Board to approve the quarterly Interim Financial Report and the annual Audited Financial Statements for release to Bursa Securities.

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 internal control system. During the financial year, the Group's Internal Audit functions were outsourced 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. The Audit Committee also has the authority to appoint and accept the resignation/dismissal of the Internal Auditors.

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 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 prioritised action plan;

b. to perform 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 internal control weaknesses in the business operations and the Internal Auditors assessment of the impact on the Group's business operations, and if possible, the financial impact on the Group's financial results of the weaknesses identified in the Group's internal control system. In the quarterly Internal Audit reports, the Internal Auditors also recommended the corrective actions to overcome the weaknesses as well as the management's responses 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 on the follow-up reviews in the subsequent quarterly Internal Audit Reports to the Audit Committee.

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 internal control system was adequate and effective.

Please refer pages 30 to 32 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 stipulated in 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 2014 made pursuant to Paragraph 15.26(b) of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). This Statement has been prepared in accordance with the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" issued by the Task Force with the support and endorsement by Bursa Securities.

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

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 through ongoing and independent reviews carried out by the Internal Audit function of the Group to achieve the following objectives:

- safeguard assets of the Group and shareholders' interests;
- identify and manage risks affecting the Group;
- ensure compliance with regulatory requirements; and
- ensure operational results are closely monitored and substantial variances are promptly explained.

As at the date of this Statement, the Group has in place an Internal Control system in the Group and has implemented a Risk Management Framework 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, evaluating and managing key risks and its internal controls for its key subsidiaries. The Board has delegated the management of risks in the Group's daily operations to the Management team. These processes are embedded within the Group's business operations and guided by the operational manuals and policies and procedures of the Group. Significant risks are identified, risk owners are identified and the corresponding internal controls are designed and put in place to mitigate those risks. The Internal Audit function reviewed the internal controls and reported to the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

From the results of the reviews by the Internal Auditors, the Board is satisfied with the adequacy, effectiveness and integrity of the Group's Risk Management and Internal Control system undertaken during the financial year and it has received the assurance from the Executive Vice Chairman ("EVC") and the Chief Financial Officer.

KEY ELEMENTS OF INTERNAL CONTROL

The main features of the Group's Internal Control system during the financial year ended 31 May 2014 are summarised as follows:

- **Organisation structure and responsibility levels**

  The Group's organisational structure has clearly defined level of authorities and lines of responsibility from operating units up to the Board level to ensure accountabilities for risk management and control activities. 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 EVC and the Executive Director 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 of Directors received timely information pertaining to the operation, performance and profitability of the Group and was alerted of any significant matters that required its immediate attention by the EVC.

- **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 is in place at all times. To assist the Audit Committee in discharging its duties and responsibilities, the Audit Committee had outsourced the Internal Audit functions to a professional firm to take charge of the Group's Internal Audit function.

  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 approves the Internal Audit plan and reviews and assesses the performance of the Internal Audit function.

  The Internal Audit function conducts 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.

  The Internal Audit function reports its findings on the Group's Internal Control system quarterly to the Audit Committee. The Internal Audit function would report any incidence of non-compliance of the Group's Internal Control system and any other matters that would have a material effect on the Group's financial results and its going-concern assumptions. The Internal Audit function would also ensure that all weaknesses and non-compliance of the Internal Control system are rectified accordingly.

  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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- **Reporting and review**

  The EVC held meetings whenever applicable with the Executive Director and senior management to discuss and resolve operational, corporate, financial and key management issues. A performance review comparing the actual results with the previous year's results and the explanation on significant variances would be presented to the Board during the Board meetings.

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

- **Group Policies and Procedures**

  The Group's Policies and Procedures are a formal guide to the management and employees of the Group in carrying out their day-to-day duties. The Group's Policies and Procedures cover the following core areas:- authority limits and authorisation 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 Board is of the view that the Group's Risk Management and Internal Control system during the financial year under review and up to the date of issuance of the financial statements, was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would jeopardise the value of the Group's assets and shareholders' investment.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

In that respect, the Company and its subsidiaries ("Group") has adopted the following broad principals in carrying out its activities:

- the Group shall conduct its business ethically and with integrity, honesty and fairness and with the utmost level of corporate governance;
- the Group shall not breach the regulations and laws, and shall respect the culture of the countries in which it operates;
- the Group will build relationship with its shareholders, suppliers, customers, employees, partners and authorities that are based on trust, mutual respect, and win-win; and
- the Group shall manage its activities according to the principles of sustainable development for the needs of future generations.

The Group have carried out certain activities during the financial year ended 31 May 2014 which focuses on four 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 existing employees who possess potential.

Community
Consistent with one of the important focal areas 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 and had a blood donation campaign for its employees.

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 a financial year which shall give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit and loss of the Company and of the Group for the financial year.

Pursuant to paragraph 15.26(a) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Directors are required to issue a Statement explaining their responsibilities in the preparation of the Financial Statements.

The Directors hereby state that they are responsible to ensure that the Company and the Group keep proper accounting records to enable the Company to disclose, with reasonable accuracy and without any material misstatement, the financial positions of the Company and of the Group as at 31 May 2014 and the profit and loss of the Company and the Group for the financial year ended 31 May 2014. The Directors are also responsible to ensure that the Financial Statements comply with the Companies Act, 1965, the Malaysian Financial Reporting Standards, International Financial Reporting Standards, 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 2014 ("Financial Statements"), the Directors have :

- adopted accounting policies which are appropriate and consistently applied;
- made judgment and estimates which are reasonable and prudent;
- prepared the Financial Statements on the assumption that the Company and the Group will operate as a going concern; and
- ensured that all applicable approved accounting standards have been followed 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

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 May 2014.

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 after taxation	13,923	19,755
Profit attributable to:		
Equity holders of the Company	13,596	19,755
Non-controlling interest	327	-
	13,923	19,755

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 other than the effects arising from the disposal of a subsidiary as disclosed in Note 13 to the financial statements.

DIVIDENDS

On 30 January 2014, the Company paid a single tier interim dividend of 4 sen per ordinary share of RM18,931,453 in respect of the financial year ended 31 May 2014.

The Directors do not recommend any final dividend in respect of the current financial year ended 31 May 2014.

DIRECTORS' REPORT

DIRECTORS

The names of the Directors of the Company in office 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, Lim Hock Chye and Safrizal bin Mohd Said 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 disclosed 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' REPORT

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			
	1 June 2013	**Acquired**	**(Disposed)**	**31 May 2014**
Ordinary shares of RM0.10 each in the Company				
Direct interest:				
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 interest:				
Dato' (Dr) Siew Ka Wei	17,880,065	3,096,900	-	**20,976,965**
Deemed interest:				
Dato' (Dr) Siew Ka Wei	19,398,848	1,212,900	-	**20,611,748**
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.

DIRECTORS' REPORT

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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

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

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

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

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

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements 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.

DIRECTORS' REPORT

SIGNIFICANT EVENT

Details of significant event are disclosed in Note 13 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event are disclosed in Note 31 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 26 September 2014.

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 44 to 107 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2014 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 108, 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 26 September 2014.

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 44 to 108 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 Kuala Lumpur on 26 September 2014

Lim Chang Meng

Before me,
Kapt. (B) Jasni bin Yusoff (W465)
Pesuruhjaya Sumpah

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 2014 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 44 to 107.

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 requirements of 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 have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2014 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT

to the members of Ancom Logistics Berhad (Incorporated 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 108 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 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
26 September 2014

Kua Choh Leang
N0. 2716/01/15(J)
Chartered Accountant

INCOME STATEMENTS
For the financial year ended 31 May 2014

		Group		Company	
		2014	**2013**	**2014**	**2013**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	4	**49,729**	61,463	**27,039**	5,200
Cost of sales	4	**(37,195)**	(44,859)	**-**	-
Gross profit		**12,534**	16,604	**27,039**	5,200
Other income		**20,849**	610	**293**	-
Selling and marketing expenses		**(296)**	(156)	**-**	-
Administrative and other expenses		**(17,823)**	(13,780)	**(7,537)**	(3,034)
Finance costs	5	**(325)**	(517)	**(22)**	-
Profit before taxation	6	**14,939**	2,761	**19,773**	2,166
Taxation	9	**(1,016)**	(982)	**(18)**	411
Profit after taxation		**13,923**	1,779	**19,755**	2,577
Profit attributable to:					
Equity holders of the company		**13,596**	628	**19,755**	2,577
Non-controlling interest		**327**	1,151	**-**	-
		13,923	1,779	**19,755**	2,577
Earnings per share attributable to equity holders of the Company					
- Basic (sen)	10	**2.87**	0.13		

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 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other comprehensive income					
Profit after taxation		**13,923**	1,779	**19,755**	2,577
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation		**809**	(195)	**-**	-
Transfer of foreign currency translation reserve upon disposal of subsidiary	13	**(907)**	-	**-**	-
Total comprehensive income for the year		**13,825**	1,584	**19,755**	2,577
Total comprehensive income for the year attributable to:					
Equity holders of the company		**13,498**	433	**19,755**	2,577
Non-controlling interest		**327**	1,151	**-**	-
		13,825	1,584	**19,755**	2,577

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

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**37,715**	68,389	**642**	139
Intangible assets	12	**-**	362	**-**	-
Investments in subsidiaries	13	**-**	-	**22,474**	42,236
Investment in an associate	14	**1,802**	2,802	**1,833**	2,833
Deferred tax assets	15	**162**	110	**-**	-
		39,679	71,663	**24,949**	45,208
Current assets					
Inventories	16	**388**	636	**-**	-
Trade and other receivables	17	**7,685**	15,699	**1,596**	1,048
Other current assets	18	**617**	1,481	**-**	-
Tax recoverable		**217**	652	**-**	646
Other investments	19	**3,012**	264	**-**	-
Cash and bank balances	20	**29,382**	5,491	**22,030**	12
		41,301	24,223	**23,626**	1,706
Total assets		**80,980**	95,886	**48,575**	46,914
Equity and liabilities					
Current liabilities					
Trade and other payables	24	**6,428**	8,968	**4,269**	3,954
Loans and borrowings	23	**2,491**	7,014	**111**	-
Provision for taxation		**149**	224	**-**	-
		9,068	16,206	**4,380**	3,954
Net current assets		**32,233**	8,017	**19,246**	(2,248)
Non-current liabilities					
Deferred tax liabilities	15	**6,564**	8,285	**18**	-
Loans and borrowings	23	**535**	1,476	**393**	-
		7,099	9,761	**411**	-
Total Liabilities		**16,167**	25,967	**4,791**	3,954
Net assets		**64,813**	69,919	**43,784**	42,960

STATEMENTS OF FINANCIAL POSITION
As at 31 May 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Equity attributable to equity holders of the Company					
Share capital	21	**47,329**	47,329	**47,329**	47,329
Share premium	21	**6,414**	6,414	**6,414**	6,414
Accumulated losses		**(11,164)**	(5,829)	**(9,959)**	(10,783)
Merger reserve	22	**8,526**	8,526	**-**	-
Foreign currency translation reserve	22	**-**	98	**-**	-
		51,105	56,538	**43,784**	42,960
Non-controlling interest		**13,708**	13,381	**-**	-
Total equity		**64,813**	69,919	**43,784**	42,960
Total equity and liabilities		**80,980**	95,886	**48,575**	46,914

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 2014

Group	Note	Total equity RM'000	Attributable to equity holders of the Company — Distributable: Share capital RM'000	Accumulated losses RM'000	Non-distributable: Share premium RM'000	Merger reserve RM'000	Foreign currency translation reserves RM'000	Non-controlling interest RM'000
At 1 June 2012		71,248	47,329	(4,091)	6,414	8,526	293	12,777
Total comprehensive income/ (expense)		1,584	-	628	-	-	(195)	1,151
Transaction with equity holders								
Additional capital contribution		433	-	-	-	-	-	433
Dividends paid to non-controlling interest of subsidiary		(980)	-	-	-	-	-	(980)
Dividends on ordinary shares	25	(2,366)	-	(2,366)	-	-	-	-
At 31 May 2013		69,919	47,329	(5,829)	6,414	8,526	98	13,381
At 1 June 2013		**69,919**	**47,329**	**(5,829)**	**6,414**	**8,526**	**98**	**13,381**
Total comprehensive income		**13,825**	**-**	**13,596**	**-**	**-**	**(98)**	**327**
Transaction with equity holders								
Dividends on ordinary shares	25	**(18,931)**	**-**	**(18,931)**	**-**	**-**	**-**	**-**
At 31 May 2014		**64,813**	**47,329**	**(11,164)**	**6,414**	**8,526**	**-**	**13,708**

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2014

Company	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Accumulated losses RM'000	Total equity RM'000
At 1 June 2013	**47,329**	**6,414**	**(10,783)**	**42,960**
Total comprehensive income	**-**	**-**	**19,755**	**19,755**
Transaction with equity holders				
Dividends on ordinary shares (Note 25)	**-**	**-**	**(18,931)**	**(18,931)**
At 31 May 2014	**47,329**	**6,414**	**(9,959)**	**43,784**
At 1 June 2012	47,329	6,414	(10,994)	42,749
Total comprehensive income	-	-	2,577	2,577
Transaction with equity holders				
Dividends on ordinary shares (Note 25)	-	-	(2,366)	(2,366)
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.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 May 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from operating activities				
Profit before taxation:	**14,939**	2,761	**19,773**	2,166
Adjustments for:				
Depreciation of property, plant and equipment	**6,157**	6,885	**198**	113
Amortisation of development expenditure	**112**	66	**-**	-
Impairment of development expenditure	**250**	-	**-**	-
Allowance for doubtful debts	**300**	-	**258**	-
Impairment of investment in an associate	**1,000**	-	**1,000**	-
Interest expense	**325**	517	**22**	-
Interest income	**(5)**	(3)	**-**	-
Fair value gain in other investments	**(48)**	(15)	**-**	-
Gain on disposal of property, plant and equipment	**(176)**	(101)	**-**	-
Gain on disposal of subsidiary	**(20,087)**	-	**-**	-
Dividend income	**-**	-	**(27,039)**	(5,200)
Property, plant and equipment written off	**3**	3	**-**	-
Unrealised loss/(gain) on foreign exchange	**12**	(35)	**-**	-
Inventories written off	**400**	-	**-**	-
Operating profit/(loss) before changes in working capital	**3,182**	10,078	**(5,788)**	(2,921)
Inventories	**(152)**	60	**-**	-
Receivables	**159**	(390)	**-**	13
Payables	**3,193**	(429)	**1,740**	485
Related companies	**(391)**	(63)	**44,568**	2,783
Cash flows generated from operations	**5,991**	9,256	**40,520**	360
Taxation refund	**833**	527	**647**	481
Taxation paid	**(1,833)**	(1,735)	**-**	(70)
Net cash generated from operating activities	**4,991**	8,048	**41,167**	771
Cash flows from investing activities				
Interest received	**5**	3	**-**	-
Dividend received	**-**	-	**-**	1,500
Additional investments in other investments	**(2,700)**	(400)	**-**	-
Proceeds from other investments	**-**	1,700	**-**	-
Net cash inflow on disposal of a subsidiary	**46,949**	-	**-**	-
Proceeds from disposal of property, plant and equipment	**342**	773	**-**	-
Purchase of property, plant and equipment	**(1,673)**	(1,800)	**(196)**	-
Placement in deposits	**(3)**	(103)	**-**	-
Net cash generated from/(used in) investing activities	**42,920**	173	**(196)**	1,500

STATEMENTS OF CASH FLOWS

For the financial year ended 31 May 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from financing activities				
Interest paid	**(325)**	(517)	**(22)**	-
Dividend paid to non-controlling interest	**-**	(980)	**-**	-
Dividend paid on ordinary shares	**(18,931)**	(2,366)	**(18,931)**	(2,366)
Repayment of term loans	**(830)**	(58)	**-**	-
Repayment of short term borrowings	**(3,974)**	(3,145)	**-**	-
Drawdown of short term borrowings	**3,414**	-	**-**	-
Repayment of hire purchase	**(1,129)**	(796)	**-**	-
Net cash used in financing activities	**(21,775)**	(7,862)	**(18,953)**	(2,366)
Net increase/(decrease) in cash and cash equivalents	**26,136**	359	**22,018**	(95)
Effect of exchange rate changes in cash and cash equivalents	**-**	(195)	**-**	-
Cash and cash equivalents at 1 June	**2,073**	1,909	**12**	107
Cash and cash equivalents at 31 May	**28,209**	2,073	**22,030**	12
Cash and cash equivalents:				
Cash at banks and on hand (Note 20)	**10,706**	5,238	**3,460**	12
Short term deposits with licensed banks (Note 20)	**18,676**	253	**18,570**	-
	29,382	5,491	**22,030**	12
Less: Deposit with maturity more than three months	**(106)**	(103)	**-**	-
	29,276	5,388	**22,030**	12
Less: Bank overdrafts (Note 23)	**(1,067)**	(3,315)	**-**	-
	28,209	2,073	**22,030**	12

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

NOTES TO THE FINANCIAL STATEMENTS

31 May 2014

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, Sek. 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 26 September 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

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

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

2.2 Changes in accounting policies

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

On 1 June 2013, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 July 2012 and 1 January 2013.

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 101: Presentation of Items of other Comprehensive Income	1 July 2012
• MFRS 3: Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
• MFRS 10: Consolidated Financial Statements	1 January 2013
• MFRS 11: Joint Arrangements	1 January 2013

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

2.2 Changes in accounting policies *(continued)*

Description	Effective for annual periods beginning on or after
• 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: Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	1 January 2013
• MFRS 127: Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
• MFRS 128: Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
• IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
• Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
• Amendments to MFRS 1: Government Loans	1 January 2013
• Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
• Annual Improvements 2009-2011 Cycle	1 January 2013

Adoption of the above standards and amendments did not have any significant effect on the financial performance and position of the Group and of the Company except as discussed below:

MFRS 10 Consolidated Financial Statements

MFRS 10 supersedes MFRS 127 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose 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.

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

(i) power over the investee;

(ii) exposure, or rights, to variable returns from involvement with the investee; and

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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

2.2 Changes in accounting policies *(continued)*

MFRS 10 Consolidated Financial Statements *(continued)*

The adoption of this standard did not result in any change to the consolidation of its subsidiaries as at the end of the reporting period. There is no financial impact on the financial statements of the Group and of the Company.

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.

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS. MFRS 13 defines fair value as an exit price. MFRS 13 also requires additional disclosures.

Application of MFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

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, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

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

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
• Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
• Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
• Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
• Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
• IC Interpretation 21: Levies	1 January 2014
• Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
• Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
• Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
• MFRS 14: Regulatory Deferral Account	1 January 2016
• Amendments to MFRS 11: Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
• Amendments to MFRS 116 and MFRS 138: Clarification of Methods of Depreciation and Amortisation	1 January 2016
• Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plant	1 January 2016
• MFRS 15: Revenue from Contracts with Customers	1 January 2017
• MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
• MFRS 9: Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
• MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced
• Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010) and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	To be announced

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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

2.3 Standards issued but not yet effective *(continued)*

The adoption of the above standards and interpretations will not have any significant effect on the financial performance and position of the Group and of the Company in the period of initial application, except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 represents the first phase of the replacement of MFRS 139 and applies to the classification and measurement of financial assets and financial liabilities.

The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion.

The standard requires all financial assets to be classified and measured at either amortised cost or fair value on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Classification and measurement of financial liabilities are generally similar to the requirements of MFRS 139. However, this standard requires that gain or loss on financial liabilities designated at fair value through profit or loss that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income and the remaining amount of change in the fair value of the liability shall be presented in profit or loss.

The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the financial assets of the Group and of the Company, but will not have any impact on the classification of the financial liabilities of the Group and of the Company.

The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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 for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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

2.4 Basis of consolidation *(continued)*

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) potential voting rights held by the Company, other vote holders or other parties;

(iii) rights arising from other contractual arrangements; and

(iv) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to equity holders of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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

2.4 Basis of consolidation *(continued)*

Business combinations *(continued)*

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.5 Transactions with non-controlling interest

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

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 equity holders of the parent.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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

2.7 Property, plant and equipment *(continued)*

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 on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify 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 the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

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

2.8 Intangible assets *(continued)*

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition 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 the statement of 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, the ability to use the intangible asset generated and the ability to measure reliably the expenditures during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2014

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

2.9 Impairment of non-financial assets *(continued)*

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

2.10 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for 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.

2.11 Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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

2.11 Associates *(continued)*

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after taxation and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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

2.12 Financial assets *(continued)*

(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.

2.13 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.

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

2.13 Impairment of financial assets *(continued)*

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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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

2.17 Financial liabilities *(continued)*

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.

2.19 Employee benefits

(a) Short-term benefits

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

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

2.19 Employee benefits *(continued)*

(b) 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.

2.20 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.

2.21 Revenue

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

(a) Sale of goods

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

(b) Rendering of services

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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

2.22 Income taxes

(a) Current tax

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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

2.22 Income taxes *(continued)*

(b) Deferred tax *(continued)*

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

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

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

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of 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.

2.25 Borrowing costs

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

The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

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

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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

2.26 Current versus non-current classification

The Group and the Company presents assets and liabilities in the statements of financial position based on current/ non-current classification. An asset is classified as current when it is:

(a) expected to be realised or intended to be sold or consumed in a normal operating cycle;

(b) held primarily for the purpose of trading;

(c) expected to be realised within twelve months after the reporting period; or

(d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is classified as current when:

(a) it is expected to be settled in a normal operating cycle;

(b) it is held primarily for the purpose of trading;

(c) it is due to be settled within twelve months after the reporting period; or

(d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The Group and the Company measures financial instruments such as derivatives, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 28(A).

2.27 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) in the principal market for the asset or liability; or

(b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

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

2.27 Fair value measurement *(continued)*

The Group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured and disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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.

3.2 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.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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

3.2 Key sources of estimation uncertainty *(continued)*

(a) Useful lives of plant and equipment *(continued)*

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.

(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 by independent professional valuers, the accumulated impairment for the investment in the said associate as at 31 May 2014 was RM2,069,000 (2013: RM1,069,000).

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. REVENUE

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Sales of goods	**2,713**	2,845	**-**	-
Rendering of services	**47,016**	58,618	**-**	-
Dividend income	**-**	-	**27,039**	5,200
	49,729	61,463	**27,039**	5,200

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

5. FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expense:				
Bank overdrafts	**144**	152	**-**	-
Lease and hire purchases	**71**	61	**22**	-
Term loans and banker's acceptances	**110**	304	**-**	-
	325	517	**22**	-

6. PROFIT BEFORE TAXATION

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amortisation of development expenditure (Note 12)	**112**	66	**-**	-
Auditors' remuneration	**104**	194	**58**	94
Depreciation of property, plant and equipment (Note 11)	**6,157**	6,885	**198**	113
Bad debt written off	**434**	-	**-**	-
Allowance for doubtful debts	**300**	-	**258**	-
Inventories written off	**400**	-	**-**	-
Operating lease rental	**427**	2,736	**-**	-
Rental of premises	**301**	295	**-**	-
Realised (gain)/loss on foreign exchange	**(59)**	34	**-**	-
Unrealised loss/(gain) on foreign exchange	**12**	(35)	**-**	-
Property, plant and equipment written off	**3**	3	**-**	-
Impairment loss on:				
- Investment in an associate (Note 14)	**1,000**	-	**1,000**	-
- Development expenditure (Note 12)	**250**	-	**-**	-
Gain on disposal of property, plant and equipment	**(176)**	(101)	**-**	-
Gain on disposal of a subsidiary (Note 13)	**(20,087)**	-	**-**	-
Interest income	**(5)**	(3)	**-**	-
Fair value gain in other investments	**(48)**	(15)	**-**	-
Employee benefits expense (Note 7)	**8,453**	7,113	**1,846**	972

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Wages and salaries	**6,357**	5,305	**434**	320
Defined contribution plan	**712**	641	**44**	40
Others	**1,384**	1,167	**1,368**	612
	8,453	7,113	**1,846**	972

Included in staff costs of the Group are Executive Directors' remuneration of RM1,759,000 (2013: RM2,820,000) 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	
	2014 RM'000	**2013 RM'000**
Executive Directors		
Salaries	**480**	1,240
Other emoluments	**1,279**	1,580
	1,759	2,820
Non-Executive Directors		
Fees	**325**	360
Benefit-in-kind	**-**	28
Others	**817**	-
	1,142	388
Total Directors' remuneration	**2,901**	3,208

8. DIRECTORS' REMUNERATION *(continued)*

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	
	2014	**2013**
Executive Directors		
RM1 to RM1,250,000	**1**	1
RM1,250,000 to RM2,500,000	**1**	1
Non-Executive Directors		
RM50,001 to RM100,000	**-**	5
RM100,001 to RM200,000	**5**	-
	7	7

9. TAXATION

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Income tax:				
Malaysian income tax	**1,288**	1,147	**-**	-
Foreign income tax	**84**	273	**-**	-
Under/(over) provision in prior years	**290**	(458)	**-**	(411)
	1,662	962	**-**	(411)
Deferred taxation (Note 15):				
Relating to originating and reversal of temporary differences	**(223)**	29	**13**	(9)
(Over)/under provision in prior years	**(227)**	(9)	**5**	9
Relating to change in tax rate	**(196)**	-	**-**	-
	(646)	20	**18**	-
Taxation recognised in profit or loss	**1,016**	982	**18**	(411)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% in the year of assessment 2016. The computation of deferred tax as at 31 May 2014 has reflected these changes.

The corporate tax rate applicable to the subsidiary domiciled in Singapore is 17% (2013: 17%).

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

9. TAXATION *(continued)*

A reconciliation of the income tax expense applicable to profit before taxation 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	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Profit before taxation	**14,939**	2,761	**19,773**	2,166
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	**3,735**	690	**4,943**	542
Effect of different tax rates in foreign countries	**(40)**	(144)	**-**	-
Income not subject to tax	**(5,024)**	(321)	**(6,760)**	(1,300)
Expenses not deductible for tax purpose	**1,686**	726	**1,121**	229
Deferred tax asset not recognised	**792**	535	**709**	520
(Over)/under provision of deferred tax in prior years	**(227)**	(9)	**5**	9
Under/(over) provision of income tax in prior years	**290**	(458)	**-**	(411)
Effect of changes in tax rate	**(196)**	-	**-**	-
Others	**-**	(37)	**-**	-
	1,016	982	**18**	(411)

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 after taxation attributable to equity holders of the Company by the weighted average number of ordinary shares in issue 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	
	2014	**2013**
	RM'000	**RM'000**
Profit after taxation, attributable to equity holders of the Company	**13,596**	628
	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 taken into account the weighted average effect of changes in ordinary shares transactions during the year.

	Group	
	2014	**2013**
	RM'000	**RM'000**
Earnings per share attributable to equity holders of the Company:		
- Basic, for continuing operations (sen)	**2.87**	0.13

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.

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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	Total RM'000
Cost							
At 1 June 2013	1,016	26,011	51,955	37,183	2,716	1,920	120,801
Additions	-	-	336	1,776	236	-	2,348
Disposals	-	-	-	(696)	(3)	-	(699)
Write off	-	-	-	-	(3)	-	(3)
Reclassification	-	-	(3)	3	-	-	-
Disposal of a subsidiary	-	(23,023)	(708)	(9,513)	(651)	(1,833)	(35,728)
Exchange differences	-	1,005	31	390	28	80	1,534
At 31 May 2014	1,016	3,993	51,611	29,143	2,323	167	88,253
Accumulated depreciation							
At 1 June 2013	-	1,942	24,338	23,419	1,852	861	52,412
Charge for the financial year	-	541	2,562	2,648	283	123	6,157
Disposals	-	-	-	(531)	(3)	-	(534)
Write off	-	-	-	-	(3)	-	(3)
Reclassification	-	-	(1)	1	-	-	-
Disposal of a subsidiary	-	(1,642)	(406)	(4,495)	(379)	(861)	(7,783)
Exchange differences	-	54	16	171	15	33	289
At 31 May 2014	-	895	26,509	21,213	1,765	156	50,538
Net book value							
At 31 May 2014	1,016	3,098	25,102	7,930	558	11	37,715

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	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	-	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

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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 2013	**11**	**743**	**754**
Additions	**-**	**701**	**701**
At 31 May 2014	**11**	**1,444**	**1,455**
Accumulated depreciation			
At 1 June 2013	**9**	**606**	**615**
Charge for the financial year	**1**	**197**	**198**
At 31 May 2014	**10**	**803**	**813**
Net book value			
At 31 May 2014	**1**	**641**	**642**
Cost			
At 1 June/31 May	11	743	754
Accumulated depreciation			
At 1 June 2012	7	495	502
Charge for the financial year	2	111	113
At 31 May 2013	9	606	615
Net book value			
At 31 May 2013	2	137	139

During the financial year, the Group and the Company acquired property, plant and equipment at aggregate cost of RM2,348,000 (2013: RM2,972,000) and RM701,000 (2013: Nil) of which RM675,000 (2013: RM1,172,000) and RM505,000 (2013: Nil) respectively 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		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Motor vehicles	**2,052**	4,424	**624**	-

12. INTANGIBLE ASSET

	Group	
	2014 RM'000	2013 RM'000
Development expenditure		
At beginning of financial year	**362**	428
Amortisation during the financial year (Note 6)	**(112)**	(66)
Impairment during the financial year (Note 6)	**(250)**	-
At end of financial year	**-**	362

During the financial year, an impairment loss was recognised to write-down the carrying amount of the development expenditure as the Directors do not anticipate any future economic benefits associated with the intangible asset.

The impairment loss of RM250,000 has been recognised in the income statement under administrative and other expenses.

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares - at cost	**22,807**	42,569
Less: Accumulated impairment losses	**(333)**	(333)
	22,474	42,236

NOTES TO THE FINANCIAL STATEMENTS
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13. INVESTMENTS IN SUBSIDIARIES *(continued)*

Details of subsidiaries are as follows:

Name of Company	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Held by the company:				
Ancom Components Sdn Bhd [1]	Malaysia	Manufacturing and marketing of low voltage switchgear	**67**	67
Ancom Systems Technology (Malaysia) Sdn Bhd (Note 13(a)(i))	Malaysia	Dormant	**-**	100
Synergy Trans-Link Sdn Bhd [1]	Malaysia	Investment holding	**100**	100
Hikmat Ikhlas Sdn Bhd [1] [2]	Malaysia	Trading and contractying in eletrical engineering products	**35**	35
Held through Synergy Trans-Link Sdn Bhd:				
Ancom-ChemQuest Terminals Sdn Bhd [1]	Malaysia	Build, own, operate, lease and manage chemical tank farm and warehouse	**51**	51
Sinsenmoh Transportation Pte Ltd (Note 13(b)(ii))	Singapore	Freight forwarding, packing and crafting services	**-**	100
Pengangkutan Cogent Sdn Bhd [1]	Malaysia	Providing transportation and related services	**100**	100

(1) Audited by Ernst & Young

(2) Although the Company does not own more than 50% of the equity shares of Hikmat Ikhlas Sdn Bhd ("HISB") and consequently it does not control more than half of the voting power of those shares, it has the power to control the financial and operating activities of the Company and it has relatively higher voting rights as compare to the other owners in HISB. Consequently, HISB is controlled by the Company and is consolidated in these financial statements

(a) Disposal of subsidiaries

(i) On 28 January 2014, the Company disposed its existing 2 units of ordinary shares in Ancom Systems Technology (Malaysia) Sdn Bhd for a total cash consideration of RM2 to two individuals, Lee Zing Yean and Wong Chee Foo.

(ii) On 20 December 2013, Synergy Trans-Link Sdn Bhd, a wholly-owned subsidiary of Ancom Logistics Berhad, disposed its existing 7,911,192 units of ordinary shares in Sinsenmoh Transportation Pte Ltd for a total cash consideration of RM46,503,000 to CWT Limited.

The effects on the financial statements for the year ended 31 May 2014 upon disposal of the subsidiary was as follows:

13. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Disposal of subsidiaries *(continued)*

	At the date of disposal RM'000
Property, plant and equipment	27,945
Trade receivables	5,680
Other receivables	771
Cash and bank balances	680
Trade payables	(1,253)
Other payables	(2,424)
Taxation	(228)
Loans and borrowings	(2,669)
Deferred tax liabilities	(1,179)
Net assets disposed off	27,323
Transfer of foreign currency translation reserve to profit or loss upon disposal of a subsidiary	(907)
	26,416
Total disposal proceeds	(46,503)
Gain on disposal to the Group (Note 6)	(20,087)
Cash inflow arising from disposal:	
Cash consideration	46,503
Cash and bank balances of subsidiary disposed	(680)
Bank overdrafts of subsidiary disposed	1,126
Net cash inflow to the Group	46,949

(b) Material partly-owned subsidiaries

Financial information of subsidiaries that have non-controlling interest are provided below:

Proportion of equity interest held by material non-controlling interest:

Name	Country of incorporation and operation	2014 %	2013 %
Ancom Components Sdn Bhd ("ACM")	Malaysia	**33**	33
Ancom-ChemQuest Terminals Sdn Bhd ("ACT")	Malaysia	**49**	49
Hikmat Ikhlas Sdn Bhd ("HISB")	Malaysia	**65**	65

NOTES TO THE FINANCIAL STATEMENTS
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13. INVESTMENTS IN SUBSIDIARIES *(continued)*

(b) Material partly-owned subsidiaries *(continued)*

	2014 RM'000	2013 RM'000
Accumulated balances of material non-controlling interest:		
Ancom-ChemQuest Terminals Sdn Bhd	**13,865**	12,781
Other individually immaterial non-contrlling interest	**(157)**	600
	13,708	13,381
Profit/(loss) allocated to material non-controlling interest:		
Ancom-ChemQuest Terminals Sdn Bhd	**1,084**	1,151
Other individually immaterial non-contrlling interest	**(757)**	-
	327	1,151

The summarised financial information of the material partly-owned subsidiary is provided below. This information is based on amounts before inter-company eliminations.

	ACT RM'000
Summarised statement of profit or loss for 2014:	
Revenue	**10,325**
Cost of sales	**(6,480)**
Other income	**186**
Administrative expenses	**(1,207)**
Other expenses	**(14)**
Profit before taxation	**2,810**
Taxation	**(598)**
Profit for the year	**2,212**
Total comprehensive income	**2,212**
Attributable to non-controlling interest	**1,084**
Other individually immaterial non-controlling interest	**(757)**
	327

13. INVESTMENTS IN SUBSIDIARIES *(continued)*

(b) Material partly-owned subsidiaries *(continued)*

The summarised financial information of the material partly-owned subsidiary is provided below. This information is based on amounts before inter-company eliminations. *(continued)*

	ACT RM'000
Summarised statement of profit or loss for 2013:	
Revenue	10,403
Cost of sales	(6,183)
Other income	15
Administrative expenses	(970)
Other expenses	(141)
Profit before taxation	3,124
Taxation	(776)
Profit for the year	2,348
Total comprehensive income	2,348
Attributable to non-controlling interest	1,151
Dividends paid to non-controllig interest	(980)

	ACT RM'000
Summarised statement of financial position as at 31 May 2014:	
Trade and other receivables (current)	**6,554**
Cash and bank balances	**1,999**
Property, plant and equipment	**25,741**
Trade and other payables (current)	**(819)**
Tax payable (current)	**(149)**
Deferred tax liabilities	**(5,030)**
Total equity	**28,296**
Attributable to non-controlling interest	**13,865**
Other individually immaterial non-controlling interest	**(157)**
	13,708

NOTES TO THE FINANCIAL STATEMENTS
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13. INVESTMENTS IN SUBSIDIARIES *(continued)*

(b) Material partly-owned subsidiaries *(continued)*

The summarised financial information of the material partly-owned subsidiary is provided below. This information is based on amounts before inter-company eliminations. *(continued)*

	ACT RM'000
Summarised statement of financial position as at 31 May 2013:	
Trade and other receivables (current)	3,636
Cash and bank balances	1,684
Property, plant and equipment	28,003
Trade and other payables (current)	(634)
Tax payable (current)	(53)
Loans and borrowings (current)	(830)
Deferred tax liabilities	(5,722)
Total equity	26,084
Attributable to non-controlling interest	12,781
Other individually immaterial non-controlling interest	600
	13,381

	ACT RM'000
Summarised cash flow information for year ended at 31 May 2014:	
Operating	**4,152**
Investing	**(3,008)**
Financing	**(830)**
Net increase in cash and cash equivalents	**314**
Summarised cash flow information for year ended at 31 May 2013:	
Operating	4,325
Investing	912
Financing	(4,580)
Net increase in cash and cash equivalents	657

NOTES TO THE FINANCIAL STATEMENTS
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14. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at costs	**3,902**	3,902	**3,902**	3,902
Share of post-acquisition reserves	**(31)**	(31)	**-**	-
	3,871	3,871	**3,902**	3,902
Less: Accumulated impairment losses	**(2,069)**	(1,069)	**(2,069)**	(1,069)
	1,802	2,802	**1,833**	2,833

Details of associate are as follows:

Name of Company	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Tamco Chongqing Switchgear Company Limited [1]	China	In liquidation	**49**	49

[1] Tamco Chongqing Switchgear Company Limited ("TCS") has been placed under liquidation in December 2009. The Company has the power to participate in the liquidation process. Consequently, the Company possesses a significant influence over TCS, thus TCS is classified as investment in associate.

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	
	2014 RM'000	2013 RM'000
Assets and liabilities		
Current assets	**5,934**	3,915
Non-current assets	**2,306**	2,412
Total assets	**8,240**	6,327
Current liabilities, representing total liabilities	**2,517**	401
Results		
Loss for financial year	**(96)**	(55)

NOTES TO THE FINANCIAL STATEMENTS
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15. DEFERRED TAXATION

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 June	**(8,175)**	(8,165)	**-**	-
Recognised in profit or loss (Note 9)	**646**	(20)	**(18)**	-
Disposal of a subsidiary (Note 13)	**1,179**	-	**-**	-
Exchange differences	**(52)**	10	**-**	-
At 31 May	**(6,402)**	(8,175)	**(18)**	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	**162**	110	**-**	-
Deferred tax liabilities	**(6,564)**	(8,285)	**(18)**	-
	(6,402)	(8,175)	**(18)**	-

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 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)
At 1 June 2013	**(7,691)**	**(594)**	**(8,285)**
Recognised in profit or loss	**569**	**25**	**594**
Disposal of a subsidiary (Note 13)	**879**	**300**	**1,179**
Exchange differences	**(38)**	**(14)**	**(52)**
At 31 May 2014	**(6,281)**	**(283)**	**(6,564)**

NOTES TO THE FINANCIAL STATEMENTS
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15. DEFERRED TAXATION *(continued)*

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

Deferred tax assets of the Group:

	Provisions RM'000
At 1 June 2012	115
Recognised in profit or loss	(5)
At 31 May 2013	110
At 1 June 2013	**110**
Recognised in profit or loss	**52**
At 31 May 2014	**162**

Deferred tax liability of the Company:

	Accelerated capital allowances RM'000
At 1 June 2013	**-**
Recognised in profit or loss	**(18)**
At 31 May 2014	**(18)**

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unused tax losses	**7,646**	4,480	**4,912**	2,078

At the reporting date, the Group and the Company have tax losses of approximately RM7,646,000 (2013: RM4,480,000) and RM4,912,000 (2013: RM2,078,000) 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.

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16. INVENTORIES

	Group 2014 RM'000	Group 2013 RM'000
At cost		
Finished goods	**236**	582
Raw materials and consumable stores	**152**	54
	388	636
Cost of inventories recognised in profit or loss	**1,642**	1,678

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Trade receivables				
Third parties	**6,280**	12,548	**-**	-
Less: Allowance for doubtful debts	**(300)**	-	**-**	-
	5,980	12,548	**-**	-
Other receivables				
Refundable deposits	**157**	307	**11**	11
Other receivables	**269**	474	**-**	-
Amounts due from related companies	**1,007**	2,284	**1,313**	982
Amount due from holding company	**272**	86	**272**	55
	1,705	3,151	**1,596**	1,048
	7,685	15,699	**1,596**	1,048
Total trade and other receivables	**7,685**	15,699	**1,596**	1,048
Add: Cash and bank balances (Note 20)	**29,382**	5,491	**22,030**	12
Total loans and receivables	**37,067**	21,190	**23,626**	1,060

(a) Trade receivables

Trade receivables are generally on 30 to 90 days (2013: 30 to 120 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.

17. TRADE AND OTHER RECEIVABLES *(continued)*

(a) Trade receivables *(continued)*

Ageing analysis of trade receivables

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

	Group	
	2014	**2013**
	RM'000	**RM'000**
Neither past due nor impaired	**3,255**	8,742
1 to 30 days past due not impaired	**1,462**	2,092
31 to 60 days past due not impaired	**694**	810
61 to 90 days past due not impaired	**222**	343
91 to 120 days past due not impaired	**81**	185
More than 121 days past due not impaired	**266**	376
Past due but not impaired	**2,725**	3,806
Impaired	**300**	-
	6,280	12,548

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 arose 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 RM2,725,000 (2013: RM3,806,000) that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

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17. TRADE AND OTHER RECEIVABLES *(continued)*

(a) Trade receivables *(continued)*

Receivables that are impaired

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

	Group Collectively assessed 2014 RM'000	2013 RM'000
Trade receivables - nominal amount	**300**	-
Less: Allowance for impairment	**(300)**	-
	-	-

Movement of the allowance accounts are as follows:

	Group 2014 RM'000	2013 RM'000
At 1 July	**-**	-
Charge for the year	**300**	-
At 30 June	**300**	-

(a) Related party balance

Amounts due from related and holdings companies

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

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

The balances with 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 2014 RM'000	2013 RM'000
Prepayments	**617**	1,481

NOTES TO THE FINANCIAL STATEMENTS
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19. OTHER INVESTMENTS

	Group	
	2014 RM'000	2013 RM'000
Investment designated as fair value through profit or loss	**3,012**	264
Fair value	**3,012**	264

The Company has invested in cash plans from Hwang DBS Investment Management Berhad.

These investments are stated at their fair values as at reporting date and are valued based on net asset value of the fund at a particular valuation point divided by the total number units at the valuation point computed by the financial institution.

20. CASH AND BANK BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash at banks and on hand	**10,706**	5,238	**3,460**	12
Deposits with licensed banks	**18,676**	253	**18,570**	-
	29,382	5,491	**22,030**	12

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average interest rate and maturity days of the short term deposits with licensed banks of the Group and of the Company are 3.15% (2013: 3.15%) per annum and the maturity of deposits as at the end of the financial year was 109 days (2013: 108 days).

21. SHARE CAPITAL AND SHARE PREMIUM

	Share capital Group and Company			
	Number of ordinary shares of RM0.10 each		Amount	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000
Authorised share capital:				
At 1 July/30 June	**2,500,000**	2,500,000	**250,000**	250,000
Issued and fully paid:				
At 1 July/30 June	**473,286**	473,286	**47,329**	47,329

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.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

21. SHARE CAPITAL AND SHARE PREMIUM *(continued)*

	Share premium Group and Company	
	2014 RM'000	**2013 RM'000**
At 1 July/30 June	**6,414**	6,414

22. MERGER AND FOREIGN CURRENCY TRANSLATION RESERVES

	Merger reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
Group			
At 1 June 2012	8,526	293	8,819
Total other comprehensive expense	-	(195)	(195)
At 31 May 2013	8,526	98	8,624
At 1 June 2013	**8,526**	**98**	**8,624**
Total other comprehensive income	**-**	**809**	**809**
Transfer of foreign currency translation reserve to profit or loss upon disposal of a subsidiary	**-**	**(907)**	**(907)**
At 31 May 2014	**8,526**	**-**	**8,526**

(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

	Maturity	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current					
Secured:					
Hire purchase and finance lease payables (Note 27(b))	2015	**421**	1,305	**111**	-
Bank overdrafts	On demand	**1,067**	3,315	**-**	-
Banker's acceptances	2015	**1,003**	1,564	**-**	-
		2,491	6,184	**111**	-
Unsecured:					
Term loan		**-**	830	**-**	-
		2,491	7,014	**111**	-
Non-current					
Secured:					
Hire purchase and finance lease payables (Note 27(b))	2016-2018	**535**	1,476	**393**	-
Total loans and borrowings		**3,026**	8,490	**504**	-

The borrowings bear interest at rate of 8.6% (2013: 8.6%) per annum during the financial year.

<u>Banker's acceptances</u>

The banker's acceptances bear interest at rates ranging from 5% to 8% (2013: 3% to 5%) per annum during the financial year.

The bank overdrafts and banker's acceptances are guaranteed by the corporate guarantees provided by the holding company, Ancom Berhad.

<u>Obligations under hire purchase and finance lease payables</u>

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

NOTES TO THE FINANCIAL STATEMENTS
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24. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Trade payables				
Third parties	**1,837**	3,105	**-**	-
Other payables				
Accruals	**3,254**	1,065	**2,590**	-
Other payables	**764**	2,100	**230**	1,078
Amount due to holding company	**59**	2,296	**-**	2,230
Amounts due to related companies	**514**	402	**1,449**	646
	4,591	5,863	**4,269**	3,954
	6,428	8,968	**4,269**	3,954
Total trade and other payables	**6,428**	8,968	**4,269**	3,954
Add: Loans and borrowings (Note 23)	**3,026**	8,490	**504**	-
Total financial liabilities carried at amortised cost	**9,454**	17,458	**4,773**	3,954

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2013: 30 to 90 days). These are non-interest bearing.

(b) Other payables

Other payables are normally settled on an average term of 6 months (2013: 6 months). These are non-interest bearing.

(c) Amount due to holding company

Amount due to holding company is unsecured, non-interest bearing and repayable on demand.

(d) Amounts due to related companies

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

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

25. DIVIDENDS

	Dividends in respect of Year		Dividends recognised in Year	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Interim dividend for 2014: 4 sen per share single tier interim dividend on 473,286,313 ordinary shares paid on 30 January 2014	**18,931**	-	**18,931**	-
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
	18,931	2,366	**18,931**	2,366

The interim dividend in respect of the financial year ended 31 May 2014 was paid out of profit earned during the financial year ended 31 May 2014.

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	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Sale of services to related companies	**6,250**	5,988	**-**	-
Dividends income from subsidiaries	**-**	-	**27,039**	5,200

Related companies refer to subsidiaries and associates of Ancom Berhad.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Salaries	**1,107**	2,028	**258**	237
Defined contribution plan	**60**	48	**31**	29
Other emoluments	**1,321**	1,434	**986**	559
	2,488	3,510	**1,275**	825

Remunerations of Executive Directors 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	
	2014 RM'000	2013 RM'000
Not later than 1 year	**427**	4,375
Later than 1 year but not later than 5 years	**3,664**	9,790
Later than 5 years	**3,629**	25,545
	7,720	39,710

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Minimum lease payments:				
Not later than 1 year	**459**	1,406	**133**	-
Later than 1 year but not later than 2 years	**238**	1,449	**133**	-
More than 2 years but not later than 5 years	**334**	85	**291**	-
Total minimum lease payment	**1,031**	2,940	**557**	-
Less: Amounts representing finance charges	**(75)**	(159)	**(53)**	-
Present value of minimum lease payments	**956**	2,781	**504**	-
Present value of payments				
Not later than 1 year	**421**	1,305	**111**	-
Later than 1 year but not later than 2 years	**253**	1,476	**111**	-
More than 2 years but not later than 5 years	**282**	-	**282**	-
	535	1,476	**393**	-
	956	2,781	**504**	-

The hire purchase and lease liabilities bore flat interest rates during the financial year between 2.41% and 3.18% (2013: 1.60% and 3.50%) 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		Company	
	Amount RM'000	Fair value RM'000	Amount RM'000	Fair value RM'000
At 31 May 2014				
Hire-purchase and finance lease payables	**535**	**572**	**393**	**424**
At 31 May 2013				
Hire-purchase and finance lease payables	1,476	1,534	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 May 2014

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

B. 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 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.

C. 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 (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As at 31 May 2014, the Group held the following financial instruments carried at fair value in the statement of financial position:

	2014 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Assets measured at fair value				
Financial asset at fair value through profit or loss:				
Other investments	**3,012**	-	3,012	-
Assets measured at fair value				
Financial asset at fair value through profit or loss:				
Other investments	**264**	-	264	-

During the financial years ended 31 May 2014 and 31 May 2013, there were no transfer between Level 2 fair value measurements.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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

(a) Credit risk *(continued)*

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 RM2,071,000 (2013: RM2,243,000) 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 (2013: not material).

(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 banker's 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.

	2014			
	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	6,428	-	-	6,428
Loans and borrowings	2,686	572	-	3,258
	9,114	572	-	9,686
Company				
Financial liabilities:				
Trade and other payables	4,269	-	-	4,269
Loans and borrowings	133	424	-	557
	4,402	424	-	4,826

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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

(b) Liquidity risk *(continued)*

	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

(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.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit after taxation would have been RM6,000 (2013: RM16,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. 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").

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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

(d) Foreign currency risk *(continued)*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after taxation to a reasonably possible change in SGD against the respective functional currency of the Group's entities, with all variables held constant.

	Group	
	2014 RM'000 Profit after taxation	**2013 RM'000 Profit after taxation**
SGD/RM - strengthened 3%	**126**	217
- weakened 3%	**(126)**	(217)

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 equity holders of the Company.

The Group's gearing ratio is computed as follows:

	2014 RM'000	**2013 RM'000**
Borrowings	**3,026**	8,490
Trade and other payables	**6,428**	8,968
Less: Cash and bank balances	**(29,382)**	(5,491)
Net (asset)/debt	**(19,928)**	11,967
Total equity attributable to equity holders of the Company	**51,105**	56,538
Gearing ratio	**N/A**	21.2%

31. SUBSEQUENT EVENT

On 5 June 2014, the Company has undertaken capital reduction of its existing issued and paid-up share capital via cancellation of RM0.05 in the par value of each ordinary shares of RM0.10 each, resulting in a new par value of RM0.05 for each of the ordinary shares in the Company. Following the capital reduction, the Company has made a cash distribution of RM18,931,453 to all the shareholders of the Company on the basis of RM0.04 for each of the ordinary shares and the balance of RM0.01, together with credit arising from cancellation of share premium account have been used to set-off against the accumulated losses of the Company.

32. 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.

32. SEGMENTAL INFORMATION *(continued)*

	Logistics		Others		Adjustments and eliminations		Note	Consolidated	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000		2014 RM'000	2013 RM'000
Revenue:									
External customers	**47,016**	58,618	**2,713**	2,845	**-**	-		**49,729**	61,463
Inter-segment	**45**	1,083	**-**	400	**(45)**	(1,483)	(a)	**-**	-
Total revenue	**47,061**	59,701	**2,713**	3,245	**(45)**	(1,483)		**49,729**	61,463
Results:									
Dividend income	**-**	-	**27,039**	10,141	**(27,039)**	(10,141)	(b)	**-**	-
Depreciation and amortisation	**5,904**	6,700	**365**	251	**-**	-		**6,269**	6,951
Impairment of non-financial assets	**-**	-	**1,000**	-	**-**	-		**1,000**	-
Other non-cash (income)/expenses	**(268)**	(114)	**2,384**	-	**-**	-	(c)	**2,116**	(114)
Segment profit	**30,982**	5,558	**17,467**	7,326	**(33,510)**	(10,123)		**14,939**	2,761
Assets:									
Investment in an associate	**-**	-	**1,802**	2,802	**-**	-		**1,802**	2,802
Additions to non-current assets	**1,647**	2,962	**701**	10	**-**	-	(d)	**2,348**	2,972
Segment assets	**124,217**	92,715	**49,851**	102,063	**(93,088)**	(98,892)	(e)	**80,980**	95,886
Segment liabilities	**33,387**	34,658	**8,539**	7,672	**(25,759)**	(16,363)	(f)	**16,167**	25,967

32. SEGMENTAL INFORMATION *(continued)*

Note:

(a) Inter-segment revenue is 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	2014 RM'000	2013 RM'000
Gain on foreign exchange (net)	6	**(47)**	(1)
Allowance for doubtful debts	6	**300**	-
Bad debt written off	6	**434**	-
Fair value gain on investment	6	**(48)**	(15)
Gain on disposal of assets	6	**(176)**	(101)
Impairment of investment in an associate	6	**1,000**	-
Impairment on development expenditure	6	**250**	-
Property, plant and equipment written off	6	**3**	3
Inventories written off	6	**400**	-
		2,116	(114)

(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.

<u>Geographical Information</u>

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

	Revenue		Segment assets	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysia	**33,952**	34,312	**80,980**	62,031
Other Southeast Asian countries	**15,777**	27,151	**-**	33,855
Consolidated	**49,729**	61,463	**80,980**	95,886

NOTES TO THE FINANCIAL STATEMENTS
31 May 2014

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 and 31 May 2014, into realised and unrealised losses, is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Accumulated losses				
Realised	**(8,625)**	(862)	**(9,941)**	(10,783)
Unrealised	**(6,402)**	(8,175)	**(18)**	-
	(15,027)	(9,037)	**(9,959)**	(10,783)
Less: Consolidated adjustments	**3,863**	3,208	**-**	-
Total accumulated losses	**(11,164)**	(5,829)	**(9,959)**	(10,783)

The determination of realised and unrealised losses 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 Accountants on 20 December 2010.

The disclosure of realised and unrealised losses 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 2014

The disclosure on the Remuneration of the Directors for the financial year ended 31 May 2014 is set out in Note 8 to the financial statements.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

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

IMPOSITION OF SANCTIONS / PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant authorities during the financial year.

NON-AUDIT FEES

The Company did not engage the external auditors of the Company for non-audit engagement 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 RM20,000.00.

VARIATION IN RESULTS

There was no significant variance between the results for the financial year ended 31 May 2014 and the unaudited results previously announced. The Company did not announce any profit estimate, forecast and projections for the financial year.

PROFIT GUARANTEES

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

MATERIAL CONTRACTS

There was no material contract (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiary companies which involves the Directors and major shareholders, either still subsisting at the end of the financial year ended 31 May 2014 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 2014 is set out in Note 26 to the financial statements.

ADDITIONAL INFORMATION

Compliance Information pursuant to Appendix 9c of the Listing Requirements of
Bursa Malaysia Securities Berhad for the ACE Market

UTILISATIONS OF PROCEEDS

On 20 December 2013, the Company's wholly–owned subsidiary, Synergy Trans-Link Sdn Bhd, completed the disposal of its entire equity interest in Sinsenmoh Transportation Pte Ltd, for cash consideration ("Disposal") of RM46.426 million (SGD18.06 million at exchange rate of RM2.57 : SGD1.00). The utilisations of the proceeds arising from the Disposal are as follows:

Purposes	Proposed utilisation	Actual utilisation	Deviation	Deviation
	(RM'000)	(RM'000)	(RM'000)	%
Distributions by the Company to its shareholders by way of a special dividend of 4 sen per share and the capital reduction and repayment of 4 sen per share respectively ("Distributions")	37,863	37,863	-	-
Working capital of the Group	6,563	6,433	130	2
Expenses for the Disposal, the Distributions and the amendments to the Company's Memorandum of Articles	2,000	2,000	-	-
Total	46,426	46,296		

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 follows:

Transacting parties		Nature of transaction	Value of RRPT (RM'000)	Interested directors, major shareholders and connected persons
ALB Group	Related Party			
Ancom-ChemQuest Terminals Sdn Bhd	PKG	Storage services	3,181	Dato' (Dr) Siew Ka Wei, Lim Hock Heng, Siew Nim Chee & Sons Sdn Bhd, Synergy Tanker Sdn Bhd, Rhodemark Development Sdn Bhd, Ancom Overseas Ventures Sdn Bhd, Silver Dollars Sdn Bhd and Datin Young Ka Mun
Ancom-ChemQuest Terminals Sdn Bhd	PKG	Handling and pipeline services	427	
Pengangkutan Cogent Sdn Bhd	PKG, Femrpo and Nylex	Transportation services	1,974	
Sinsenmoh Transportation Pte Ltd	Dynamic	Storage services	32	
Sinsenmoh Transportation Pte Ltd	Dynamic	Handling and transportation services	39	

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

LIST OF PROPERTIES
As at 31 May 2014

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2014 (RM'000)	Date of Acquisition / Revaluation
Ancom-ChemQuest Terminals Sdn Bhd					
Jeti Petrokimia Pelabuhan Barat Pelabuhan Klang Selangor	Unexpired lease period of 10 years (Expiring on 31 August 2024)	9.8 acres	Tank farm, office and warehouse Age of building: approximately 14 years	25,323	N/A
Pengangkutan Cogent Sdn Bhd					
PTD 149227 Jln Berjaya 7 Taman Perindustrian Berjaya Daerah Johor Bahru, Johor	Freehold	6,070.3 sq.m.	Office building, Age of building: approximately 2 years	3,618	2010

ANALYSIS OF SHAREHOLDINGS

As at 30 Sept 2014

NUMBER OF HOLDERS OF EACH CLASS OF EQUITY SECURITIES

Class of securities	:	Ordinary shares of RM0.05 each
Voting Rights	:	One vote per ordinary share
Total no. issued	:	473,286,313
No. of holders	:	12,533

DISTRIBUTION SCHEDULE

Holdings	No. of holders	Total holdings	%
Less than 100	3,347	165,113	0.1%
101 to 1,000	5,212	2,259,699	0.5%
1,001 to 10,000	2,648	9,984,349	2.1%
10,001 to 100,000	1,078	44,681,043	9.4%
100,001 to less than 5% of issued shares	244	112,961,936	23.9%
5% and above of issued shares	4	303,234,173	64.1%
	12,533	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%	-	-
Ancom Berhad	56,191,485	11.87%	166,595,425[(1)]	35.20%

Note:

1. Held through Synergy Tanker Sdn Bhd, Ancom Overseas Ventures Sdn Bhd and Rhodemark Development Sdn Bhd.

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Directors' shareholdings	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%	-	-

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.

ANALYSIS OF SHAREHOLDINGS
As at 30 Sept 2014

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	RHB Nominees (Tempatan) Sdn Bhd Amara Investment Management Sdn Bhd for Tan Jit Liang	5,287,000	1.12%
6	Nor Ashikin Binti Khamis	4,000,000	0.85%
7	Loh Boon Hong	3,920,000	0.83%
8	Public Invest Nominees (Tempatan) Sdn Bhd Exempt AN for Phillip Securities Ptd Ltd (Clients)	3,019,600	0.64%
9	Wong Sick Kiew	2,945,000	0.62%
10	Loh Boon Hong	2,800,000	0.59%
11	Tan Jit Liang	2,652,700	0.56%
12	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Fook Yew (E-SS2)	2,631,800	0.56%
13	Loh Kah Guan	2,547,900	0.54%
14	Law Say Huat	2,125,900	0.45%
15	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd For Khoo Tony	2,000,000	0.42%
16	Medallion Capital Sdn Bhd	1,962,700	0.41%
17	Loh Kah Peng	1,900,000	0.40%
18	HSBC Nominees (Asing) Sdn Bhd Exempt AN For The Hong Kong And Shanghai Banking Corporation Limited (PB-HKDIV-ACCL)	1,750,000	0.37%
19	Chng (Ching) Joong Siew	1,706,600	0.36%
20	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Cheng Chuan (LEE4666C)	1,400,000	0.30%
21	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rossana Annizah Binti Ahmad Rashid @ Mohd Rashidi (CEB)	1,400,000	0.30%
22	Terengganu Incorporated Sdn Bhd	1,370,800	0.29%
23	Wong Taek Boon @ Guan Taek Boon	1,300,000	0.27%
24	RHB Nominees (Tempatan) Sdn Bhd Amara Investment Management Sdn Bhd For Toh Chin Woon	1,213,300	0.26%
25	Phuah Saw Khim	1,200,000	0.25%
26	Universal Trustee (Malaysia) Berhad Malaysian Association For The Prevention Of Tuberculosis	1,200,000	0.25%
27	Chan Eu-Khin	1,117,500	0.24%
28	Kow Ji Mang	1,000,000	0.21%
29	Rossana Annizah Binti Ahmad Rashid	1,000,000	0.21%
30	Teoh Ah Khiang @ Chiang Kee Foon	1,000,000	0.21%
	Total	**357,684,973**	**75.57%**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 48th Annual General Meeting of the Company will be held at Kristal Ballroom 1, 1st Floor West Wing, Hilton Petaling Jaya, No.2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 20 November 2014 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 2014; **(Please Refer Explanatory Note 1)**

2. To approve the payment of Directors' fees for the financial year ended 31 May 2014 of RM325,000.00; **(Resolution 1)**

3. To re-elect the following Directors who retire pursuant to Article 103 of the Company's Articles of Association:

   3.1 Encik Safrizal Bin Mohd Said; **(Resolution 2)**
   3.2 Mr. Lim Hock Chye; **(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 as Ordinary Resolutions:

Ordinary Resolutions

5. To approve the payment of bonus of RM100,000.00 each to the following Directors, namely, Encik Abdul Latif Bin Mahamud, Mr. Edmond Cheah Swee Leng, Dato' (Dr) Siew Ka Wei and Mr. Lim Hock Heng; **(Resolution 5)**

6. To approve the payment of bonus of RM200,000.00 each to the following Directors, namely, Dato' Abdul Latif Bin Abdullah, Encik Safrizal Bin Mohd Said and Mr. Lim Hock Chye; **(Resolution 6)**

7. Proposed Renewal Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature ("Proposed Renewal of RRPT Mandate") **(Resolution 7)**

   "THAT subject always to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company shall be mandated to enter into the RRPT of a revenue or trading nature with those related parties as specified in Section 2.4 of the Circular to Shareholders dated 29 October 2014 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 a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year with particulars of the types of transaction made and the related parties involved and that such approval shall commence upon the passing of this resolution and shall remain valid until the conclusion of the next annual general meeting of the Company unless revoked or varied by an ordinary resolution by the shareholders of the Company in general meeting 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 extensions as may be allowed pursuant to Section 143(2) of the Act;

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

8. Proposed Issuance of New Ordinary Shares of RM0.05 Each Pursuant To Section 132D of the Companies Act, 1965 ("Proposed Share Issue Mandate") **(Resolution 8)**

"THAT subject always to the Companies Act, 1965 ("Act"), the Articles of Association of the Company and the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Act, to issue new ordinary shares of RM0.05 each in the Company from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may deem fit provided that the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company AND THAT such authority shall commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company AND THAT the Directors are further authorised to make such application to Bursa Malaysia Securities Berhad and to do all such things and upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution."

OTHER ORDINARY BUSINESS

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

By order of the Board,

CHOO SE ENG
STEPHEN GEH SIM WHYE
Secretaries

Petaling Jaya
29 October 2014

NOTICE OF ANNUAL GENERAL MEETING

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, 1956 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 authorized 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.

5. In respect of deposited securities, only members whose names appear in the Record of Depositors on 12 November 2014 ("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.

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. **Items 5 And 6 of the Agenda**
   Resolutions 5 and 6 proposed under items 5 and 6 of the Agenda, if passed, will authorise the Company to pay a bonus of RM100,000/- and RM200,000/- each respectively to the named Directors to compensate for their time spent and their guidance leading to the successful sale of Sinsenmoh Transportation Pte Ltd.

3. **Item 7 of the Agenda**
   Resolution 7 proposed under item 7 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 2014 which is sent together with this Annual Report.

4. **Item 8 of the Agenda**
   Resolution 8 proposed under item 8 of the Agenda if passed, is for the purpose of granting a general mandate to authorise the Directors to issue and allot new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors would consider to be in the best interest of the Company. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the shareholders of the Company at a subsequent general meeting, expire at the next annual general meeting.

   The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

ANCOM LOGISTICS BERHAD
(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
NRIC No.		
Full Address		%
Full Name in Block Letters		Proportion of Shareholdings
NRIC No.		
Full Address		%
		100%

or failing him / her, the Chairman of the Meeting as my / our proxy to attend and to vote for me / us on my / our behalf at the 48th 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 Darul Ehsan, Malaysia on Thursday, 20 November 2014 at 11.30 a.m or any adjournment thereof and to vote as indicated below:

Item	Agenda			
1.	To receive Audited Financial Statements and Reports			
		Resolution	**For**	**Against**
2.	To approve Directors' fees	1		
3.	To re-elect the following Directors who retire pursuant to Article 103 of the Company's Articles of Association:			
	3.1 Encik Safrizal Bin Mohd Said	2		
	3.2 Mr. Lim Hock Chye	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 payment of bonus of RM100,000.00 each to Encik Abdul Latif Bin Mahamud, Mr. Edmond Cheah Swee Leng, Dato' (Dr) Siew Ka Wei and Mr. Lim Hock Heng	5		
6.	To approve the payment of bonus of RM200,000.00 each to Dato' Abdul Latif Bin Abdullah, Encik Safrizal Bin Mohd Said and Mr. Lim Hock Chye	6		
7.	To approve the Proposed Renewal of RRPT Mandate	7		
8.	To approve the Proposed Share Issue Mandate	8		

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

Dated this ________________ day of ________________ 2014

____
(Signature / Common Seal of Shareholder(s))
(*Delete if not applicable)

Telephone no.
during office hours : ___________________________

Notes:

1. A member entitled to attend and vote at the Meeting 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 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 appointer 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 authorized nominee may appoint in respect of each omnibus account it holds.
5. In respect of deposited securities, only members whose names appear in the Record of Depositors on 12 November 2014 ("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